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Effectiveness of Digital Payment from the Perspective of Generation-Z and Millennial E-commerce Consumers: MSME Resilience in West Java

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ABSTRAK

Kemudahan transaksi dalam pembelian produk secara signifikan memengaruhi pembeli Generasi Z (usia 8 hingga 23 tahun) dan milenial (usia 24 hingga 39 tahun) dalam e-commerce. Tingkat adopsi pembayaran digital tinggi, mencapai 95%, dengan 75% pengguna diperkirakan akan meningkatkan penggunaan dalam satu hingga dua tahun ke depan (SEA e-Conomy Research Survey, 2021). Studi ini menganalisis dampak pembayaran digital terhadap kepuasan pembeli dan ketahanan UMKM menggunakan pendekatan kuantitatif dan analisis Partial Least Square (PLS). Data penelitian dalam studi ini dikumpulkan pada tahun 2023. Berdasarkan Unified Theory of Acceptance and Use of Technology (UTAUT) serta Mental Accounting Theory (MAT), penelitian ini mengintegrasikan keamanan transaksi, pengaruh individu, dan perlindungan data sebagai faktor utama. Melalui survei terhadap 77 responden Generasi Z dan 73 responden milenial, hasil penelitian menunjukkan bahwa pengaruh sosial, kemudahan penggunaan, dan kepercayaan secara signifikan membentuk persepsi keamanan. Studi ini memberikan wawasan dalam meningkatkan kualitas pembayaran digital serta rekomendasi kebijakan untuk ketahanan UMKM.

Keywords:
Digital Payment, Transaction Security, E-Commerce, Social Behaviour, MSMEs in West Java, PLS-SEM.

ABSTRACT

The ease of transactions in purchasing products significantly influences Generation Z (aged 8 to 23) and millennial (aged 24 to 39) buyers in e-commerce. The adoption rate of digital payments is high, reaching 95%, with 75% of users expecting to increase their usage in the next one to two years (SEA e-Conomy Research Survey, 2021). This study examines the impact of digital payments on buyer satisfaction and MSME resilience using a quantitative approach and Partial Least Square (PLS) analysis. The research data used in this study was collected in 2023. Drawing on the Unified Theory of Acceptance and Use of Technology (UTAUT) and the Mental Accounting Theory (MAT), this research integrates transaction security, individual influences, and data protection as key factors. Through a survey of 77 Generation-Z and 73 millennial respondents, findings reveal that social influence, ease of use, and trust significantly shape security perceptions. This study provides insights into enhancing digital payment quality and offers policy recommendations for improving MSME sustainability.

INTRODUCTION

The adoption of digital payment systems has significantly transformed consumer behavior, particularly among younger generations. This study explores how Generation Z and Millennials perceive digital payment security and its impact on their satisfaction with e-commerce transactions. As digital transactions continue to grow, MSMEs must adapt to remain competitive in the evolving market landscape.

Prior studies have examined digital payments using frameworks such as UTAUT (Venkatesh et al., 2003), which highlights performance expectancy, effort expectancy, social influence, and facilitating conditions as determinants of technology adoption. Additionally, MAT (Zhao, 2021) emphasizes the role of trust and perceived benefits in influencing user behavior. This research integrates these models to assess how transaction security perceptions affect MSME resilience in West Java.

The primary objective of this study is to determine the factors influencing digital payment adoption and their implications for MSME sustainability. By bridging existing literature with empirical data, this study contributes to ongoing discussions on digital financial inclusion and the role of fintech in economic resilience.

METHODS

This study employs a quantitative research approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis. The methodological framework is structured as follows:

- Population and Sample: A total of 150 respondents were surveyed, comprising Generation Z and Millennials who have used digital payments in e-commerce transactions in West Java.
- Data Collection: Structured questionnaires were distributed to gather insights on perceived transaction security, trust levels, and ease of use.
- Instrument Development: The questionnaire items were adapted from validated scales in prior research, ensuring construct validity and reliability.
- Data Analysis Techniques: The SMART PLS software was used for hypothesis testing and assessing structural relationships between variables.

Table 1. Hypotheses Overview

Hypothesis	Path	Expected Impact
H1	Perceived Benefits → Online Merchant	Positive
H2	Social Influence → Security Perception	Positive
H3	Trust → Security Perception	Positive
H4	Performance Expectancy → Digital Payment Adoption	Positive
H5	Effort Expectancy → Digital Payment Adoption	Positive
H6	Perceived Risk → Digital Payment Adoption	Negative
H7	Perceived Security → Trust	Positive

RESULT AND DISCUSSION

Result

Transaction Security Perception

The analysis revealed that social influence and ease of use significantly impact transaction security perceptions. Users are more likely to trust digital payments when their peers recommend them and when platforms provide a seamless experience.

Trust and Digital Payment Adoption

While trust was initially expected to be a major factor in adoption, the findings indicate that usability and security measures have a more substantial influence. This suggests that users prioritize convenience over inherent trust in the technology itself.

MSME Resilience

Digital payments contribute positively to MSME resilience by improving cash flow efficiency and expanding market reach. Businesses that adopt secure and convenient payment methods tend to perform better in digital markets.

Table 2. Hypothesis Testing Results

Hypothesis	Path	P-Value	Expected Impact
H1	Perceived Benefits → Online Merchant	0.003	Supported
H2	Social Influence → Security Perception	0.005	Supported
H3	Trust → Security Perception	0.4	Not Supported
H4	Performance Expectancy → Digital Payment Adoption	0.001	Supported
H5	Effort Expectancy → Digital Payment Adoption	0.002	Supported
H6	Perceived Risk → Digital Payment Adoption	0.03	Supported
H7	Perceived Security → Trust	0.0005	Supported

Discussion

These results align with existing literature (Shao et al., 2018), which identifies social influence as a significant predictor of security perceptions in digital payment adoption. While perceived benefits strongly influence online merchant selection, trust alone does not significantly impact security perceptions. This suggests that users prioritize usability and incentives over inherent trust in payment platforms.

Furthermore, MSMEs must address cybersecurity concerns to maintain consumer confidence. Future strategies should incorporate advanced encryption measures, transparent data policies, and consumer education initiatives to enhance digital payment adoption rates.

CONCLUSION

This study summarizes the state of digital payment adoption and its impact on MSMEs at the time of writing. Findings indicate that perceived security, ease of use, and social influence are key drivers of adoption. MSMEs leveraging digital payments experience improved financial efficiency and increased customer engagement. Policymakers and fintech providers should enhance security regulations and usability to encourage broader adoption.

Future research should examine the long-term effects of digital payments on MSME growth and consumer spending habits, integrating qualitative approaches to understand user concerns in depth.

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