



## Beyond Security and Trust: Habit as the Primary Determinant of Cashless Financial Behavior Among Generation Z

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**Abstract:** Generation Z's rapid and habitual engagement with digital payment platforms raises an important theoretical question: do conventional predictors of technology adoption such as perceived security, ease of use, and financial literacy still meaningfully explain cashless financial behavior in this cohort? This study examines the influence of Perceived Security and Trust, Experience and Habit, Perceived Ease of Use (PEOU), and Digital Financial Literacy (DFL) on cashless financial behavior among 160 Generation Z respondents (aged 17–26) in Indonesia. Using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 and bootstrapping of 5.000 subsamples, the structural model explains 50.4% of variance in cashless financial behavior. Experience and Habit emerged as the only significant predictor ( $\beta = 0.660$ ,  $p < 0.001$ ), exhibiting a large effect size ( $f^2 = 0.444$ ), while Perceived Security and Trust, PEOU, and DFL showed no statistically significant direct effects. These findings suggest that for digital natives who have already internalized cashless transactions as routine behavior, habitual reinforcement not cognitive evaluation is the primary behavioral driver. This provides empirical support for a temporally bounded interpretation of the extended Technology Acceptance Model.

**Keywords:** Cashless Society; Digital Payment; Financial Behavior; Generation Z; Perceived Security.

### 1. INTRODUCTION

Over the past decade, global payment systems have undergone a marked shift toward cashless ecosystems a transformation that is not merely technological in nature but has fundamentally altered everyday financial behavior patterns. Global digital payment penetration surpassed USD 89 trillion in 2023 and is projected to grow at a integrate cashless transactions into their daily routine (Prensky, 2001; Tapscott, 2009). *compound annual growth rate (CAGR)* of 15.7% through 2030 (Statista, 2024). In Indonesia, this momentum has been accelerated by Bank Indonesia's rollout of the QRIS (Quick Response Code Indonesian Standard) infrastructure, which recorded transaction volumes of IDR 228 trillion throughout 2023 a 130% increase from the prior year (Bank Indonesia, 2024; Arinal et al., 2026). QRIS adoption among Generation Z university students has demonstrably improved transaction efficiency and fostered cashless lifestyles (Lau & Kulsum, 2023; Ramandati et al., 2021). Generation Z, defined as the cohort born between 1997 and 2012, is the demographic most intensively engaged with the digital payment ecosystem; they have not merely adopted the technology, but have grown as digital natives who integrate cashless transactions into their daily routine (Prensky, 2001; Tapscott, 2009).

The fundamental question underlying this study is simple yet laden with substantive implications: are perceived security and trust toward digital payment systems truly the primary determinants of Generation Z's financial behavior, or is there a stronger mechanism operating beneath their transactional decisions? PwC Indonesia (2023) reports that 67% of young *fintech* users identify data security concerns as their primary barrier; yet behavioral data show that this same cohort continues to increase its transaction volumes (BSSN, 2023; OJK, 2024). This gap between expressed concern and actual behavior suggests that perceived security and trust likely do not operate in a direct, linear fashion in shaping financial transaction decisions .

Theoretically, this study is grounded in the Technology Acceptance Model (TAM) developed by Davis (1989) and the Theory of Planned Behavior (TPB) formulated by Ajzen (1991). Subsequent scholars extended TAM by incorporating trust and security variables referred to as the extended TAM arguing that in the context of online financial transactions, the security dimension is a conditional antecedent of behavioral intention (Gefen et al., 2003; Pavlou, 2003; Putri et al., 2026). However, most empirical tests of this framework have been conducted on Millennial or general adult populations in developed countries, leaving its ecological validity for Generation Z in Indonesia open to question.

Research gaps are identified across three dimensions: (1) no integrative model has simultaneously examined perceived security, trust, experience, habit, perceived ease of use, and digital financial literacy within a single structural framework; (2) the majority of prior studies employ simple regression or CB-SEM methods that require multivariate normality, whereas PLS-SEM is more appropriate for financial behavioral data that tend to be non-normal (Hair et al., 2011); and (3) research on *cashless society* in Indonesia has almost exclusively focused on general adoption determinants, rather than specifically on Generation Z as an agent of change within the financial ecosystem (Ali et al., 2026).

This study aims to examine the influence of Perceived Security and Trust, Experience and Habit, Perceived Ease of Use, and Digital Financial Literacy on Generation Z's cashless financial behavior using PLS-SEM. Theoretically, it contributes to a critical examination of the temporal boundaries of extended TAM validity in the digital finance context specifically, whether the model retains its predictive power once users have entered a habituated phase. Practically, these findings are expected to provide strategic guidance for regulators, banks, and *fintech* operators in designing effective interventions.

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Financial Behavior in the Context of Cashless Society**

Financial behavior in the context of digital payments refers to the set of actual actions and decisions made by individuals in relation to the use of non-cash financial instruments (Xiao, 2008). Unlike behavioral intention (*behavioral intention*), actual financial behavior represents a concrete expression of cognitive, affective, and habitual processes that have been internalized into the routines of daily life. Grable and Joo (2004) define financial behavior as an expression of financial literacy operationalized through concrete action. In the cashless society context, Ozturk (2016) asserts that financial behavior involves not only a cognitive dimension but also a habitual dimension formed through the repeated use of payment technology (Salsabila et al., 2026; Fahmi et al., 2024).

### **Perceived Security and Trust as Psychological Constructs**

Perceived security is defined as the user's subjective perception of the level of protection provided by a system against unauthorized threats, including data theft and illegal access (Yousafzai et al., 2003). Kim et al. (2010) explicitly separate perceived security from objective technical security conditions, asserting that the psychologically relevant dimension is the user's subjective perception of security, not the actual state of the system. Trust is a multidimensional construct; Gefen et al. (2003) define it as the willingness to be vulnerable based on the expectation that the other party will act in a reliable and benevolent manner.

In this study, Perceived Security and Trust are operationalized as a single combined construct in the interest of model parsimony, consistent with the approach taken by Gefen et al. (2003), who treated both within a single causal path. The conceptual limitation of this combination is explicitly acknowledged and discussed in the Research Limitations section.

### **Experience and Habit**

Habit is defined as an automatic response formed through repeated behavior in stable contexts (Verplanken & Orbell, 2003). Limayem et al. (2007) empirically demonstrate that habit is a strong moderator capable of nullifying the effect of conscious intention on system use. *Prior experience* is a direct antecedent of habit formation; individuals with extensive experience with digital platforms build cognitive repertoires that facilitate repeated use without significant conscious deliberation (Ajzen, 2002).

### **Perceived Ease of Use**

Perceived ease of use (PEOU), a core TAM construct, is defined as the degree to which an individual believes that using a particular system will be free of effort (Davis, 1989). Venkatesh et al. (2003) demonstrate that PEOU is only significant for users without extensive

prior experience once habit is formed, PEOU tends to lose its relevance as a predictor of actual behavior. This represents one of the key predictions tested in the present study.

### **Digital Financial Literacy**

Digital financial literacy (DFL) refers to an individual's ability to understand, evaluate, and apply digital financial information in decision-making (Lusardi & Mitchell, 2014). The relationship between financial literacy and actual financial behavior tends to be inconsistent in the literature (Fernandes et al., 2014). Individuals with higher financial literacy may be more selective in digital transactions not automatically more active because they tend to apply *deliberative processing* that more carefully weighs risks and benefits (Setiawan et al., 2022). Studies on Indonesian Millennials indicate that DFL influences saving and spending behavior, yet its relationship with cashless transaction intensity is not always linear (Setiawan et al., 2022; Seldal & Nyhus, 2022).

### **Hypothesis Development**

Drawing on the extended TAM and TPB frameworks, perceived security and trust are attitudinal antecedents that lead to behavior. Gefen et al. (2003) show that trust strengthens online transaction intention by facilitating a reduction in perceived uncertainty. H1: Perceived Security and Trust positively and significantly influence cashless financial behavior in Generation Z.

Experience and Habit are predicted to exert a stronger influence on actual financial behavior than cognitive constructs. Limayem et al. (2007) demonstrate that habit supersedes the role of intention in predicting behavior among experienced users. Baptista and Oliveira (2015) confirm that habit is the strongest predictor of continued use in the *mobile banking*. H2: Experience and Habit positively and significantly influence cashless financial behavior in Generation Z. Perceived ease of use is predicted to positively influence financial behavior by reducing cognitive load, though its effect is expected to be weaker once usage habits have formed (Venkatesh et al., 2003). H3: Perceived Ease of Use positively and significantly influences cashless financial behavior in Generation Z. Given the inconsistency in empirical findings on the relationship between financial literacy and actual behavior (Fernandes et al., 2014; Chen & Volpe, 1998), and following the convention of Fernandes et al. (2014), who explicitly predict the weakness of this relationship, the fourth hypothesis is formulated as a null hypothesis: H4: Digital Financial Literacy does not significantly influence cashless financial behavior in Generation Z.

### 3. RESEARCH METHODS

#### Research Design

This study adopts a quantitative approach with an explanatory-causal design, aimed at testing cause-and-effect relationships between exogenous and endogenous variables based on a pre-specified theoretical framework. PLS-SEM (Partial Least Squares *Structural Equation Modeling*) was selected as the primary analytical technique on three methodological grounds: first, PLS-SEM does not require the assumption of multivariate normality; second, its variance-based approach makes it suitable for predictive purposes and exploratory model testing (Hair et al., 2011); third, the bootstrapping procedure in SmartPLS 4 yields robust confidence interval estimates without relying on parametric distribution assumptions. Analysis was conducted using SmartPLS 4 (Ringle et al., 2024) with 5,000-subsample bootstrapping as recommended by Hair et al. (2017, 2022), using the Percentile Bootstrap method, at a two-tailed significance level of  $\alpha = 0.05$ .

#### Population and Sample

The study population comprises Generation Z individuals aged 17–26 years who actively use digital payment platforms in Indonesia. *purposive sampling* with the following eligibility criteria: (1) aged between 17 and 26 years; (2) holding an active account with at least one digital payment platform (GoPay, OVO, DANA, ShopeePay, or a digital banking service); and (3) having conducted a minimum of three digital transactions within the preceding 30 days. A total of 160 respondents were collected and analyzed, in accordance with Hair et al.'s (2011) recommendation that for PLS-SEM models with 4–5 latent variables, a sample of 160 provides adequate statistical power to detect small effect sizes ( $f^2 \geq 0.02$ ) at  $\alpha = 0.05$ . Distribution via social media (Instagram, WhatsApp, TikTok) carries a selection bias risk that warrants caution in interpreting the findings.

#### Data Collection Procedure

Data were collected through an online survey using a structured questionnaire distributed via Google Form during February–April 2024. Each respondent was provided with an *informed consent* form explaining the study's objectives, guarantees of data anonymity, and the right to withdraw participation at any time. Collected data were manually verified to detect inconsistent responses (straightlining) and extreme outliers prior to further processing.

#### Variable Measurement

Each construct was measured using a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree). To minimize acquiescence bias and social desirability response, the instrument included six reverse-coded items (ditandai sufiks "R": X1.6R, X2.6R, X2.12R,

X3.5R, X4.4R, Y.6R) dari total 33 item (Podsakoff et al., 2003). Item-item ini dimasukkan ke SmartPLS 4 tanpa re-scoring dan dieliminasi pada tahap purifikasi apabila menghasilkan *outer loading* consistent with their design function as detectors of inconsistent response patterns.

Perceived Security and Trust was measured using 12 items adapted from Kim et al. (2010) and McKnight et al. (2002), covering dimensions of perceived data protection, confidence in system integrity, and trust in the service provider (X2.1–X2.12R). Experience and Habit was measured using 4 items adapted from Limayem et al. (2007) and Baptista & Oliveira (2015), covering usage frequency, habitual dependence, and behavioral reflexivity (X4.1–X4.4R). Perceived Ease of Use was measured using 6 items adapted from Davis (1989) and Venkatesh et al. (2003) (X1.1–X1.6R). Digital Financial Literacy was measured using 5 items adapted from Lusardi and Mitchell (2014) (X3.1–X3.5R). Financial Behavior as the endogenous variable was measured using 6 items adapted from Xiao (2008) and Ozturk (2016) (Y.1–Y.6R). All reverse-coded dieliminasi pada tahap purifikasi instrumen karena menghasilkan *outer loading* negatif, sesuai prosedur standar PLS-SEM (Hair et al., 2022).

### **Data Analysis Technique**

Data analysis was conducted in two stages using SmartPLS 4. The first stage involved measurement model evaluation (outer model), comprising: (a) convergent validity assessment via factor loadings (threshold  $\geq 0.70$ ) and *Average Variance Extracted* (AVE; threshold  $\geq 0.50$ ); (b) reliability assessment via Composite Reliability (CR; threshold  $\geq 0.70$ ) and Cronbach's Alpha (threshold  $\geq 0.70$ ); and (c) discriminant validity assessment using two complementary criteria: the Fornell-Larcker criterion (the square root of each construct's AVE must exceed its highest inter-construct correlation) and the Heterotrait-Monotrait ratio (HTMT) with a threshold of  $< 0.85$  (Henseler et al., 2015). The second stage involved structural model evaluation (inner model), including path coefficient analysis, effect size ( $f^2$ ) based on Cohen (1988), and hypothesis significance testing via 5,000-subsample bootstrapping. AVE and CR values were computed using the standard congeneric formula based on SmartPLS 4 outer loading output.

## **4. RESULTS AND DISCUSSION**

### **Evaluasi Model Pengukuran (*Outer Model*)**

#### ***Convergent Validity***

Outer loading analysis indicates that nearly all indicators retained in the model meet the conventional factor loading threshold of  $\geq 0.70$  (Hair et al., 2011). One exception is noted for indicator X2.3 (loading = 0.691); although marginally below the nominal threshold, this

indicator is retained because the overall AVE for the Sec. & Trust construct (0.549) already exceeds the required minimum of 0.50, ensuring that convergent validity is collectively satisfied (Fornell & Larcker, 1981). Six reverse-coded items were eliminated from the final model following the purification procedure described in Section 3.4. Table 1 presents the complete outer loadings for retained indicators, along with t-statistics and p-values from 5,000-subsample bootstrapping. *outer loadings* indicates that nearly all indicators retained in the model meet the conventional factor loading threshold of  $\geq 0.70$  (Hair et al., 2011). One exception is noted for indicator X2.3 (loading = 0.691); although marginally below the nominal threshold, this indicator is retained because the overall AVE for the Sec. & Trust construct (0.549) already exceeds the required minimum of 0.50, ensuring that convergent validity is collectively satisfied (Fornell & Larcker, 1981). Six item reverse-coded items were eliminated from the final model following the purification procedure described in Section 3.4. Table 1 presents the complete outer loadings for retained indicators, along with t-statistics and p-values from 5,000-subsample bootstrapping.

**Table 1.** Convergent Validity Assessment (Outer Loadings).

<b>Variable / Indicator</b>	<b>Factor Loading</b>	<b>T-Statistic</b>	<b>P-Value</b>	<b>Note</b>
Perceived Ease of Use (PEOU)				
X1.1	0.908	48.253	<0.001	Valid
X1.2	0.860	27.016	<0.001	Valid
X1.3	0.902	44.477	<0.001	Valid
X1.4	0.827	19.716	<0.001	Valid
X1.5	0.887	33.185	<0.001	Valid
Perceived Security & Trust (Sec. & Trust)				
X2.1	0.791	22.290	<0.001	Valid
X2.2	0.831	26.153	<0.001	Valid
X2.3	0.691	9.739	<0.001	Valid*
X2.4	0.860	30.316	<0.001	Valid
X2.5	0.829	21.911	<0.001	Valid
X2.7	0.845	24.932	<0.001	Valid
X2.8	0.838	29.850	<0.001	Valid
X2.9	0.866	27.502	<0.001	Valid
X2.10	0.719	13.028	<0.001	Valid
X2.11	0.825	26.590	<0.001	Valid
Digital Financial Literacy (DFL)				

Variable / Indicator	Factor Loading	T-Statistik	P-Value	Note
X3.1	0.830	24.391	<0.001	Valid
X3.2	0.878	37.026	<0.001	Valid
X3.3	0.800	17.933	<0.001	Valid
X3.4	0.867	30.037	<0.001	Valid
Experience & Habit (Exp. & Habit)				
X4.1	0.853	27.893	<0.001	Valid
X4.2	0.914	50.674	<0.001	Valid
X4.3	0.852	23.591	<0.001	Valid
Financial Behavior (BEHAV)				
Y.1	0.871	26.710	<0.001	Valid
Y.2	0.901	54.044	<0.001	Valid
Y.3	0.851	33.526	<0.001	Valid
Y.4	0.723	12.964	<0.001	Valid
Y.5	0.731	14.619	<0.001	Valid

Note: All t-statistics are significant at  $p < 0.001$  (two-tailed, critical  $t = 1.96$ ). \*X2.3 (loading = 0.691) is marginally below the threshold; retained because its removal does not substantially increase AVE, and the overall AVE for Sec. & Trust (0.549) exceeds the required minimum. Items X1.6R, X2.6R, X2.12R, X3.5R, X4.4R, Y.6R were eliminated due to negative outer loadings (Podsakoff et al., 2003).

Nilai *outer loading* for all PEOU indicators range from 0.827 to 0.908, demonstrating excellent measurement consistency. The Sec. & Trust construct has loadings ranging from 0.691 to 0.866; although X2.3 approaches the lower threshold boundary, it was retained because its t-statistic (9.739) substantially exceeds the critical value of 1.96 and its removal does not produce a meaningful increase in AVE. The Exp. & Habit variable shows strong and uniform loadings (0.852–0.914), while BEHAV loadings range from 0.723 to 0.901, all at  $p < 0.001$ .

### **Construct Reliability and Convergent Validity**

Table 2 presents the results of internal consistency reliability and construct-level convergent validity evaluation. Reliability criteria are met when Cronbach's Alpha dan *Composite Reliability*  $\geq 0.70$ , serta nilai AVE  $\geq 0.50$  (Hair et al., 2017).

**Table 2.** Construct Reliability and Convergent Validity.

Construct	Indicator	AVE	CR (rho_c)	Cronbach's $\alpha$	$\sqrt{\text{AVE}}$
PEOU	X1.1–X1.5 (5 item)	0.642	0.904	0.855	0.801
Sec. & Trust	X2.1–X2.11; X2.6R, X2.12R dieliminasi (10 item)	0.549	0.927	0.913	0.741
DFL	X3.1–X3.4 (4 item)	0.624	0.890	0.844	0.790
Exp. & Habit	X4.1–X4.3 (3 item)	0.620	0.862	0.785	0.787
BEHAV	Y.1–Y.5 (5 item)	0.566	0.877	0.824	0.752
Threshold (Hair et al., 2011)		$\geq 0.50$	$\geq 0.70$	$\geq 0.70$	—

Note: AVE and CR were computed from SmartPLS 4 outer loading output using the standard congeneric formula. All values meet Hair et al. (2011, 2022) thresholds. Values of  $\rho_a \geq 0.70$  from SmartPLS 4 confirm convergent reliability. All constructs met the criteria for convergent validity ( $\text{AVE} \geq 0.50$ ) and reliability ( $\text{CR} \geq 0.70$  and  $\alpha \geq 0.70$ ). The highest CR values were observed for Sec. & Trust (0.927) and PEOU (0.904), indicating excellent internal consistency. The lowest AVE value was 0.549 (for Sec. & Trust), which remains above the 0.50 threshold required by Fornell and Larcker (1981).

### ***Discriminant Validity***

Discriminant validity was assessed using two complementary criteria. First, the Fornell-Larcker criterion: the  $\sqrt{\text{AVE}}$  for each construct (see Table 2) exceeds its highest inter-construct correlation, with the lowest value belonging to Sec. & Trust ( $\sqrt{\text{AVE}} = 0.741$ ). Second, the Heterotrait-Monotrait (HTMT) ratio was applied as a more conservative criterion (Henseler et al., 2015). All HTMT values fall below the 0.85 threshold, with the highest values recorded between DFL and Exp. & Habit (HTMT = 0.808) and DFL and Sec. & Trust (HTMT = 0.807). Although both values are below the threshold, their proximity to the upper boundary suggests possible partial conceptual overlap between these constructs theoretically consistent with the argument that individuals with higher financial literacy tend to have more extensive digital experience. The PEOU-BEHAV pair shows HTMT = 0.486 and Sec.&Trust-BEHAV = 0.449, both well below the threshold. Discriminant validity for all constructs is therefore fully established under both criteria.

### **Structural Model Evaluation and Hypothesis Testing**

Result Structural model testing results via *path coefficient* dan bootstrapping 5,000 subsamples tersaji dalam Tabel 3. Model struktural menunjukkan nilai  $R^2 = 0.504$  ( $R^2$  Adjusted = 0.490), mengindikasikan bahwa keempat variabel eksogen secara simultan menjelaskan 50.4% varians perilaku keuangan cashless tergolong moderate-substantial menurut klasifikasi

Hair et al. (2011). Evaluasi effect size ( $f^2$ ) berdasarkan kriteria Cohen (1988) menunjukkan Exp. & Habit memiliki  $f^2 = 0.444$  (large effect), mengkonfirmasi dominansinya sebagai prediktor utama. PEOU memiliki  $f^2 = 0.044$  (small effect), sementara DFL ( $f^2 = 0.013$ ) dan Sec. & Trust ( $f^2 = 0.003$ ) tergolong negligible, konsisten dengan ketidaksignifikanan path coefficient keduanya.

**Table 3.** Hypothesis Testing Results (*Path Coefficients and Bootstrapping*).

Hypothesis Path	$\beta$	Mean Bootstrap	STDEV	T-Statistic	p-Value	95% CI [2.5%; 97.5%]	Result
DFL → BEHAV	-0.121	-0.134	0.102	1.192	0.234	[-0.337; 0.073]	Rejected
Exp. & Habit → BEHAV	0.660	0.651	0.094	7.034	<0.001	[0.427; 0.809]	Supported
PEOU → BEHAV	0.185	0.209	0.135	1.368	0.172	[-0.008; 0.531]	Rejected
Sec. & Trust → BEHAV	0.052	0.051	0.109	0.473	0.637	[-0.174; 0.253]	Rejected

Note: Significant at  $p < 0.05$  (two-tailed, critical  $t = 1.96$ ). Bootstrapping: 5,000 subsamples, Percentile Bootstrap (Hair et al., 2017, 2022). CI = 95% Confidence Interval. Of the four hypothesis paths tested, only one the effect of Experience and Habit on Financial Behavior achieved statistical significance ( $\beta = 0.660$ ,  $t = 7.034$ ,  $p < 0.001$ ). The 95% confidence interval [0.427; 0.809] does not include zero, confirming the robustness of this finding. The remaining three paths are non-significant at  $\alpha = 0.05$ .

### Discussion by Hypothesis

#### *Experience and Habit as the Dominant Determinant (H2: Supported)*

The most fundamental finding of this study is that Experience and Habit is the sole determinant exerting a significant effect on cashless financial behavior in Generation Z ( $\beta = 0.660$ ,  $t = 7.034$ ,  $p < 0.001$ ; 95% CI [0.427; 0.809]). A coefficient of 0.660 indicates a strong positive influence: the higher the level of usage experience and formed digital transaction habit, the more consistent and intensive an individual's *cashless* pada Generasi Z ( $\beta = 0.660$ ,  $t = 7.034$ ,  $p < 0.001$ ; 95% CI [0.427; 0.809]). Koefisien sebesar 0.660 mengindikasikan pengaruh yang kuat dan positif: semakin tinggi level pengalaman penggunaan dan kebiasaan bertransaksi digital yang terbentuk, semakin konsisten dan intensif perilaku keuangan cashless seseorang.

This finding is consistent with Limayem et al.'s (2007) proposition that habit progressively displaces the role of conscious intention in predicting continued information system use. In the context of Generation Z who grew up within the digital ecosystem rather than adopting it as adults the habituation process for digital transactions appears to have been underway long before they entered independent financial life. This finding also confirms

Baptista and Oliveira (2015) and extends their results to the post-pandemic Indonesian Generation Z context. From a broader theoretical perspective, the dominance of habit over cognitive constructs provides empirical support for the argument that extended TAM has temporal boundaries: the model is more relevant during the early adoption phase, but its predictive power diminishes substantially once behavior has entered a mature habituation phase.

***Perceived Security and Trust Show No Significant Effect (H1: Rejected)***

Perceived Security and Trust showed no significant effect on Generation Z's cashless financial behavior ( $\beta = 0.052$ ,  $t = 0.473$ ,  $p = 0.637$ ; 95% CI [-0.174; 0.253]). This contradicts Kim et al. (2010), who found perceived security to be a significant predictor of *mobile payment*, namun sejalan dengan Baptista dan Oliveira (2015) dan Liao et al. (2011) yang menunjukkan bahwa pengaruh trust menjadi tidak signifikan ketika kebiasaan penggunaan telah terkonsolidasi.

The most parsimonious theoretical explanation rests on the concept of automaticity in cognitive psychology: once behavior has become habitual, individuals no longer initiate conscious evaluation of security dimensions prior to acting. Handarkho (2021) confirms that trust transfer mechanisms and social habits are the primary drivers of *mobile payment* di Indonesia, lebih dominan daripada evaluasi keamanan yang eksplisit.

***Perceived Ease of Use Shows No Significant Effect (H3: Rejected)***

Perceived Ease of Use shows a positive path coefficient ( $\beta = 0.185$ ) that is not statistically significant ( $t = 1.368$ ,  $p = 0.172$ ; 95% CI [-0.008; 0.531]). The direction of the effect aligns with TAM predictions, yet the non-significance is consistent with Venkatesh et al.'s (2003) argument that PEOU is only significant for users without extensive prior experience. This suggests that digital payment platforms in Indonesia have reached a sufficient level of *user experience* yang memadai sehingga kemudahan penggunaan tidak lagi menjadi faktor pembeda dalam perilaku harian Generasi Z. Hal ini konsisten dengan Windasari et al. (2022) yang menemukan bahwa pengalaman perbankan digital Generasi Z dan Y di Indonesia didorong lebih oleh habituasi layanan daripada dimensi kemudahan teknis.

***Digital Financial Literacy Shows No Significant Effect (H4: Supported)***

Digital Financial Literacy shows a non-significant negative path coefficient ( $\beta = -0.121$ ,  $t = 1.192$ ,  $p = 0.234$ ; 95% CI [-0.337; 0.073]). H4 is supported, as the prediction that DFL would not significantly influence cashless financial behavior is confirmed by the data. Notably, the negative direction of the coefficient though non-significant is consistent with what may be termed the financial sophistication paradox: individuals with higher financial literacy

appear to apply deliberative processing that makes them more selective, not more active, in digital transactions. This aligns with Fernandes et al. (2014), who document the weak relationship between formal financial literacy and actual financial behavior.

## 5. CONCLUSIONS

This study systematically examines four determinants of cashless financial behavior among Generation Z in Indonesia using a PLS-SEM analytical framework. Of the empirical variables tested, only Experience and Habit proved to exert a significant and strong effect ( $\beta = 0.660$ ,  $p < 0.001$ ; 95% CI [0.427; 0.809]). Perceived Security and Trust, Perceived Ease of Use, and Digital Financial Literacy showed no statistically significant effects. Measurement model evaluation confirms that all constructs exhibit adequate convergent validity ( $AVE \geq 0.50$ ) and reliability ( $CR$  and  $\alpha \geq 0.70$ ). Theoretically, this research indicates the need for caution in universally applying extended TAM propositions particularly when the target population consists of digital natives whose digital financial behavior has already passed the adoption phase and resides in a mature habituation phase. Extended TAM appears more relevant as a predictive framework during early adoption, but loses predictive power when cognitive constructs are supported by the automaticity of habitual behavior.

From a managerial perspective, these findings carry a clear implication: strategies that actively promote interaction frequency and accelerate habit formation such as gamification, transaction-frequency-based rewards, and integration of digital payments into routine public services are likely to be more effective in driving Generation Z's cashless financial behavior than communication campaigns focused solely on security. For Bank Indonesia and the OJK, this implication is directly relevant to digital financial education programs and QRIS acceleration strategies: rather than emphasizing system security to a population already accustomed to digital payments, efforts should focus on creating digital touchpoints that encourage transaction repetition and routine formation.

### Research Limitations

Combining Perceived Security and Trust into a single construct limits the analysis' ability to identify the separate causal mechanisms of each dimension. Future research is advised to separate the two constructs and test Trust as a mediator between Perceived Security and financial behavior. Penggunaan *purposive sampling* via social media carries a selection bias as the sample is likely dominated by active digital platform users; generalization to a broader Generation Z population therefore requires caution. Desain *cross-sectional* precludes analysis of the temporal dynamics from early adoption to mature habituation. Longitudinal studies are

needed to verify whether the dominance of habit relative to cognitive constructs is a stable or context-dependent phenomenon. The exclusion of demographic control variables (gender, income, urban/rural location) introduces the possibility of *omitted variable bias* that must be considered when interpreting the findings. The study's scope is limited to dominant digital payment platforms (GoPay, OVO, DANA, ShopeePay); the BNPL and cryptocurrency ecosystems are not covered, despite their growing relevance for Generation Z.

### **Future Research Agenda**

Longitudinal studies following a Generation Z cohort over 2–3 years to examine the dynamics of change from the adoption to the habituation phase. Separation of Perceived Security and Trust into two independent latent variables, with testing of Trust as a mediator. Extension of the context to other ASEAN countries to clarify whether the findings are Indonesia-specific or more broadly applicable (Lau & Kulsum, 2023). Addition of demographic control variables, moderation variables (income level, digital exposure frequency), and testing with a more geographically representative sample.

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