

CHAPTER I INTRODUCTION

A. Background

There have been many developments in our modern era, particularly in terms of technology. One of the community's motivators for fulfilling needs for consumption of goods and services is this advancement. The diverse sectors have been greatly impacted by technological advancements. One of them is financial technology, often known as financial advancement. Before these technological developments, individuals used currency to pay for the goods and services they needed. After the effects of technological advancements, a story about non-cash payments has emerged.

The more technology develops, the more consumers need convenience. The important role of financial technology in this era of globalization is to make it easier for consumers to fulfill their needs for goods and services in a simple and practical way. One of the instruments of technological advancement is the creation of an E-wallet. According to The Economic Times, E-wallet is a type of prepaid or non-cash account where users can save their money for any future online transactions. The e-wallet has security for its users with a password. With the help of E-wallet, they can make payments anywhere and anytime, such as for groceries, online purchases, and airline tickets.

In Indonesia itself, technological developments have progressed rapidly. Companies in the banking and non-banking sectors are required to keep up with the times with innovation. The use of e-wallet cannot be separated from the internet. Internet users in Indonesia are dominated by Millennials who have reached around 40% of the total population in Indonesia. Currently and the future of the Indonesian market is also dominated by Millennials and Generation Z. This provides opportunities for companies to be able to develop and continue to exist in the technology sector.

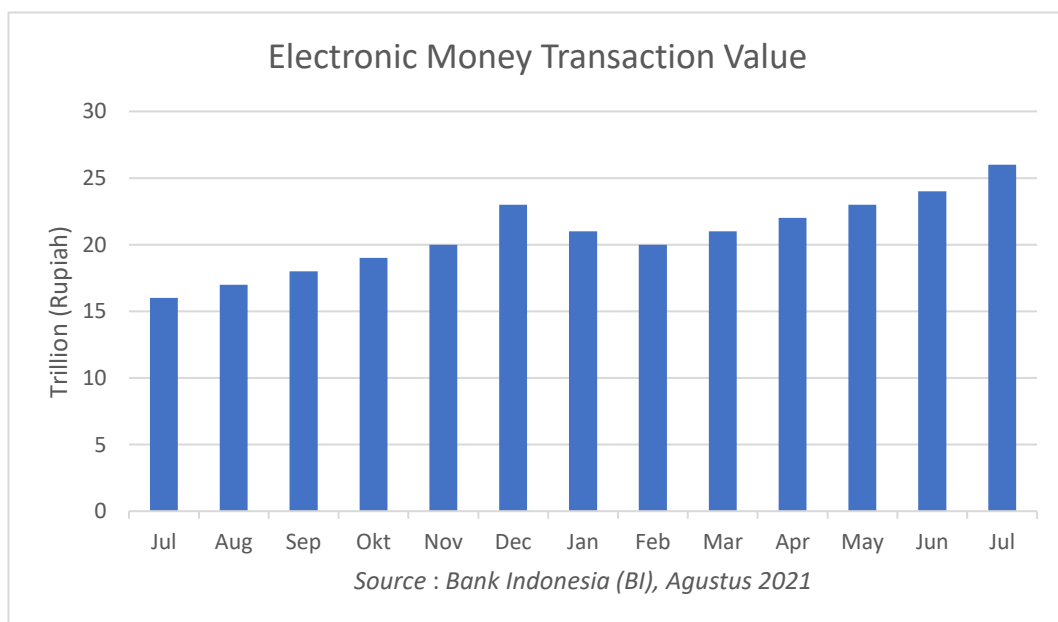


FIGURE 1.1 E-WALLET USER TRANSACTIONS

According to data provided by Bank Indonesia, transactions for e-wallet users as of July 2021 reached 25 trillion. This trend has increased since the emergence of the pandemic due to the advantages of e-wallet that it is safer, more practical, and more effective when used during a pandemic.

In today's technological advances, people can make transactions easily, anywhere and anytime without having to carry cash. This habit arises as a cashless society. The advancement of the digital economy also demands companies or industries that focus on digital finance (Sukma & Canggi, 2021).

With the advantages possessed by e-wallet, the good impact of technological advances in the financial sector is the faster circulation of money and triggers business development in the real sector, which will attract more investors. Consumers are quite spoiled with a variety of payment conveniences because to the many features that the E wallet company's application may offer.

To make the e-wallet attractive, the companies that contribute to the e-wallet sector have a strategy, one of which is to provide promos or discounts. which this promo can only be claimed if the user uses the services of the relevant e-wallet. With this discount, users will be able to make transactions using e-wallet more often. According to Haomin et al., (2016) Consumers feel that offering discounts and cashbacks can facilitate transactions and enhance the enjoyment of consuming products and services by bringing ease and profit.

Discounts can be understood as price breaks provided to customers by manufacturers with the intention of making them happy. so that customers might make additional purchases that are advantageous to both

sides. While cashback can be understood as a gift in the form of virtual money or deposits that customers can use to complete other transactions at the same vendor or in other pertinent locations.

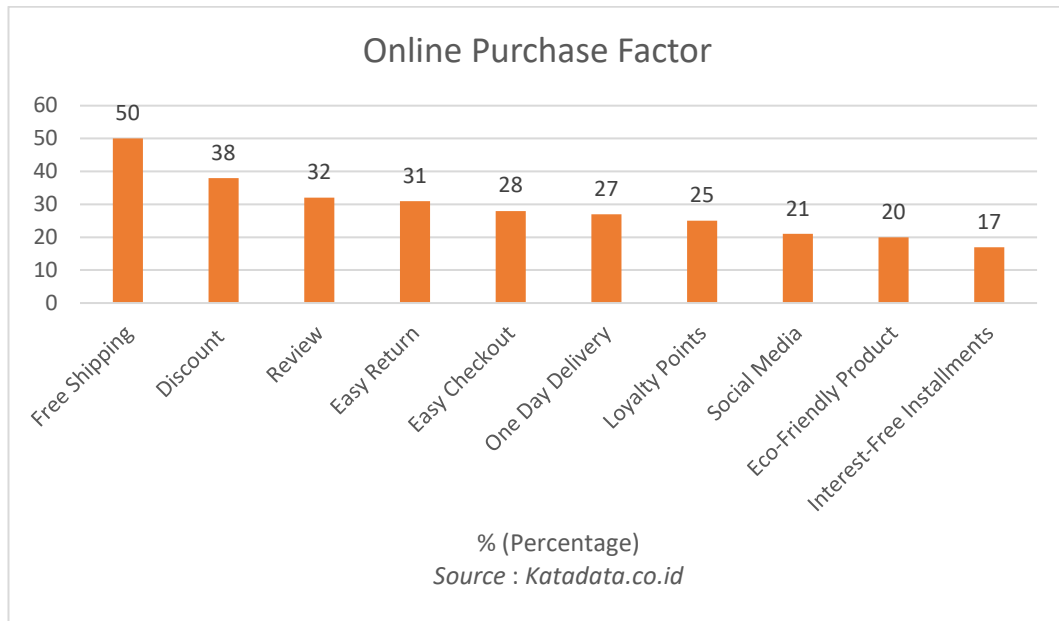


FIGURE 1.2 ONLINE PURCHASE FACTOR

Discounts are one of the fastest ways a company can make a profit. Currently, many companies are using a discount strategy with various advantages that can attract consumers to make transactions. In the data shown in Figure 1.2 there is a survey conducted showing the results of discounts and free shipping promos being one of the reasons consumers make online transactions. This shows that discounts can attract consumers' attention.

But on the other hand, consumers are not aware that they are becoming more consumptive because they feel it is not too difficult to spend

a rather large amount of money in the form of digital funds, compared to if they make payments of the same amount in cash (Kusnawan et al., 2019)

The usage of an electronic wallet will make meeting all of the daily needs of students easier. The majority of students have a tendency to buy or consume excessive amounts of new or trendy things. Consumptive behavior is the attitude or conduct of teens who consume products excessively and unreasonably. Students will be influenced by this consumerist tendency to purchase both things they genuinely need for college as well as things they don't. Because students are typically in their teens and their self-stability is still developing, it might be challenging for them to maintain self-control.

When students buy things or use services without planning, this suppresses their high consumption attitude and any spontaneity that might arise from buying things or using services because of good packaging, a discount, or when the student has "dark eyes," which can have negative effects on their wasteful consumption activities (Armelia, 2021). This proof demonstrates that a consumerist habit will result from poor financial literacy and careless money management.

In addition, factors such as cash or allowance that students get to satisfy their requirements have an impact on consumptive behavior. The onset of consumptive behavior will also be sped up by having a satisfying social life or having money. Student acceptance of financial responsibility includes pocket money. If students can budget their money for daily

requirements properly, allowance can help promote disciplined conduct. The allowance may be donated by parents, relatives, guardians, or gained via scholarships. Allowance is often distributed for a certain length of time, such as daily, weekly, or monthly. Considering both everyday requirements and those that might facilitate learning (Hidayah & Bowo, 2018).

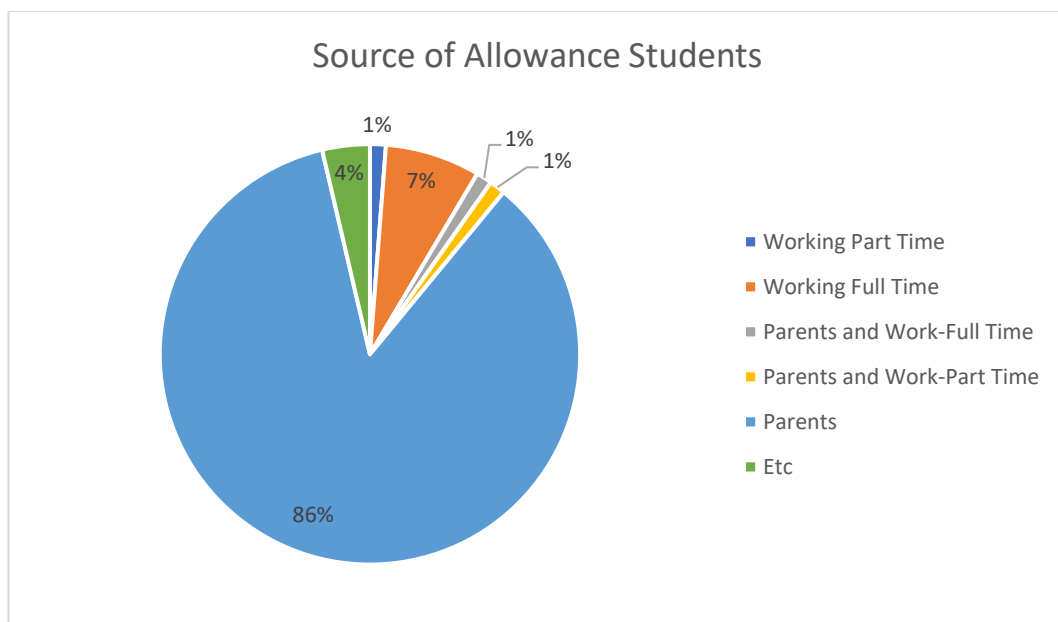


FIGURE 1.3 SOURCE OF ALLOWANCE STUDENTS

The findings of a study Lifepal.co.id performed on Indonesian students' lifestyles in the fourth quarter of 2020. In Indonesia, 443 students participated in this poll. According to the report, 57.5% of pupils confess that their monthly pocket money is completely spent without verifying how the allowance was used. money. then 9% of those surveyed said that they do not have or earn enough allowance to meet their needs. Meanwhile, only 33.5% of those surveyed succeeded in earning more money in a month. furthermore, only 33.5% of students can have savings and invest from the

allowance they receive. When examined more deeply, from 33.5% of students who received more allowance than others, 65.2% chose to save and in the bank, 22.4% decided to invest. The remaining 7.5% choose to spend the remaining money by shopping and spend the remaining money for sightseeing.

The survey shows that 69.9% of respondents admitted that the allowance they receive per month comes from gifts from their parents. while the other 9.5% came from parents and part-time jobs, followed by parental donations and other sources at 5.9%. There is only 1 respondent in this survey whose source of pocket money comes from full-time and part-time work income. based on the habit of using it, 57.5% of students admitted that the allowance received per month is relatively or always used up and not left over. while only 33.5% managed to have a surplus of allowance in a month. another 9% of respondents admitted that the pocket money they received was not enough, or a deficit.

Armelia (2021). Said in her research showed that there was an impact of allowance on the consumptive attitude of students. This reflects that the higher the student's allowance, the higher the student's consumptive behavior. On the other hand, if the student's allowance is lower, the student's consumptive attitude will be lower. In Islam itself, anything in excess is not liked by Allah.

Consumptive behavior mentioned in Surah Al A'raf verse 31 states:

بَيِّ أَدَمَ خُدُّوا زِينَتَكُمْ عِنْدَ كُلِّ مَسْجِدٍ وَكُلُوا وَاشْرَبُوا وَلَا تُسْرِفُوا إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ

Meaning:

O son of Adam, wear your beautiful clothes in every (entering) mosque, eat and and do not overdo it. Verily, Allah does not like those who are extravagant.

As a Muslim, of course, we must follow the commands and prohibitions in the Qoran. Of course, excessive and consumptive attitude is not good for oneself. So this study aims to find out whether the easy e- wallet use, discounts, and allowance has an influence on the level of consumptiveness of FEB UMY students.

This research is in line with previous research (Giswandhani & Hilmi, n.d.) The aim of this study is to determine the impact of technological convenience, especially non-cash transactions on consumptive attitudes. Then, the research by Kusnawan et al. in 2019. This research was conducted based on the researchers' expectations to find out what factors in the service of a digital wallet software can foster spontaneous purchase interest, especially for millennial consumers in Tangerang.

The independent factor studied is discount (X) while the dependent factor is impulse buying (Y), and the selection of the discount factor means that there are many discounts offered to consumers today. By Armelia (2021) is also in line with this research which discusses the effect of

allowance and lifestyle on consumptive behavior in students of the Faculty of Economics, Padang State University.

B. Formulation of Problem

From this background, it was found that the problems in this study are:

1. Does the ease of using E-wallet have an effect on consumptive behavior?
2. Does discount affect consumptive behavior?
3. Does pocket money affect consumptive behavior?

C. Purpose of Research

From the formulation of the problem above, the objectives to be achieved from this research are to find out:

1. To analyze whether the ease of using E-wallet has an effect on the consumptive behavior of FEB UMY students.
2. To analyze whether discounts have an influence on the consumptive behavior of FEB UMY students.
3. To analyze whether the student allowance has an influence on the consumptive behavior of FEB UMY students.

D. Benefits of Research

1. Theoretical Benefits

The results of this study are expected to be able to contribute to the development of economics, increase knowledge about e-wallet,

discount and consumptive behavior. And it can also be used as a reference or reference in further research, especially on the effect of easy e-wallet transactions, discounts, and allowance on consumptive behavior.

2. Practical Benefits

This research is anticipated to have advantages for the community and UMY students, including the ability to make the general public into consumers who are wiser in their transactions and able to provide benchmarks for purchasing activities, where the community and UMY students are able to differentiate between needs and desires in order to decide which one is more important first.

