The Influence Of Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, And Financial Literacy On Use Behavior Of Buy Now Pay Later Services With Behavior Intention As A Mediating Variable Among Generation Z In The Bandung Raya Area

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Abstract.

Growing presence of Buy Now Pay Later (BNPL) services has significantly influenced the way consumers conduct digital transactions. Generally structured as short-term, interest-free credit, these services have rapidly gained traction—especially among younger generations in Indonesia, BNPL services have been on the rise, with significant growth in the number of contracts signed for these services. According to the Financial Services Authority (OJK) report (2023) the number of BNPL contracts in Indonesia reached nearly 80 million in 2023, showing an average annual growth rate of 144.35% in the last five years. This research aims to analyze the factors that influence young people, especially Generation Z, in adopting buy now pay later services. In addition, research was conducted to examine the factors that influence user behavior using the Unified Theory of Acceptance and Use of Technology (UTAUT) theory with the addition of Financial literacy variables. This research uses descriptive research with quantitative methods. The research sample was obtained using 400 respondents. Data was obtained through questionnaires distributed to Gen Z in Greater Bandung. The data was then analyzed with the Statistical Package for Social Science (SPSS). The results showed that the variables of effort expectancy, social influence, and financial literacy have a significant influence on behavior intention. Furthermore, performance expectancy, financial literacy and behavior intention have a significant effect on use behavior. Based on the results of mediation testing, social influence and financial literacy have a significant effect on use behavior through behavior intention as a mediating variable.

Keywords: *Buy Now Pay Later (BNPL); Financial Technology; Financial Adoption and Financial Literacy.*

I. INTRODUCTION

Growing presence of Buy Now Pay Later (BNPL) services has significantly influenced the way consumers conduct digital transactions. Generally structured as short-term, interest-free credit, these services have rapidly gained traction—especially among younger generations. Acting as a substitute for conventional credit cards, BNPL platforms grant users increased flexibility and autonomy in managing their finances. This flexibility, coupled with the ease of accessing BNPL platforms, has made them an attractive option for Generation Z (Cook et al., 2023).In Indonesia, BNPL services have been on the rise, with significant growth in the number of contracts signed for these services. According to the Financial Services Authority (OJK) report (2023), the number of BNPL contracts in Indonesia reached nearly 80 million in 2023, showing an average annual growth rate of 144.35% in the span of the last five years.Originally popularized in online retail environments, BNPL services have extended into traditional brick-and-mortar stores, allowing consumers to access credit seamlessly for both online and in-person purchases. BNPL services offer several advantages, including deferred payments, interest-free credit, and an easy application process. Research by deHaan et al., (2024) explains that BNPL platforms have filled a gap in the credit market by providing consumers with an alternative to traditional credit cards, especially for short-term financing.

The reasons that make Gen Z use BNPL are based on the security and ease of making payments (Abed & Alkadi, 2024). Mavridis & Gebeyehu, (2023) explain the desire to use promos or discounts and limited financial resources cause Gen Z to use BNPL. BNPL providers usually use the power of social media to influence someone, the aspirations made in social media and the influence of people closest to them make someone use BNPL. Tuan et al., (2024) also explained that social influence can influence a person's trust attitude in adopting BNPL. In addition, some studies have found that a person's level of literacy can also influence a person in adopting BNPL services (Juita et al., 2023). Gerrans et al., (2022) explain that financial

literacy is associated with low benefits in using BNPL.This research aims to fill the gap in literature regarding BNPL adoption, particularly among Gen Z in Indonesia, and to assess the impact of key factors such as financial literacy and social influence on their use behavior. Additionally, it will provide recommendations for BNPL service providers and regulators to optimize their strategies in catering to this growing demographic.

II. LITERATURE REVIEW

Financial Technology (Fintech)

According to Mahir et al., (2023), fintech starts from the financial sector that adapts to the needs of society while facilitating access to various financial transactions in various sectors. Wibowo, (2023) defines fintech as the use of technology to provide financial services or products. Fintech includes services, products, or technology. according to the Financial Services Authority (OJK) fintech is an innovation in the financial services industry that utilizes technology. Fintech products are usually in the form of a system built to carry out specific financial transaction mechanisms

(UTAUT)

The Unified Theory of Acceptance and Use of Technology (UTAUT) model is a unified model based on cognitive social theory with a combination of eight research models regarding technology acceptance (Mahande & Jasruddin, 2018). Oliveira et al., (2014) Describes UTAUT as a methodology for testing technology with the aim of explaining the intentions and actions of users who want to use technology. Venkatesh et al., (2003) explain that there are four factors in UTAUT that help predict respondents' interest as follows:

- Performance Expectancy, refers to the degree to which an individual believes that using a particular technology will enhance their job performance or productivity.
- Effort Expectancy, explains where individuals expect convenience associated with using the system
- Social Influence, explains the level of individual trust in other people who can influence someone to use the latest system. In social influence, it can be said that social influence explains how a person can be influenced to adopt new technology through their social connections
- Facilitating Conditions, conditions where the organization and technical infrastructure can help use the system. Facilitating conditions are basically conditions

Financial Literacy

Financial literacy encompasses the ability to understand and apply financial knowledge, enabling individuals to make well-informed decisions about managing their finances (OECD, 2023).

Behavior Intention

According to Venkatesh et al., (2003) intention comes from internal motivation which not only comes from a person's cognition but is also influenced by the behavior of users who make routine reports on an ongoing basis. Tuan et al., (2024) argue that behavior intention is a person's perceived expectation to achieve a goal within a certain period of time

Use Behavior

According to Venkatesh et al., (2003), use behavior basically describes the real interaction between users and technology systems, thus representing the actual use of technology, including frequency, duration, and intensity of use.

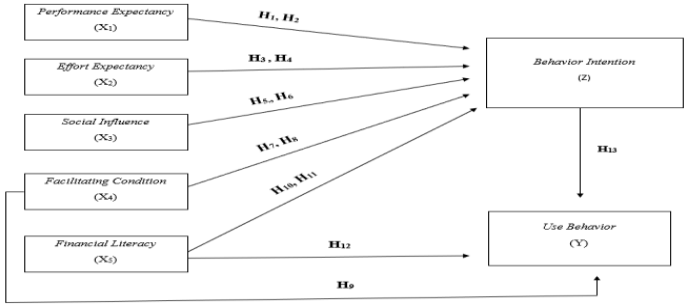

Fig 1. Research Framework

III. METHODS

This research uses descriptive research with quantitative methods. The number of samples used in this study was obtained using the Slovin formula. Primary data was generated through a questionnaire to 400 Buy Now Pay Later (BNPL) user respondents. The data generated was then analyzed using Path analysis and Sobel Test.

Path Analysis

According to Ghozali, (2018) path analysis is an extension of multiple linear analysis. Path analysis is also referred to as a use of regression analysis that estimates the quality relationship between variables that have been determined based on theory. states that the path diagram provides a straightforward relationship between variables based on theory. The path diagram can be used to calculate the direct effect of the independent variable on a dependent variable. These influences are reflected in what is called the path coefficient and the path analysis can follow the structural model.

t-Test

Partial tests (t-Test) are used to test the significant level of the effect of independent variables partially on the dependent variable (Sugiyono, 2022).

Sobel Test

According to Ghozali, (2018) testing the hypothesis of mediated influence can be done by the sobel test procedure. The sobel test is known for testing the strength of the indirect effects of X to Y and Y to Z.

IV. RESULT AND DISCUSSION

Based on the result the largest portion of respondents in this study resided in Bandung City, accounting for 53.25% of the sample, followed by individuals from Cimahi City (22%), West Bandung Regency (13.5%), and Bandung Regency (11.25%), as detailed in Table 2 on demographic characteristics. In terms of age distribution, 45% (180 participants) were between 15 and 19 years old, while 28.75% (115 participants) were aged 20 to 24, and 26.25% (105 participants) fell within the 25 to 29 age range. Concerning employment status, the majority identified as university students (39.25%), followed by school-age students (31.5%). Smaller segments of the sample consisted of private-sector workers (16.5%) and government employees (8.5%).

This study used seven variabel : Performance expectancy, effort expectancy, social influence, facilitating condition, financial literacy, behavior intention, and use behavior. The result descriptive analysis showed that perromance percentages were as follow : Performance Expectancy 81,09%, Effort Expectancy 85,40%, Social Influence 85,52%, Facilitating Condition 84,53%, Financial Literacy 84,14%, Behavior Intention 86,02% and Use Behavior 83,70%. Based on results, it can be categorized the the variables are in good category

Variable	*Cronbach's Alpha*
Performance Expectancy (X_1)	0.668
Effort Expectancy (X_2)	0.688
Social Influence (X_3)	0.613
Facilitating Condition (X_4)	0.634
Financial Literacy (X_5)	0.787
Use Behavior (Y)	0.695
Behavior Intention (Z)	0.729

Table 1. Realibility Test

The internal reliability of all measured variables was verified through the computation of Cronbach's alpha coefficients for each construct. A coefficient above 0.6 is widely regarded as acceptable, and all variables exceeded this standard, as displayed in Table 1, confirming the reliability of the measurement items.

Variabel	Pertanyaan	r_{hitung}	r_{tabel}	Keputusan
Performance Expectancy (X_1)	PE1	0,592	0, 098	Valid
	PE 2	0, 743	0, 098	Valid
	PE 3	0, 744	0, 098	Valid
	PE 4	0, 744	0, 098	Valid

Effort Expectancy (X_2)	EE1	0,716	0, 098	Valid
	EE2	0,703	0, 098	Valid
	EE3	0,735	0, 098	Valid
	EE4	0,720	0, 098	Valid
Social Influence (X_3)	SI1	0,673	0, 098	Valid
	SI2	0,726	0, 098	Valid
	SI3	0,735	0, 098	Valid
Facilitating Condition X_4	FC1	0,752	0, 098	Valid
	FC2	0,676	0, 098	Valid
	FC3	0,709	0, 098	Valid
	FC4	0,635	0, 098	Valid
Financial Literacy (X_5)	LFI 1	0.499	0.098	Valid
	LFI 2	0.488	0.098	Valid
	LFI 3	0.531	0.098	Valid
	LFI 4	0.500	0.098	Valid
	LFI 5	0.418	0.098	Valid
	LFI 6	0.382	0.098	Valid
	LFI 7	0.480	0.098	Valid
	LFI 8	0.486	0.098	Valid
	LFI 9	0.407	0.098	Valid
	LFI 10	0.479	0.098	Valid
	LFI 11	0.495	0.098	Valid
	LFI 12	0.400	0.098	Valid
	LFI 13	0.464	0.098	Valid
	LFI 14	0.467	0.098	Valid
	LFI 15	0.530	0.098	Valid
	LFI 16	0.509	0.098	Valid
	LFI 17	0.502	0.098	Valid
	LFI 18	0.431	0.098	Valid
Use Behavior (Y)	UB 1	0.701	0.098	Valid
	UB 2	0.718	0.098	Valid
	UB 3	0.601	0.098	Valid
Behavior Intention (Z)	BI 1	0.714	0.098	Valid
	BI 2	0.708	0.098	Valid
	BI 3	0.671	0.098	Valid

Table 2. Validity Test

Furthermore, construct validity was evaluated alongside reliability, and the findings presented in Table 2 verify that all constructs were accurately captured and closely aligned with their conceptual underpinnings. Collectively, these findings validate the measurement model and establish a reliable basis for conducting further structural analysis among the study's variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-6.771	.676		-10.018	.000		
	Performance Expectancy	.102	.077	.106	1.322	.187	.592	1.649
	Effort Expectancy	.169	.073	.184	2.326	.021	.594	1.641
	Social Influence	-.423	.101	-.338	-4.203	.000	.591	1.653
	Facilitating Condition	.082	.075	.091	1.100	.272	.609	1.581
	Financial Literacy	.237	.022	.830	10.620	.000	.596	1.633

a. Dependent Variable: behavior intention

Fig 2. Hypotesis Test Model 1 (t-test)

This first model analyzes the extent to which behavior intention is influenced by five key factors: performance expectancy, effort expectancy, social influence, facilitating conditions, and financial literacy. The following are the results of the analysis of model 1 hypothesis testing:

- Performance expectancy, the influence on behavior intention was positive but not statistically significant (B = 0.102, p > 0.187), leading to the rejection of hypothesis H_1.

- Effort expectancy demonstrated a significant effect on behavior intention (B = 0.169, p < 0.05), thus confirming hypothesis H_3.
- social influence was found to negatively and significantly affect behavior intention (B = -0.423, p < 0.000), hypothesis H_5 was supported
- Facilitating conditions were not significantly associated with behavior intention (B = 0.082, p > 0.05), resulting in the rejection of H_7
- Financial literacy demonstrated a strong and significant influence on behavior intention (B = 0.237, p < 0.000), there by supporting H_{10}

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.759	.444		1.711	.088
	Facilitating Condition	.450	.036	.646	12.431	.000
	Financial Literacy	.047	.013	.213	3.467	.001
	Behavior Intention	.070	.030	.091	2.364	.019

a. Dependent Variable: use behavior

Fig 3. Hypotesis Test Model 2 (t-test)

This second model analyzes the extent to which use behavior is influenced by three key factors: facilitating conditions, financial literacy and behavior intention. The following are the results of the analysis of model 2 hypothesis testing:

- Facilitating conditions had a direct and significant effect on use behavior (B = 0.450, p < 0.000), H_9 was confirmed
- Financial literacy showed a significant direct effect on use behavior (B = 0.047, p = 0.001). H_{12} was supported
- Behavior intention had a significant positive effect on actual use behavior (B = 0.070, p < 0.05), confirming H_{12}

Variable Path	A	B	SEA	SEB	Sobel Test Statistic	One-tailed Probability	Two-tailed probability
Performance Expectancy -> Behavior Intention -> Use Behavior	.102	0.070'	.077	0.030'	1,15197708	0,12466525	0,24933049
Effort Expectancy -> Behavior Intention -> Use Behavior	.169	0.070'	.073	0.030'	1,64342017	0,05014802	0,10029603
Social Influence -> Behavior Intention -> Use Behavior	-.423	0.070'	.101	0.030'	-2,03833503	0,02075822	0,04151644
Facilitating Condition -> Behavior Intention -> Use Behavior	.082	0.070'	.075	0.030'	0,99003637	0,16107817	0,32215634
Financial Literacy -> Behavior Intention -> Use Behavior	.237	0.070'	.022	0.030'	2,28045384	0,01129039	0,02258079

Fig 4. Hypotesis Test Model 3 (Sobel Test)

The third model aims to analyze the indirect effect of the five independent variables on use behavior through the mediating variable. The following are the results of the analysis of model 3 hypothesis testing

- Hypothesis H_2 was also not supported. The Sobel test showed no significant mediating role of behavior intention, suggesting that performance expectancy does not meaningfully influence use behavior, either directly or through mediation
- Hypothesis H_4 was also validated. The statistically significant mediation effect (p < 0.05) suggests that simplifying the user experience of BNPL services can positively influence both user intention and behavior.
- hypothesis H_6 was also rejected. The Sobel test did not reveal a significant indirect effect of social influence on use behavior via behavior intention, indicating that social influence does not operate as a mediator in the context of BNPL adoption

- H_8 was not supported. The Sobel test showed no significant mediating effect via behavior intention. However, H4c was confirmed, as facilitating conditions had a direct and significant effect on use behavior ($B = 0.450$, $p < 0.001$)
- the Sobel test confirmed a significant indirect impact of financial literacy on use behavior through behavior intention ($p < 0.05$), thus validating H_{11}

V. CONCLUSION

Based on the results of hypothesis testing data in this study, it is found that there are several variables in this study that affect behavior intention and use behavior for Buy Now Pay Later (BNPL) users in Generation Z in Greater Bandung. In testing the first model, it was found that effort expectancy, social influence, and financial literacy had a significant effect on behavior intention, while the performance expectancy and facilitating condition variables had no significant effect. Testing the second model found that the variables of facilitating conditions, financial literacy, and behavior intention have a significant effect on use behavior. And the results of testing the model to test the effect of mediation using the sobel test hypothesis testing found that the variables of social influence and financial literacy have a significant effect on use behavior through behavior. Meanwhile, the variables of performance expectancy, effort expectancy, and facilitating conditions do not have a significant effect on use behavior through behavior intention.

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