# Implications of the Use of Fintech Payment on Consumptive Behavior

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***Abstract:*** *The development of digital technology, especially fintech payments, has significantly changed people's consumption behavior, especially among millennials and Gen-Z. This phenomenon is characterized by the increasing use of digital payment platforms such as e-wallets and mobile banking, which provide ease and convenience in transactions. The rapid growth of fintech payments can potentially affect the consumption patterns and financial management of the younger generation, so it is important to study it more deeply. This study aims to analyze the implications of the use of fintech payments on the consumptive behavior of the millennial and Gen-Z generations. The research method uses a qualitative approach with data collection techniques through the dissemination of questionnaires with the help of social media. The main findings revealed ease of use, usefulness, and external factors (social environment, technological innovation, and digital capabilities). Fintech payments have a dual impact on the consumptive behavior of millennials and Gen-Z. While this technology offers unprecedented convenience and efficiency, fintech payments also have the potential to encourage consumptive behavior. In the future, it is necessary to increase financial literacy and understanding of Islamic consumption principles, so that consumptive behavior can be overcome and controlled at reasonable and safe limits.*

## INTRODUCTION

The development of information and communication technology has brought changes in the way people transact and manage finances. The rapid development of digital technology has brought significant transformations in various aspects of life, including payment systems (Qur'anisa et.al., 2024). Cash has been the primary instrument of payment for thousands of years. The presence of physical money provides certainty, sovereignty, and anonymity in transactions. However, the development of digital technology has opened a new paradigm in the payment system. The use of digital wallets or non-cash payments began to grow rapidly during the Covid-19 pandemic. Throughout 2020, Shopeepay managed to excel and occupy the first position as the most in-demand and frequently used digital wallet with a percentage of 34%. Then it was followed by OVO at 28%, GoPay at 17%, Dana at 14%, and Link Aja at 8% (Wulandari, 2023). The latest research conducted by InsightAsia entitled 'Consistency That Leads: 2023 E-Wallet Industry Outlook' also shows that digital wallets are increasingly becoming the most preferred payment method for the public, compared to cash payments and bank transfers. The results of the research show that respondents are more active in using digital wallets for various types of financial transactions, according to the following diagram.

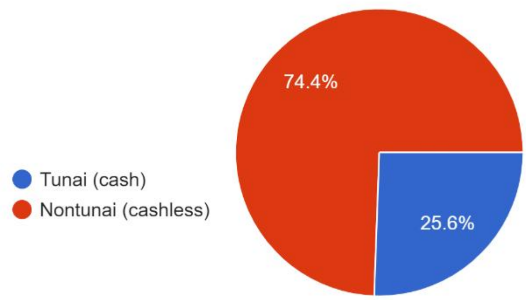


Figure 1. Preferred Payment Type

Based on the diagram, it can be seen that 74.4% of respondents prefer non-cash transactions using fintech payments or digital payments. Meanwhile, the remaining 25.5% of respondents persisted in using cash payments. This finding is to the explanation by Emilda et.al. (2024) in her research that non-cash payments are preferred over cash payments. Likewise, Widiyati et.al. (2022) research explained that non-cash payments buy benefits such as increasing efficiency in transactions because people do not need to carry a large amount of cash (to avoid theft or their careless actions that drop or eliminate it) and do not need to calculate money for payments or refunds or avoid human error. Non-cash payments are also an option because of the fulfillment of the satisfaction aspect of fintech payment users and the feeling of security and comfort. So, consumers also intend to continue using fintech payments in the long term.

The emergence of financial technology (fintech) payments as an innovation in financial transactions has changed the way people, especially the millennial generation and Gen-Z, make payments and manage finances. The ease of access and transactions using fintech payment services through smartphones and the various incentives (promos, discounts, and cashback) offered have become the main attraction for consumers (Pambudi, 2019). In Indonesia, the adoption of fintech payments is experiencing very rapid growth. Based on Bank Indonesia data, the volume of electronic money transactions in November 2024 reached Rp 1.93 billion and the value of electronic money transactions amounted to Rp 224.23 trillion, a significant increase from previous years (BI, 2024). This figure reflects the shift in people's preferences from cash transactions to digital payments, with millennials and Gen-Z as the main drivers of this transformation. The millennial generation and Gen-Z are the dominant users of fintech payment services because they are driven by their characteristics that are adaptive to technology and want practicality in transactions.

The unique characteristics of millennials and Gen-Z, who have grown up with the development of digital technology, make them highly responsive to fintech payment innovations

(Yusepa et.al., 2024). The ease of access, transaction speed, and various incentives offered by digital payment platforms are in line with their lifestyle which prioritizes efficiency and practicality. However, behind the convenience and efficiency offered by fintech payments, a phenomenon has emerged that needs serious attention. Accessibility and various promotional programs offered by fintech payment platforms have the potential to encourage consumptive behavior among the millennial generation and Gen-Z (Ananda et.al., 2024). The ease of making payments with "one tap" without the need to spend physical money can affect the perception of money value and self-control in shopping. When transactions are made digitally without physical money exchange, there is a tendency to reduce the "psychological pain of paying", which is the psychological pain when withdrawing money (Reshadi & Fitzgerald, 2022). This psychological pain is experienced by consumers after realizing that they have lost their financial resources, this can be influenced by different factors for each consumer such as income level, individual personal, to uncontrollable shopping behavior (not realizing that they have bought a lot of goods impulsively). Consumers tend to find it easier to spend money because they don't experience the sensation of physical loss like when using cash. This condition can blur the line between needs and wants, encouraging unplanned and excessive consumptive behavior.

The presence of fintech payments has raised new challenges in the perspective of Islamic economics, especially related to excessive consumption behavior or *israf* (Putri & Sutjipto, 2022). Islam views consumption as an activity that not only meets physical needs but also has a spiritual dimension that must be in line with sharia principles. This consumptive behavior is further strengthened by the rise of e-commerce and various online shopping platforms that are integrated with digital payment systems. Seamless payment mechanisms (smooth, efficient, secure, and optimized payments), combined with various promotional programs such as cashback offers, discounts, and reward points that are intensively promoted by fintech payment platforms and merchants create a psychological incentive to make transactions that are often not based on real needs. This phenomenon is further strengthened by the presence of the "buy now, pay later" service which is a popular feature in fintech payments and also has the potential to encourage impulse purchases and unwise financial management (Sari, 2021; Wibowo, et.al., 0224).

The integration of fintech payments with e-commerce platforms and social media creates an increasingly immersive shopping experience or a more interactive and immersive shopping experience (Billewar et.al., 2022). Personalized product recommendations, a combination of lifestyle content with a "shop now" feature, and a seamless checkout process create an environment that is highly conducive to impulse purchases. Kusuma Research et.al. (2023) found that 29 out of 30 housewives have used fintech payments such as OVO, Go-Pay, Dana, and Shopeepay as payment transaction tools. This shows a shift in payment methods that were initially cash to non-cash payments using various types of fintech payments.

Payments using fintech directly will help businesses in developing more attractive online sales strategies, encouraging consumers to shop online more often (Giang et.al., 2024). This condition raises concerns about the financial health and long-term financial well-being of millennials and Gen-Z. Although fintech payments provide greater financial convenience and inclusion, without proper understanding and management, this technology can be a catalyst for excessive consumptive behavior. For this reason, it is important to conduct a study on people's consumptive behavior caused by the use of digital transactions through fintech payments. The millennial generation and Gen-Z are a very large segment of the population in Indonesia, covering more than 50% of the total population. They are also the dominant users of fintech payment services, with adoption rates that continue to increase every year. Understanding how these technologies affect their consumption behavior is crucial to predicting and managing long-term finances. In addition, they must understand that Islamic behavior is not following Islamic teachings, so it is necessary to manage self-control when consuming so as not to overdo it.

Based on this background presentation, this phenomenon is interesting to study more deeply, especially in the context of its impact on the consumption behavior of the millennial generation and Gen-Z who are active users of digital technology. By comprehensively examining this phenomenon, we can identify the factors that influence consumptive behavior. So, the right solution can be proposed to direct the use of fintech payments in a more productive and sustainable direction. This is even more crucial considering the vital role of the millennial generation and Gen-Z in shaping the future of the digital economy.

This research is able to provide several benefits, an in-depth understanding of the patterns of consumptive behavior triggered by fintech payments can help regulators formulate policies that balance technological innovation with consumer protection. By understanding the psychological mechanism behind consumptive behavior triggered by fintech payments, more effective educational programs can be designed to build awareness and financial management skills in the digital era. From an academic perspective, this research can fill in insights into the literature about the intersection between financial technology and consumer behavior. The majority of existing studies still focus on technical aspects of technology adoption, while behavioral impacts are still not well-mapped. Finally, this research provides valuable insights for the fintech industry in developing more responsible features and services.

## LITERATUR REVIEW

### Consumptive Behavior

Consumptive behavior is a social phenomenon that is increasingly prominent in modern society, which is characterized by the tendency of individuals to purchase goods or services irrationally because they prioritize desires over needs (Derang et.al., 2024; Hermawan & Vikaliana, 2023). This kind of lifestyle is solely based on lust and hope for utility or satisfaction. Nowadays, a person's consumption behavior can also be caused by lifestyle (luxury and extravagance), the desire to gain popularity by buying branded goods, following trends for the needs of social media posts, and the phenomenon of FOMO (fearing of missing out) or the fear of missing out on information and experiences. For example, currently trending in the fashion field are oversize clothes or "*meleyot*" pashmina, they feel the need to follow the trend so as not to be labeled outdated. So, the true essence of consumption activities is not fulfilled, such as the comfort aspect of clothes and the taste aspect of the food purchased.

This phenomenon not only concerns economic aspects, but also involves complex psychological, social, and cultural dimensions. Psychologically, consumptive behavior is often associated with efforts to find emotional satisfaction through consumption activities. Individuals who exhibit consumptive behavior tend to buy goods not based on needs but to fulfill desires, increase prestige, follow trends, or seek momentary pleasure. This reflects an imbalance between rational and emotional aspects in consumption decision-making. Relying on Islamic rules, consumers are said to be rational if product shopping is carried out according to their needs and abilities (not forcing financial circumstances). A Muslim consumer can be said to be rational if he spends his wealth not only on worldly goods but for the benefit of the way of Allah (*fi sabilillah*). In addition, a person is said to be rational if he does not accumulate and hoard wealth by shopping for luxury goods, but must make investments for long-term interests (Afrina, 2019). Sociocultural factors also play an important role in the formation of consumptive behavior. The digital age and social media have created a culture of "show off" where individuals feel the need to show a certain lifestyle through the items they consume. Social pressures and a desire to be accepted into a particular group often encourage people to adopt consumption patterns that exceed their financial means.

The impact of consumptive behavior can be seen in various aspects of life. Financially, this can result in uncontrolled spending, debt, and financial instability. Psychologically, it can cause arrogance, anxiety, stress, dependence on shopping activities as an escape from problems, and feeling uncomfortable if not following trends (Kurniawan, 2017). Socially, consumptive behavior can exacerbate social inequality create unfair competition in society, and even trigger criminal acts such as theft, corruption, and deception to obtain financial resources to fulfill these irrational consumptive behaviors. Therefore, in overcoming consumptive behavior, a comprehensive approach is needed. This includes increasing financial literacy, developing financial management skills, strengthening self-control, and adhering to Islamic consumption principles and ethics. Understanding the difference between needs and wants, as well as the ability to set priorities in consumption is key in controlling consumptive behavior.

**Financial Technology Payment**

Financial Technology, better known as Fintech, has brought a major revolution in the way people interact with financial services. According to Bank Indonesia Regulation Number 19/12/PBI/2017, fintech is "the use of financial system technology that produces new products, services, technologies, and/or business models and can have an impact on monetary stability, financial system stability, efficiency, smoothness, and reliability of the payment system. Meanwhile, according to the National Digital Research Center (NDRC), fintech is a term for innovation in the field of financial services or finance. The innovation is in the form of collaboration between technology and service providers, or it can be understood that fintech is a technology-based financial service. These technological innovations have changed the traditional paradigm of the financial sector to be more efficient, inclusive, and accessible. In the past decade, the development of fintech has created a more dynamic financial ecosystem. This technology allows people to make various financial transactions instantly through their mobile devices. Starting from digital payments, money transfers, financing, and financial planning, to investments can be done with just a few touches of a finger on a smartphone (Kami et.al., 2024).

Fintech payments or digital payments have brought about a fundamental transformation in the global financial ecosystem. Payment systems that were previously dominated by cash and plastic cards have now evolved into more efficient and accessible digital payment solutions. The development of smartphone technology and the internet has been a major catalyst in the growth of fintech including fintech payments (Putri & Lutfianti, 2024). Through the mobile application, consumers can instantly make various payment transactions, ranging from purchasing goods and paying bills to transferring money between accounts. This convenience has changed consumer behavior significantly, with more and more people turning to digital payment methods. E-wallets or digital wallets are one of the most popular innovations in fintech payments. The platform allows users to store funds digitally and make payments without the need to carry cash or cards. The integration of e-wallets with various merchants and services has created a seamless and efficient payment ecosystem.

QR code technology also plays an important role in the development of fintech payments (Farhan & Shifa, 2023). QR-based payment systems have made transactions easier, especially for micro and small businesses that previously had difficulty accessing conventional electronic payment systems. The standardization of QR codes for payments has encouraged interoperability (allowing systems to communicate and collaborate) between platforms and increased the adoption of digital payments. In addition, security and regulation are crucial aspects in the development of fintech as stated in Bank Indonesia regulation Number 19/12/PBI/2017 concerning the Implementation of Financial Technology (Widjaja, 2024). Financial authorities in various countries continue to develop regulatory frameworks that can accommodate innovation while still protecting the interests of consumers. This includes rules on data security, money laundering prevention, and consumer protection. One of the significant impacts of fintech is the increase in financial inclusion. The future of fintech payments looks promising with the emergence of new technologies such as artificial intelligence and the Internet of Things. These technologies have the potential to create more personalized and predictive financial services. The deeper integration between technology and finance will continue to drive the transformation of this sector in a more innovative and inclusive direction (Nuraini, 2023).

## METHODOLOGY

This study uses a qualitative approach with the help of a questionnaire through Google form which is distributed through random WhatsApp and Instagram application media to understand the implications of the use of fintech payment on the consumptive behavior of the millennial and Gen-Z generations. Data collection was carried out at one specific time, namely for seven days, precisely from December 15 to 21, 2024, to get an overview of the phenomenon of using fintech payments and consumptive behavior. The questionnaire was developed based on a literature review and adapted to the research objectives. The instrument consists of several parts. First, Demographic Data contains information on the respondent's age, gender, education level, occupation, and income. Second, the Use of Fintech Payment contains information on the type of fintech application used, frequency of use, types of transactions that are often carried out, and duration of use of fintech payments. Third, fintech payments contain information on the perception of convenience, perception of usability, user attitudes, interests, actual behavior, and external factors of respondents when using fintech payments. Fourth, the consumer behavior section contains information on consumer consumptive behavior caused by the use of fintech payments. The target population of the study is fintech payment users from the millennial generation (born 1981-1996) and Gen-Z (born 1997-2012) and have used fintech payment (QRIS, OVO, Gopay, Sopeepay, etc.). The data from the survey will later be analyzed directly and presented in the form of a diagram to obtain an overview of the use of fintech payments in the consumptive behavior of millennials and Gen-Z.

## RESULT AND DISCUSSION

### Development of Fintech Payment

The evolution of the payment system from cash to cashless has not only changed the way people transact, but also reshaped the foundations of the global payment system and people's economic behavior. This transformation began with the emergence of the first modern credit card introduced by Diners Club in 1950. Where Diners Club provides credit and billing services for merchant members that allow merchants to buy goods on credit from suppliers. Subsequently, competitors appeared, namely American Express which began in 1958, and Charte Balnce which was released by the Hilton hotel chain in 1959 and was used by travelers in hotels and restaurants (Bergsten, 1966). This innovation (credit card) is the initial milestone of the change from the traditional cash payment system to the digital payment era.

In the 1960s, banks began to develop the ATM (Automated Teller Machine) system introduced by John Shepherd-Barron. This ATM system allows customers to make basic banking transactions without having to visit a bank branch (Alidha, 2024). This development was followed by the implementation of the EFTPOS (Electronic Funds Transfer at Point of Sale) system in the 1980s which allowed payment using debit cards at shopping malls. Next, the internet was the main catalyst in the digital payment revolution when it became popular in the mid-1990s. Since the internet revolution and mobile internet revolutionized smartphones, it has also made financial technology grow explosively. Fintech, which originally referred to computer technology or bank back office, has turned into a variety of technological interventions ranging from commercial to personal finance. PayPal, which was founded in 1998, became a pioneer in an online payment system that allows money transfers via email. The success of PayPal paved the way for the emergence of various other digital payment platforms (Riharjo, 2021).

The development of smartphone technology in the late 2000s brought a new dimension to the evolution of digital payments. In Asia, the transformation of digital payments has experienced a significant acceleration with the emergence of Alipay in China in 2004. The platform is transforming the digital payments landscape by integrating various financial services in a single application. Alipay functions like an electronic wallet used in payments by providing a safe, secure, and easy-to-use way for individual buyers or sellers to make transactions (Liu, 2015). Alipay's success has inspired the emergence of various digital payment platforms in various Asian countries.

Blockchain and the cryptocurrency that emerged with Bitcoin in 2009 brought new innovations in digital payment systems. Bitcoin emerged as a result of the Great Recession and the financial crisis that occurred in 2008, bitcoin is a reaction to the financial revolution that occurred over the past 20 years. As is known, bitcoin is a means of payment that uses a peer-to-peer network that is commonly used by programmers (Danella, 2015). The technology introduces the concept of decentralized payments that do not require traditional intermediaries such as banks. Meanwhile in Indonesia, the journey of digital payments began with the presence of ATM cards in the 1990s and then grew rapidly with the emergence of various e-wallets such as GoPay (2016), OVO (2017), and DANA (2018). This transformation was accelerated by the implementation of QRIS (Quick Response Code Indonesian Standard) in 2019 which unites various digital payment platforms in one QR code standard. The development of digital payments continues with the integration of new technologies such as biometrics, artificial intelligence, and machine learning to meet security standards when using fintech payments or digital payments (Hasna & Karim, 2024).

Based on the questionnaire survey that has been conducted, there are 90 respondents aged 18 to 40 years old (most of them are students), they revealed that in using fintech payment, mobile banking, and QRIS are the most popular choices (around 60 people or 66.7%). The preference that occupies the second position is shopeepay as many as 36 people (40%), while gopay is in third place with 34 people (37.8%). Followed by Dan Dana and OVO which are in the 4th position (30 people/33.3%) and 5th (13 people/14.4%), respectively, according to respondents' preferences. Fintech payments using QRIS are more in demand than other types of fintech payments. This is because its use is not only beneficial for consumers but also provides many benefits for MSMEs such as simplifying and accelerating the payment system, making it easier to monitor transaction history, increasing and developing the growth of MSMEs, and encouraging efficiency in the economic sector, especially in payment transactions (Afifa & Yarham, 2023; Afriyanti, 2022).

This fintech payment is usually used to make transactions or transportation payments (purchase of plane and train tickets, grab, gojek, maxim, and others), fashion, bills (school, electricity, water, WIFI, and others), purchases at minimarkets and supermarkets, and online shopping on e-commerce platforms. The perception of convenience is one of the reasons why the use of fintech payments will affect consumptive behavior. The survey results showed that based on the perception of convenience and usability, 24 people (26.7%) stated that they strongly agreed and 39 people (43.3%) stated that they agreed with the argument. Meanwhile, the rest stated that they did not agree with the argument. Based on data processing, it is known that in the perception of convenience, the ease of use felt by respondents is characterized by easy-to-understand fintech payment displays and features and a simple and uncomplicated fintech payment registration process. Ease of operation is also a determinant of the use of fintech payments, namely very intuitive application navigation so that consumers can operate the application easily and naturally, transaction or payment processes that can be done quickly, and transaction steps that are easy to follow. From the aspect of accessibility, consumers find it very easy to pay because it can be used anytime and anywhere supported by fintech payments that are already compatible (compatible and connected) with various devices. This follows the explanation of Kusumar & Mendari (2021) that consumptive behavior can be caused by the use of fintech payments due to the perception of convenience. The use of easy and easy fintech payments makes consumers also spend their money and not feel like spending money physically.

From the perception of usability, the results of the study also show a positive response which is characterized by efficiency (speeding up the payment process and saving time when), effectiveness (making it easier to monitor payment transactions), and relevance (fintech payments are following the needs of modern transactions and provide comprehensive payment solutions). This is in line with the findings of Affan & Uthman (2022) in their research that if there is an increase in the perception of usability, then interest in using fintech will increase and vice versa. On the other hand, external factors can also encourage consumers to use fintech payments and ultimately trigger a consumer's consumptive behavior. External factors that come from the social environment, namely in the form of recommendations from family and friends, encourage consumers to use fintech payments. In addition, government regulations that encourage cashless payments as an effort to reduce the use of cash and follow the current popular cashless trend are factors in the use of fintech payments by consumers (Haqq & Hwihanus, 2024; Kurniati & Nugroho, 2019).

Technological innovation is also one of the external factors in the use of fintech payments, innovative features developed in the financial system in the form of fintech payments. This is also supported by the number of shopping centers (merchants) and agencies that have accepted fintech payments. This technological development must of course be supported by the availability of an adequate internet connection and devices to support the use of fintech payments. In addition, consumers' basic ability and understanding in operating fintech payments must also be capable, so that they can adapt to technological developments, including fintech payments. For this reason, various businesses are trying to adapt to this digital payment system. Stores that previously only accepted cash payments are now competing to adopt various digital payment methods to meet consumer preferences. In fact, some businesses have begun to implement the concept of cashless stores, where all transactions are carried out digitally. The availability of smartphones and better internet connectivity allows consumers to shop online faster and easier (Lesmana, 2022).

Regarding the intention to shop more, the survey results show that as many as 29 people (32.2%) strongly agree, 41 people (45.6%) agree that the financial benefits (cashback, promos, and discounts) obtained when using fintech payments make them more likely to buy more products (more consumptive). The remaining 19 people (21.1%) stated that they disagreed and 1 person stated that they strongly disagreed with the argument. This shows that cashback, promos, and discounts are still attractive incentives for consumers. However, as rational consumers, we should be able to separate needs and wants. So that consumers are not immediately tempted by products that are on promo or discount even though they don't necessarily need the item.

The next apex is transaction fees, different responses were also given by respondents. Some feel that it is okay with the addition of admin fees when making transactions/payments, but some feel objections. The first opinion was shown by 24 people (26.7%) who strongly agreed and 47 people (52.2%) who considered the fee to be affordable and comparable to the facilities provided by fintech payments. This can even trigger consumptive behavior because the assumption of the costs incurred is not a problem. In fact, if you make a transaction in cash, no admin fee needs to be incurred again, just the product price and taxes (if any). Meanwhile, 18 people (20%) and 1 person stated that the additional admin fee was not proportional to the facilities provided, so it did not significantly affect consumptive behavior. The following are answers related to efforts to control consumptive behavior carried out by respondents.

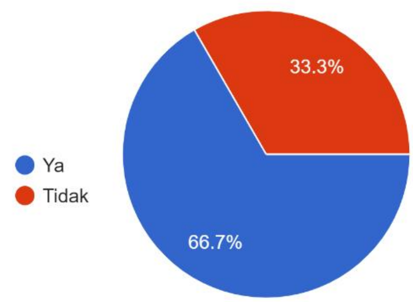


Figure 2. Efforts to Control Consumptive Behavior

The diagram above shows respondents' efforts to control consumptive behavior by choosing to pay in cash to limit themselves from buying more products. A total of 60 people (66.7%) stated that they agreed with the statement to make transactions/payments in cash to limit themselves, while the remaining 30 people (33.3%) did not agree with the statement. This is because they feel there is no big difference between cash and non-cash payments, the amount of consumption and their consumption behavior make no difference (neither more nor less). These results indicate that most respondents are trying to be rational in consuming and regulating their spending.

**Driving Factors for the Transformation of Cash Payments to Non-Cash**

The drivers of this transformation are very diverse. First, the massive penetration of smartphones and the internet has created the basic infrastructure for the adoption of digital payments. The Indonesian Internet Service Providers Association (APJII) announced that the number of Indonesian Internet users in 2024 will reach 221,563,479 people. Meanwhile, Indonesia's internet penetration in 2024 released by APJII touched 79.5% compared to the previous period (there was an increase of 1.4%). In terms of age, the majority of people who surf in cyberspace are Gen Z (born 1997-2012) as much as 34.40%, and the millennial generation (born 1981-1996) as much as 30.62%. These figures are proof and a solid foundation for the development of payment digitalization.

Second, the COVID-19 pandemic has been a catalyst that has accelerated the adoption of digital payments. The need for contactless transactions encourages people and business actors to switch to digital payment systems. The pandemic accelerated the adoption of digital payment methods such as e-wallets and bank transfers to reduce direct contact. This shows an increase in consumer confidence in non-cash transactions (Randes & Veri, 2024). Third, regulatory support and government policies have facilitated this transformation. Initiatives such as the National Non-Cash Movement (GNNT) and the standardization of the QR Code Indonesian Standard (QRIS) provide a framework that supports the adoption of digital payments. QRIS as part of the Indonesian Payment System Blueprint (BSPI), was launched by BI together with the Indonesian Payment System Association (ASPI) on August 17, 2019. In its development, QRIS has facilitated payment connectivity between countries since 2022, with coverage in Malaysia, and Thailand, and now penetrating Singapore, which was just launched on November 17, 2023. QRIS transactions grew 226.54 percent year on year (yoy), with the number of users reaching 50.50 million and the number of merchants 32.71 million in 2024. Other digital payments, such as BI-RTGS and BI-FAST, have also experienced significant increases. BI continues to strengthen digital payment infrastructure to support sustainable economic growth.

On the positive side, digital payments improve transaction efficiency, reduce cash management costs, and encourage financial inclusion. However, this transformation also brings challenges in the form of cybersecurity, data privacy, and dependence on technology infrastructure to be crucial issues. In the future, this transformation is predicted to intensify. Innovations such as Central Bank Digital Currency (CBDC), blockchain, and biometric technology will bring a new dimension to the evolution of the payment system.

**Solutions to Overcome Consumptive Behavior**

Digital financial literacy is an important foundation for overcoming consumptive behavior by avoiding excessive spending (Kholizaah & Sulton, 2025; Widiastuti et.al., 2023). Structured and sustainable education programs need to be developed to increase public understanding of financial management in the digital era. Educational materials not only cover the technical aspects of using fintech, but about financial management, including the ability to create a budget, differentiate between needs and wants, and long-term financial planning, risk management, and wise financial decision-making can help individuals make wiser consumption decisions. This can be done through formal and informal education, such as attending financial seminars and reading books on personal financial management. The development of features that support healthy financial behavior in fintech payment applications is also an important solution. For example, the implementation of a spending limit system, detailed spending analysis features, budget reminders, and expense categorization can help users monitor and control their consumption patterns.

Furthermore, it is important to develop self-awareness and emotional control in shopping. Most of the time, consumptive behavior is triggered by emotional factors such as stress, anxiety, or a desire to follow trends. By developing mindfulness and the ability to manage emotions, a person can be more rational in making purchasing decisions. Techniques such as postponing purchases for a few days to avoid impulse purchases, or making a shopping list and committing to it, can help control the urge to overspend. Another important aspect is to establish a clear system of values and priorities. This includes setting long-term financial goals, such as savings for education, retirement funds, or productive investments. By having clear goals, a person will be more motivated to manage their expenses better and avoid wasting on non-essential things. In addition, developing hobbies and activities that are not consumption-oriented, such as sports, reading, or socializing with family and friends, can provide satisfaction and happiness without having to spend excessively.

Islamic economics also offers perspectives and solutions for overcoming consumptive behavior triggered by the ease of use of fintech payments. This approach is based on Sharia principles that emphasize the balance between worldly and *ukhrawi* needs, as well as prioritizing *maslahah* in every economic activity. In the context of fintech payment, the application of Islamic economic principles begins with strengthening the faith and understanding of the concept of property in Islam. Wealth is seen as a mandate from Allah SWT that must be managed properly and accounted for in its use. This understanding is an important foundation in forming a wiser mindset in the use of digital payment technology. The development of sharia features in fintech payment applications is also a relevant solution. For example, the integration of zakat*,* *infaq,* and alms systems in digital payment platforms can lead users to consider more social aspects in the use of their money. The digital waqf planning and sharia investment features can also encourage more productive and socially beneficial financial behavior. Education about contemporary *fiqh muamalah* is also important to provide an understanding of the limitations of sharia in digital transactions. This includes knowledge of contracts used in digital transactions, the concepts of *riba*, ghar*ar*, and *maysir* that must be avoided, as well as an understanding of the concepts of halal and haram in the context of the digital economy.

**Principles of Consumption in Islamic Economics**

1. **Halal and Haram Principles**
   The principle of Halal (*halalan thayyiban*) is the main basis of consumption in Islam. The Quran in Surah Al-Baqarah verse 168 firmly commands Muslims to consume halal and good food. The halal principle includes three aspects: halal substances, halal how to obtain, and halal impact of consumption. For example, a Muslim must not only ensure that the food consumed is halal but must also be obtained in a halal way (from halal money and not from stolen or fraudulent goods) and not cause harm (excessive consumption).
2. **Principles of Hygiene (*Thaharah*)**
   Islam emphasizes the importance of cleanliness in consumption, both in terms of products and the consumption process. This includes physical and spiritual cleanliness, following the hadith which states that "Indeed, Allah is beautiful and loves beauty, clean and loves cleanliness" (HR. Muslim). This is not only related to external aspects such as food hygiene (clean, healthy, and harmless), but also includes inner purity (spiritual) in the sense of consuming from halal sources and does not contain elements of *riba*, *gharar,* or *maysir*. Likewise, physical hygiene (bathing and ablution) and the environment (cleaning houses, places of worship, and others) must be considered.
3. **Principle of Simplicity**
   The Principle of Simplicity (*wasathiyah*) teaches moderation in consumption. Islam prohibits *israf* (excess), *tabdzir* (wastefulness), and *bakhil* (miserliness) behavior (Rarawahyuni, 2021). For example, a person is allowed to buy good quality clothes, but must not go excessive in quantities or prices beyond their means. He emphasized the importance of simplicity in consumption, not as a form of restriction, but as a manifestation of balance and wisdom in managing the resources that Allah has given. This simplicity does not mean living in deprivation, but living in proportion to needs and abilities. Mannan argues that a simple consumption pattern will bring blessings and prevent excessive consumptive behavior.
4. **The Principle of Generosity**
   The principle of generosity has a positive impact both individually and socially. On an individual level, the practice of generosity can cleanse the treasure and soul of miserliness, as well as bring blessings to life. Meanwhile, at the social level, the implementation of this

principle can help reduce economic disparities, strengthen social cohesion, and create a more prosperous society. Abdul Mannan also emphasized that the principle of generosity must be implemented in a balanced manner. This means that one should not neglect the needs of oneself and one's family to give charity to others. Islam teaches balance in all aspects of life, including in the practice of generosity.

5. **Principles of Morality**
   Consumption activities in Islam are not only oriented towards material and utility aspects but must be based on moral and spiritual values sourced from the Qur'an and Hadith. Morality in consumption includes several important dimensions. First, consumption must be done with the right intention, namely as a means to worship Allah SWT and achieve benefits. Second, in the process of consumption, a Muslim must pay attention to the halal and *thayyib* aspects, not only in terms of the substance but also the way it is obtained. It should also be remembered that consuming halal goods in a non-halal way is still not justified in Islam. Furthermore, Mannan explained that the principle of morality is also reflected in the manners and ethics of consumption. This includes an attitude of not exaggerating (*israf*), not being extravagant (*tabdzir*), and always being grateful for the blessings given by Allah SWT.
6. **Principles of Justice**
   Consumption must also pay attention to the aspect of justice, where a Muslim should not consume something that can harm or harm others (Masykuroh, 2008). More than that, the consumption pattern of a Muslim should be able to provide benefits to the surrounding community, for example by choosing local products to support the community's economy.

The application of these principles in consumption activities will form a consumption pattern that is balanced, responsible, and under Islamic law. This is not only beneficial for individual consumers but also for society and the environment as a whole.

## CONCLUSION

The use of financial technology (fintech) for payments has brought significant changes in the consumption behavior of millennials and Gen-Z. This phenomenon brings various interesting implications to be studied more deeply, considering that these two generations are active users of digital technology in their daily lives. The ease of access and ease of use offered by fintech payments has created a dramatic shift in consumption patterns. Millennials and Gen-Z tend to find it easier to make transactions because the payment process is so simple - just a few taps of a finger on the smartphone screen. This has indirectly driven an increase in transaction frequency, especially for impulse purchases that are often not planned.

The promotional programs offered by fintech platforms, such as cashback, discounts, and reward points, have created a phenomenon of "promo hunting" among these two generations. Although on the one hand, this can save expenses, on the other hand, it can trigger consumptive behavior because of the urge to take advantage of every available promo, even for items that are not needed. The integration of fintech payments with e-commerce platforms and social media has also contributed to the emergence of "social commerce" that influences purchase decisions. Content from influencers and ease of transacting create a strong incentive to follow trends and make spontaneous purchases. FOMO (Fear of Missing Out) is one of the driving factors for consumptive behavior, where these two generations feel the need to follow the latest trends to stay relevant in their social circles. External factors that come from the social environment, technological innovation, and digital capabilities are some of the reasons for the increase in consumptive behavior.

It can be concluded that the use of fintech payments has a dual impact on the consumptive behavior of the millennial generation and Gen-Z. While this technology offers unprecedented convenience and efficiency, fintech payments also have the potential to encourage consumptive behavior if not balanced with adequate financial literacy. In the future, it is necessary to increase financial literacy and understanding of Islamic consumption principles, so that consumptive behavior can be overcome and controlled at reasonable and safe limits.

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