Cashless Society in the Millennial Generation in a Financial Perspective: A Literature Review

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ABSTRACT (12pt, bold, italic)

Purpose: *The purpose of this study is to find out the role of the Cashless Cashless Society in the Millennial Generation from the perspective of financial literacy and financial behavior.* ***Methods:*** *The design of this study is in the form of a literature review.* ***Analysis Data:*** *In this study, approximately 50 studies were used to study money behavior in the millennial generation.* ***Result and Discussion:*** *The results of this study indicate that balancing money management is influenced by several factors. That is personal financial behavior and other influences such as economic factors, psychological fees and social factors.* ***Conclusion :*** *For the further research, it could be focuse on cashless society among the millenials generation.*

Keywords: Behavioral Finance, Financial Literacy, Cashless Society

INTRODUCTION (12pt, bold)

Developments in technology and information have changed people's behavior patterns, one of which is related to the payment system. Most developed countries in the world have started to shift from paper-based to electronic-based payment instruments, in which payment cards are used intensively. The use of electronic payment instruments throughout society, on the other hand, is referred to as a non-cash payment instrument, giving rise to the term Cashless Society (non-cash payment system) (Putri, Rahadi, & Murtaqi, 2017).

A cashless society is a term that refers to people who, in their transactions, no longer use physical money, but instead transfer financial information digitally. In daily transactions, people do not use real money, but digital money (Bintarto, 2018). A digital wallet is a type of password-protected prepaid account where users can store money for any online transaction, such as paying for food, shopping for goods online, and airline tickets. Digital wallets can be downloaded for free via everyone's smartphone (Rosmayanti, 2019).

Cashles Society is a lifestyle that is being lived by the Millennial Generation today. The Millennial Generation is the generation born from 1981 to 2000 (Howe & Strauss, 2000). At the time of this study, the age range was between the ages of 20-40 years. The Millennial Generation is a generation that is fluent in technological sophistication (Hutami & Septyarini, 2018). This generation represents 50 percent of global consumption in 2017 (Moreno et al., 2017). Millennials are the generation born from 1981 to 2000(Howe & Strauss, 2000). At the time of this study, the age range was between the ages of 20-40 years. The Millennial Generation is a generation that is fluent in technological sophistication (Hutami & Septyarini, 2018). This generation represents 50 percent of global consumption in 2017 (Moreno et al., 2017).

This research attempts to describe how the financial literacy of the millennial generation adopts a chasless lifestyle. Financial Literacy is the ability to understand, analyze, manage and discuss personal financial conditions.(Fitri et al., nd). Financial literacy includes the ability to sort and choose financing appropriately, discuss financial issues, plan and respond to events that affect financial decisions (Vitt et al., 2000). Atkinson and Messy (2012) state that financial knowledge, financial attitudes, and financial behavior are a combination of financial literacy.

As is well known, the digital era has more or less influenced people in consumption as well as what has happened to student consumption, because in the digital era it has changed student consumption patterns with the ease of technology that can be used. Students must be smart in managing their finances for their daily personal needs as well as the need for educational funds. Their ability to manage finances or the financial behavior they carry out on a daily basis is closely related to their financial knowledge (financial literacy). Students must be responsible for the decisions they make in managing their finances so that financial problems do not occur. According to Cheung et al in Faidah (2019) explained that the cause of financial problems is low financial literacy.

THEORETICAL BASIS (12pt, bold)

1. *Cashless Society*

A cashless society is a term used by Bank Indonesia (BI) to describe the condition of people who make transactions without using cash (Abbas, 2017). According to (Businessnovice, 2018), a cashless society is an economic concept for conducting financial transactions in an electronic format compared to using cash. Cashless Society or what is often known as a cashless society is formed because of programs planned and implemented by several countries in the world. one of the reasons some people switch to using cashless is because every transaction that has been made by a mobile payment user will be properly recorded and recorded in the online financial service provider's application.

2. *Behavioral Financial*

Shefrin (2000) defines behavioral finance as a study that examines how psychological phenomena affect financial behavior. The behavior of the stock players where Shefrin (2000) states the level of behavior of practitioners. Nofsinger (2001) defines behavioral finance as studying how humans actually behave in a financial setting. Specifically, studying how psychology influences financial decisions, companies and financial markets. The two concepts described clearly state that behavioral finance is an approach that explains how humans make investments or deal with finances influenced by psychological factors.

3. *Financial Literacy*

According to Ariadi et al (2015), financial literacy is the ability to understand, analyze and manage finances to make the right financial decisions to avoid financial problems. Remund (2010) explains that financial literacy is a measure of the degree to which a person understands key financial concepts, has the ability and confidence to manage personal finances through making appropriate short-term and sound decisions, long-term financial planning, while paying attention to life events and changing conditions. economy. Lusardi et al (2010) define financial literacy as financial knowledge and ability to achieve prosperity. Meanwhile, according to the OJK (Financial Services Authority), Financial Literacy is a series of processes or activities to increase knowledge, confidence, skills of consumers and the general public so that they are able to manage their finances better. Financial literacy also includes the ability to discern financial choices, discuss money and financial matters without discomfort, plan for the future, and respond competently to life events that affect financial decisions every day, including events in the general economy (Beal, 2003).).

4. Financial Technology

Financial technology or "Fintech" is the use of technology to provide financial solutions. Another definition of fintech is a term used to indicate companies that offer modern technology to the financial sector. (Svelana Saksonova and Irina Kusmina Marilino, 2017). Bank Indonesia defines financial technology as the result of a combination of financial services and technology which ultimately changes the business model from conventional to moderate, which initially requires face-to-face payments and carries a certain amount of cash, now transactions can be made by making payments that can be made in seconds. .

HYPOTHESES (12pt, bold)

(Haiyang Chen & Ronald P. Volpe, 1998)stated in his research, that a low level of financial literacy will have a negative opinion about finance and make the wrong decisions. Financial literacy is financial knowledge for someone to apply about concepts, theories, risks and skills for making effective decisions for the financial well-being of every business.(Lusardi, 2012)states that financial literacy consists of a certain amount of financial knowledge possessed by a person to be able to manage or use a certain amount of money to improve his standard of living. Putri and Lestari (2019), Tukan, et al. (2020),(Noerman Ningtyas et al., 2019),(Henager & Cude, 2016), Maulamin and As'ad (2017),(Listiyani & Aziz, n.d.)states that financial literacy has an influence on financial behavior in the millennial generation.

H1:*Financial literature has a role in Financial Behavior in the Millennial Generation*

A cashless society is a term that refers to people who, in their transactions, no longer use physical money, but instead transfer financial information digitally. In daily transactions, people do not use real money, but digital money (Bintarto, 2018). In research conducted by(Rizqi Annisa Sita Ramadanti et al., nd)of 1005 respondents in the Z generation majoring in Management at UPN Veterans Jakarta, it shows that financial literacy and lifestyle are closely related to financial behavior.

H2 :*Cashless Cashless Society has a role in the financial behavior of the Millennial Generation*

Financial technology is able to change and form a new lifestyle for the millennial generation because of its practical and efficient nature, so that most millennials prefer to use electronic money as their main payment method rather than using currency (Hazbiah, 2020). In research conducted by(Ramadhani et al., 2021),(Yudha Erlangga et al., nd)and Katon (2020)explained that financial technology has a positive and significant effect on the financial behavior of the millennial generation.

H3: Fintech has a role in the financial behavior of the Millennial generation

METHOD (12pt, bold)

The design of this study is in the form of a literature review. Literature review is research that examines or reviews the knowledge, ideas, and findings contained in academic-oriented literature critically, and formulates theoretical contributions and their methodology (Cooper, 2010). This research is descriptive analysis in nature, namely research by describing the data that has been obtained regularly and providing an understanding to be useful and understandable to readers. In this study, approximately 50 studies were used to study money behavior in the millennial generation.

RESULTS AND DISCUSSION (12pt, bold)

1. Financial Literacy on financial behavior in the Millennial Generation

The definition of financial literacy according to the Financial Services Authority (2013) is knowledge of financial institutions, confidence in entrusting their funds to financial institutions, and skills to use financial services which will help individuals improve the quality of decisions. financial matters that will be taken to realize good financial management. OJK in 2013 conducted a survey and the results obtained were that Indonesian residents have 4 levels of financial literacy, namely: (1) well literate: Their knowledge of financial service institutions is very optimal, both from their products and services and understands the benefits and risks generated in using financial services and understand the rights and obligations that arise from using them. Individuals at this level understand and are skilled in using financial services. (2) sufficient literate: Having the same level of knowledge as well literate but not having the skills to use financial services products. (3) less Literate: Understanding of existing financial institutions but only general matters such as their products and services. (4) not literate: Not knowing things related to financial institutions nor knowing how to use them.

(Haiyang Chen & Ronald P. Volpe, 1998)stated in his research, that a low level of financial literacy will have a negative opinion about finance and make the wrong decisions. Financial literacy is financial knowledge for someone to apply about concepts, theories, risks and skills for making effective decisions for the financial well-being of every business.(Lusardi, 2012)states that financial literacy consists of a certain amount of financial knowledge possessed by a person to be able to manage or use a certain amount of money to improve his standard of living.

In research conducted by Fadilah (2021) explained that the financial literacy variable that has the most influence on financial behavior is income, because income is a benchmark in a business. With this income can be used as a measure of someone to process in his business. At the important point, someone who has a high level of literacy will have an influence on good financial behavior for provisions in carrying out business activities, such as in planning business goals and managing finances.

Putri and Lestari (2019), Tukan, et al. (2020),(Noerman Ningtyas et al., 2019),(Henager & Cude, 2016), Maulamin and As'ad (2017),(Listiyani & Aziz, n.d.)states that financial literacy has an influence on financial behavior in the millennial generation. This is due to the knowledge that individuals have related to finance, so that they can assist in managing and running their finances. Thus, this research is in line with research conducted by those who have concluded that there is an effect of financial literacy on financial behavior.

In contrast to other studies conducted by(Sampoerno & Asandimitra, nd)shows that there is no influence between financial literacy variables on Financial Behavior. The reason for this is that the majority of the respondents' data were high school graduates and the majority of the respondents' jobs were students. Currently students who are considered to have high financial literacy, the statement items do show results that the respondent's literacy level is high, but in the question items the respondents are in the low literacy level category so that it does not affect Financial Money Behavior.

Theory of Planned Behavior from Ajzen (1991), explains the concepts of how to predict and understand a particular behavior. Ajzen (1991) states that intention can accurately predict various behavioral tendencies, so a low or high level of financial literacy does not affect a person's financial behavior. this will not happen if the individual in question has no intention of manifesting good financial behavior. The results obtained are in line with Zahriyan (2016), Humaira & Sagoro (2018) and Yap et al. (2016) that financial literacy cannot influence financial management behavior. Safira (2020) explains that balancing money management is influenced by several factors. That is personal financial behavior and other influences such as economic factors, psychological fees and social factors. Meanwhile, personal financial behavior is closely related to financial literacy (Xiao, 2008). (2016) that financial literacy cannot influence financial management behavior. Safira (2020) explains that balancing money management is influenced by several factors. That is personal financial behavior and other influences such as economic factors, psychological fees and social factors. Meanwhile, personal financial behavior is closely related to financial literacy (Xiao, 2008). (2016) that financial literacy cannot influence financial management behavior. Safira (2020) explains that balancing money management is influenced by several factors. That is personal financial behavior and other influences such as economic factors, psychological fees and social factors. Meanwhile, personal financial behavior is closely related to financial literacy (Xiao, 2008).

The level of financial literacy is influenced by socio-demographic factors such as gender, age, education level, marital status, income level, and family members. Personal financial behavior Describes how Millennials achieve their financial independence. Differences in money management approaches obtained from a series of definitive categories and homogeneous characteristics. This research uses a different money management approach that is applied by Bamforth and Geursen (2017). The core concepts are presented differently in each category. These are: Attitude towards risk and its management, independence of decision-making (level of influence of others in making decisions about money), approach to cash flow management (balancing income and expenses),

There are several challenges faced in financial literacy, according to Mitchell et al (2016) the main challenges of financial literacy are at the micro, meso and macro levels, namely being too obedient to the financial industry, lack of financial knowledge, overconfidence in financial knowledge, lack of initiative from the government , frameworks and rules, lack of planning on the life cycle and lack of attractive ways to teach financial literacy. Financial behavior is closely related to the implementation of financial literacy. According to Claulagain (2017) Financial behavior is part of the implementation of financial literacy which is believed to have a positive impact on a person's financial well-being, gradually, a person's conscious behavior shows in decision making,

2. Cashless Society Against Financial Behavior in the Millennial generation

In research conducted by(Rizqi Annisa Sita Ramadanti et al., nd)of 1005 respondents in the Z generation majoring in Management at UPN Veterans Jakarta, it shows that financial literacy and lifestyle are closely related to financial behavior.

Financial literacy includes knowledge, beliefs, and skills that can influence attitudes and behavior when making decisions and managing finances. In this study, financial literacy has an impact on financial behavior in a cashless society, meaning that the better the financial literacy of Generation Z majoring in UPNVJ Management, the better the financial behavior in a cashless society. Supported by the Covid-19 outbreak, the large use of non-cash transactions supports Generation Z as the younger generation to understand financial technology with their financial literacy. Publications from people. com states “that 70% of Generation Z are aware that they need to organize and re-evaluate how they manage their finances during a pandemic”. Meanwhile, lifestyle refers to the activities, interests, and opinions of respondents. Based on the results of the study, the highest average index value lies in GH5, which means that respondents think that life is only one time and wants to enjoy life, respondents have YOLOO (YouuOnlyLiveeOnce) characteristics. In addition, respondents often use non-cash payment instruments in transactions, like to allocate time for self-entertainment, and are interested in buying products when there are promos with non-cash payments. Even though the lifestyle that the respondents have is high and always follows the trend, the respondents still think that the lifestyle must be balanced with their financial capabilities. It means,

3. The use of Fintech on the financial behavior of the Millennial generation

Financial technology is able to change and shape a new lifestyle for the millennial generation because of its practical and efficient nature, so that most millennials prefer to use electronic money as their main payment method rather than using currency. (Hazbiah, 2020).(Marpaung et al., 2021)It can be seen that the millennial generation is almost evenly distributed in using fintech applications which can provide convenience to access various types of financial services needed and the use of financial technology services by smart phone or smartphone users can be the answer to the government's efforts to build less habit cash society. Because the number of smartphone users or mobile phones in Indonesia is very large. "The penetration of smart phones or smartphones in Indonesia has exceeded the penetration of bank accounts in Indonesia." Which has an impact on increasing the Financial Literacy of the community in DKI Jakarta. "The penetration of smart phones or smartphones in Indonesia has exceeded the penetration of bank accounts in Indonesia." Which has an impact on increasing the Financial Literacy of the community in DKI Jakarta. "The penetration of smart phones or smartphones in Indonesia has exceeded the penetration of bank accounts in Indonesia." Which has an impact on increasing the Financial Literacy of the community in DKI Jakarta.

(Ramadhani et al., 2021)explained that financial technology has a positive and significant effect on the financial behavior of the millennial generation. This means that the benefits of fintech can encourage the interest of the millennial generation to use it in financial practices carried out in everyday life. The more the benefits increase, the behavior of using fintech in everyday life can further develop. In addition, fintech can also provide an important role that can encourage equity in the level of population welfare, help meet the needs for domestic financing which is still very large, encourage the distribution of national financing that is still uneven, increase national financial inclusion and can encourage people's capabilities which are currently still low.

In research conducted by(Yudha Erlangga et al., nd)the level of use of fintech payments among students in the Greater Bandung Region is in the good category while financial management behavior is in the neutral category. In addition, it was found that fintech payments had a positive influence on students' financial management behavior in the Greater Bandung Region. Students must be able to use fintech payment services wisely. With a variety of features that cover all elements of financial management behavior, namely consumption, cash flow, credit, savings and investment, and insurance, fintech payment services can be a tool to better manage personal finances.

Another study, namely Katon (2021), regarding the phenomenon of digital wallets in the millennial generation through phenomenology and symbolic interaction, the conclusions obtained include, first, having motivation in using the OVO application, namely shopping and relaxation where shopping factors consist of obtaining information about goods and buying products what you want, while the relaxation factor consists of ordering something faster, feeling more comfortable and secure when making transactions, not worrying about finances and making payments easier. Second conclusion; mind (mind), self (self), society (society) from symbolic interactions. The concept of mind is the establishment of a student activity process to consider using non-cash transactions during the Covid-19 pandemic based on a need. The concept of self (self); relates to students' self-image during a pandemic more toward new lifestyle behaviors using OVO. The concept of society (society); UMB Bandung students as part of the community make payment transactions via ovo as a good form of interaction to reduce the risk of being infected with the corona virus. Future research can focus on the relationship between behavior and adaptation to the use of digital wallets in the new normal era of the Covid-19 pandemic.

CONCLUSION (12pt, bold)

1. Financial literacy is the extent to which financial knowledge is owned by someone to be able to manage or use a certain amount of money to improve their standard of living.(Safira & Rahadi, 2020)explained that balancing money management is influenced by several factors. That is personal financial behavior and other influences such as economic factors, psychological fees and social factors.
2. Financial technology is able to change and shape a new lifestyle for the millennial generation because of its practical and efficient nature, so that most millennials prefer to use electronic money as their main payment method rather than using currency. Factors that can influence the use of fintech applications from the user's point of view are age, gender, occupation, income, educational level of fintech users while from the fintech application side are technological developments from fintech applications, consumer interest in the features and products offered by fintech applications and convenience. users in using fintech applications, the role of Fintech in financial inclusion to increase public financial literacy

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