

***DIGITAL WALLET USAGE AND ITS INFLUENCE ON PERSONAL FINANCIAL PLANNING AMONG MILLENNIALS***

**PENGGUNAAN DOMPET DIGITAL DAN PENGARUHNYA TERHADAP PERENCANAAN KEUANGAN PRIBADI DI KALANGAN GENERASI MILENIAL**

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**ABSTRACT**

*Millennials are considered the most tech-savvy generation, having grown up in an era characterized by rapid technological evolution and internet proliferation. This familiarity with digital interfaces has naturally extended into their financial behaviors, including their preferences for digital payment systems. The objective of this research is to analyze the usage of digital wallets and their influence on personal financial planning among millennials. This study adopts a systematic literature review (SLR) approach to comprehensively analyze and synthesize prior studies regarding the use of digital wallets and their influence on personal financial planning among millennials. This literature review has explored the relationship between digital wallet usage and personal financial planning among millennials, a generation characterized by high digital literacy and growing financial independence.*

**Keywords:** Digital Wallet, Influence, Financial

**ABSTRAK**

Generasi milenial dianggap sebagai generasi yang paling mahir dalam teknologi, karena tumbuh besar di era yang ditandai oleh perkembangan teknologi yang pesat dan penyebaran internet yang luas. Kemahiran ini secara alami juga memengaruhi perilaku keuangan mereka, termasuk preferensi mereka terhadap sistem pembayaran digital. Tujuan penelitian ini adalah untuk menganalisis penggunaan dompet digital dan pengaruhnya terhadap perencanaan keuangan pribadi di kalangan milenial. Penelitian ini menggunakan pendekatan tinjauan literatur sistematis (SLR) untuk menganalisis dan mensintesis secara komprehensif studi-studi sebelumnya mengenai penggunaan dompet digital dan pengaruhnya terhadap perencanaan keuangan pribadi di kalangan milenial. Tinjauan literatur ini telah mengeksplorasi hubungan antara penggunaan dompet digital dan perencanaan keuangan pribadi di kalangan milenial, generasi yang ditandai dengan literasi digital yang tinggi dan kemandirian keuangan yang semakin meningkat.

**Kata Kunci:** Dompet Digital, Pengaruh, Keuangan

**INTRODUCTION**

In recent years, the rapid advancement of financial technologies (FinTech) has dramatically reshaped the landscape of personal finance. Among the most notable developments is the widespread adoption of digital wallets, or e-wallets, which serve as electronic applications enabling users to store funds, make payments, and manage financial transactions via smartphones or other digital devices (Kosse et al., 2022).

This shift in consumer behavior is particularly evident among the millennial generation (those born between 1981 and 1996), who are both digital natives and significant contributors to economic activity across the globe.

Millennials are considered the most tech-savvy generation, having grown up in an era characterized by rapid technological evolution and internet proliferation. This familiarity with

digital interfaces has naturally extended into their financial behaviors, including their preferences for digital payment systems. According to a report by McKinsey & Company (2023), digital wallet usage among millennials has more than doubled in the past five years, outpacing other demographic groups in both frequency and volume of transactions. Apps such as PayPal, Venmo, GoPay, OVO, DANA, and Apple Pay have not only simplified peer-to-peer payments but have also integrated features for bill payments, investments, budgeting, and even credit access—making them comprehensive tools for managing money.

Despite the convenience and popularity of digital wallets, their implications for personal financial planning remain underexplored, particularly in developing economies. Personal financial planning involves the process of setting financial goals, managing income, saving, investing, and preparing for future uncertainties (Kapoor et al., 2020). While digital wallets offer tools that could support these functions, such as expense tracking and automated savings, their ease of use and instant spending capabilities may also encourage impulsive purchases and reduced budgeting discipline (Chen et al., 2021).

This duality presents a compelling research gap. On one hand, digital wallets offer unprecedented opportunities for millennials to enhance financial literacy and management through real-time analytics and digital nudges. On the other hand, the frictionless nature of digital payments may undermine long-term financial planning by promoting short-term consumption behaviors (Suri & Nanda, 2023). Thus, the influence of digital wallet usage on the financial behaviors of millennials particularly in terms of

saving, investing, and budgeting—warrants closer academic examination.

The socio-economic context of millennials further amplifies the importance of this inquiry. This generation is burdened with high levels of student debt, volatile job markets, and uncertain retirement prospects (PwC, 2022). Given these challenges, effective personal financial planning is essential for achieving financial security. Yet studies suggest that many millennials struggle with planning and managing their finances, often exhibiting low levels of savings, inadequate insurance coverage, and minimal investment portfolios (Lusardi & Mitchell, 2017). If digital wallets can facilitate better financial planning, they may serve as a strategic tool in addressing this generational financial fragility.

Additionally, the COVID-19 pandemic accelerated the adoption of contactless payments and digital finance platforms, making e-wallets even more integral to everyday financial interactions. With increased dependence on digital financial tools, understanding their broader impacts becomes a pressing issue for policymakers, educators, and financial service providers. A key concern is whether digital wallets are enhancing or inhibiting sound financial decision-making among their users especially among millennials, who represent both the largest user base and the most economically vulnerable age group.

From a theoretical standpoint, this study can be grounded in the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB), which explore how perceived usefulness, ease of use, and behavioral intentions influence technology adoption (Davis, 1989; Ajzen, 1991). Applying these frameworks to digital wallet usage can illuminate not only *how* millennials

use these tools but also *why* they do so and *what outcomes* these behaviors produce in terms of personal financial planning.

Moreover, the increasing integration of gamified features, cashback rewards, financial goal-setting interfaces, and real-time expense alerts in e-wallets suggests a growing alignment between FinTech innovation and behavioral finance principles. These features have the potential to reshape how millennials approach saving, budgeting, and investing—activities traditionally constrained by manual planning and delayed feedback (Thaler & Sunstein, 2008). Yet, empirical evidence on whether such features translate into measurable improvements in financial behavior is limited.

In developing countries such as Indonesia, where a significant portion of the population is underbanked or financially excluded, digital wallets have emerged as tools of financial inclusion. For millennials in urban and semi-urban areas, digital wallets not only replace physical cash but also provide access to broader financial services. However, with increased access must come increased financial responsibility. Without a strong foundation in financial planning, digital wallet users may fall into cycles of overconsumption and debt (Rahman et al., 2022).

This research, therefore, seeks to explore the following central question: To what extent does digital wallet usage influence personal financial planning behaviors among millennials? By investigating this relationship, the study aims to provide insights into whether digital wallets are fostering financially responsible behaviors such as saving, investing, and budgeting, or whether they are contributing to greater financial instability through impulsive and unplanned expenditures.

In conclusion, while digital wallets offer transformative potential in reshaping personal finance management, their actual impact on financial planning—particularly among millennials—remains an area of significant academic and practical interest. As digital financial ecosystems continue to evolve, it is imperative to understand how these technologies interact with human behaviors, cognitive biases, and financial capabilities. Such insights are crucial for designing interventions, educational programs, and policy frameworks that ensure digital financial tools serve as enablers rather than obstacles to long-term financial well-being.

## **METHOD**

This study adopts a systematic literature review (SLR) approach to comprehensively analyze and synthesize prior studies regarding the use of digital wallets and their influence on personal financial planning among millennials. The SLR methodology ensures a structured and transparent method of identifying, evaluating, and interpreting existing research (Snyder, 2019). It enables the researcher to explore key themes, identify research gaps, and provide a foundation for future empirical studies.

### **Data Sources and Search Strategy**

To obtain relevant academic literature, searches were conducted in major scholarly databases including Scopus, Web of Science, ScienceDirect, EBSCOhost, ProQuest, and Google Scholar. The search covered peer-reviewed journal articles, conference papers, and published reviews from 2018 to 2024.

The following keyword combinations were used in the search:

1. “digital wallet” OR “e-wallet” OR “mobile wallet”
2. AND “personal financial planning” OR “financial behavior” OR “budgeting”
3. AND “millennials” OR “young adults”
4. AND “financial literacy” OR “money management”

Boolean operators (AND, OR) were employed to optimize the search. Filters were applied to include only English-language and open-access or institution-accessible full-text studies.

### **Inclusion and Exclusion Criteria**

To ensure the relevance and reliability of sources, the following inclusion and exclusion criteria were applied:

Inclusion Criteria:

1. Published between 2018 and 2024
2. Peer-reviewed journal articles or conference papers
3. Focus on millennials (typically aged 25–40)
4. Discussion of digital wallet use in relation to personal financial habits
5. Empirical research or systematic literature reviews

Exclusion Criteria:

1. Non-academic publications (e.g., blogs, media articles)
2. Articles without full-text access
3. Studies focusing on other age groups (Gen Z, Gen X, Baby Boomers)
4. Non-English publications

### **Data Analysis Procedure**

All selected articles were reviewed and analyzed using qualitative content analysis. Each paper was coded based on recurring themes and categorized under the following dimensions:

1. Adoption factors of digital wallets (e.g., trust, ease of use, convenience)
2. Impact on financial behavior (e.g., budgeting, saving, debt management)

3. Financial literacy and technology usage
4. Demographic characteristics of millennial users
5. Theoretical frameworks (e.g., TAM, UTAUT, Theory of Planned Behavior)

Thematic synthesis was applied to integrate findings from diverse studies, providing a structured comparison of results and identifying consistencies or divergences across regions and contexts.

## **RESULT AND DISCUSSION**

### **Overview of Reviewed Studies**

A total of 28 peer-reviewed articles published between 2018 and 2024 were included in this literature review. The studies analyzed digital wallet adoption, behavioral financial planning, financial literacy, and millennial financial habits across various countries, including Indonesia, India, the United States, Finland, and Nigeria. Most studies employed quantitative methods, such as surveys and regression analysis, while a few adopted qualitative or mixed methods approaches.

### **Digital Wallet Adoption Among Millennials**

One of the most consistent findings across the literature is that millennials are among the most active users of digital wallets due to their technological fluency, smartphone dependency, and preference for convenience (Kaur et al., 2023; Pal et al., 2021). Factors such as ease of use, perceived usefulness, transaction speed, and cashless incentives significantly influence their adoption behavior (Hair & Clark, 2020).

Kumar et al. (2022) and Dwivedi et al. (2020) found that security concerns and trustworthiness also play a critical role in digital wallet adoption. Millennials tend to use e-wallets for

everyday transactions like food delivery, e-commerce, bill payments, and transportation. These routine interactions build a digital footprint that contributes to improved financial awareness.

### **Influence on Financial Literacy and Budgeting Behavior**

Digital wallets often come equipped with real-time transaction tracking features, spending notifications, and budgeting tools. Several studies highlighted that these features contribute positively to financial literacy and planning habits among millennials (Putri & Rahmawati, 2022; Ahmed et al., 2023). According to Aji et al. (2021), the visibility of expenses through digital records encourages better money management and helps young users recognize their consumption patterns. Millennials using mobile financial applications are more likely to engage in budgeting, savings, and informed spending behavior. However, this positive influence is moderated by financial education levels.

As shown in a study by Pradana et al. (2022), while tech-savvy millennials adopt digital wallets rapidly, those without foundational financial knowledge tend to misuse these tools, leading to overspending or poor financial decision-making.

### **Digital Wallet Usage and Saving Behavior**

The relationship between digital wallet usage and saving behavior is nuanced. While some studies reported a positive impact on saving intentions due to easier access to savings accounts and auto-deduction features (Chen & Wang, 2021), others revealed that the ease of spending through e-wallets could lead to impulse buying and reduced savings (Rahman & Ismail, 2020).

Millennials with higher financial self-control tend to use digital wallets as instruments to plan savings, set limits, and automate transactions. Conversely, unmonitored use may result in fragmented expenses, particularly when digital wallet apps are linked to “Buy Now Pay Later” schemes or credit wallets, which may increase financial vulnerability.

### **Investment Behavior and Long-Term Financial Planning**

Some studies suggest that exposure to digital finance tools, including e-wallets, promotes broader financial engagement among millennials, such as investment in mutual funds, digital gold, or cryptocurrencies (Kaur et al., 2023; Shukla & Purohit, 2021). Applications like Gopay, Dana, and Paytm have integrated micro-investment features, encouraging users to think beyond transactional usage.

However, long-term financial planning remains limited among millennials, with many focusing on short-term financial goals like consumption smoothing and debt management. This is consistent with findings by Hair and Clark (2020), who emphasized that millennials generally exhibit low retirement planning behaviors despite their high engagement with digital finance tools.

#### **Regional and Cultural Variations**

Cultural and socioeconomic contexts significantly influence how millennials use digital wallets for financial planning. For instance, in Indonesia and India, where informal financial practices are still prevalent, digital wallet usage often complements traditional cash-based behaviors rather than replacing them (Putri & Rahmawati, 2022; Sharma et al., 2020).

In contrast, millennials in Western countries often integrate digital wallets into comprehensive financial ecosystems, linking them with tax filing tools, investment platforms, and credit score monitoring apps. This distinction highlights the role of infrastructure and digital financial ecosystems in shaping user behavior.

### Gaps and Challenges

Although the reviewed literature presents a generally positive association between digital wallet usage and financial planning behavior, several gaps remain:

1. Limited longitudinal studies: Most research is cross-sectional, making it difficult to determine long-term behavioral impacts.
2. Lack of focus on vulnerable millennial sub-groups, such as those with low income or digital illiteracy.
3. Over-reliance on self-reported data, which can introduce response bias.
4. Insufficient analysis on digital debt, especially concerning “Buy Now Pay Later” services and credit-linked wallets.

These gaps indicate the need for future research to adopt longitudinal and experimental designs, incorporate financial education as a moderating variable, and explore psychological influences like instant gratification or perceived financial control.

### CONCLUSION

This literature review has explored the relationship between digital wallet usage and personal financial planning among millennials, a generation characterized by high digital literacy and growing financial independence. The findings indicate that digital wallets have become more than just transactional tools; they serve as platforms that promote financial awareness, budgeting,

saving, and, to a lesser extent, investment behavior.

The reviewed studies suggest that the convenience, usability, and real-time financial tracking features of digital wallets positively influence millennials’ financial decision-making. These tools often support better short-term financial planning by helping users monitor spending, set financial goals, and improve budgeting practices. Moreover, when integrated with financial education, digital wallets can serve as enablers for improved financial literacy and responsible consumption.

However, the literature also highlights potential downsides, particularly when digital wallets encourage impulsive spending or when users lack sufficient financial discipline or education. Additionally, while the use of digital wallets is positively associated with budgeting and saving, their role in long-term financial planning such as retirement or investment is still limited among millennials.

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