



Mobile Banking Adoption and Its Impact on Generation Z's Shopping Behavior in Indonesia

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Abstract

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This study aims to analyze the influence of Mobile banking (M-banking) on consumer shopping behavior in Indonesia, focusing on young generations as digital natives. A qualitative approach through literature review was employed by examining academic articles published last five years. The findings reveal that M-banking accelerates the digital transformation of the banking sector, enhances financial inclusion, and fosters the development of a cashless society. Generation Z emerges as the most adaptive group in adopting M-banking due to convenience, transaction speed, and promotional offers, although this also drives more consumptive behavior. Key challenges identified include cybersecurity risks, adoption gaps between urban and rural areas, and differences in digital literacy across society. The study emphasizes that the success of M-banking implementation is shaped not only by technological factors but also by socio-economic conditions, security issues, and consumer trust. These findings contribute theoretically to the literature on financial technology adoption and provide practical implications for the banking industry to improve digital service quality.

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1. Introduction

The development of digital technology in the banking sector has accelerated rapidly in the past decade. Digital transformation does not only include the bank's internal systems, but also direct services to customers through various digital platforms such as mobile banking, internet banking, and fintech. Mobile banking (M-banking) is one of the most prominent innovations because it provides fast, practical, and flexible access to financial transactions without having to visit a bank branch office. This trend is in line with the global strategy towards digitizing the financial sector and encouraging financial inclusion more broadly. Globally, the use of mobile banking continues to increase along with the penetration of smartphones and the internet. In Indonesia, the adoption of M-banking has even surpassed conventional banking services due to the high number of smartphone users and increasing digital literacy.

The Covid-19 pandemic has also accelerated this transformation, where people are more reliant on digital financial services to support their daily activities, from bill payments to online shopping (Dluhopolskyi et al., 2023). This condition shows how digital technology plays an important role in creating an increasingly growing cashless society ecosystem in Indonesia. The phenomenon of M-banking adoption also affects consumer behavior. Easier access, faster transactions, and special promo offers through digital banking applications encourage an increase in consumptive behavior, especially among young generations such as Gen Z. This generation grew up in an all-digital environment so their response to financial innovation tends to be positive. A study conducted on Gen Z in the Greater Jakarta

area shows that the ease of digital transactions increases the frequency of consumption while supporting financial inclusion for people who previously had difficulty accessing bank services (Fadillah & Rusadi, 2021).

However, behind its benefits, mobile banking faces a number of challenges. One of the main issues is cybersecurity risks such as phishing, data theft, and online fraud that can reduce consumer trust in digital services. In addition, the adoption gap also still occurs due to differences in the level of education, income, and availability of internet infrastructure in various regions, especially between big cities and remote areas (Aminah et al., 2020). Differences in the level of trust in technology are also factors that affect the success of M-banking adoption. Factors that encourage or hinder the adoption of M-banking include security, user-friendliness, trust in technology, and socio-economic factors such as income level, education, and internet access. The younger generation is faster to adapt to M-banking due to convenience and digital lifestyle, while people with low digital literacy tend to be slower to accept changes. In addition, aggressive promotions from banks through discounts or cashback also encourage consumptive behavior, which in the long run has the potential to affect individual financial patterns (Andriani et al., 2022).

Research gaps are still seen in studies on M-banking in Indonesia. Most previous research has focused more on technology, security, and financial inclusion, while its influence on consumptive behavior has not been discussed in depth. In addition, the comparison of M-banking adoption between urban and rural communities is still relatively limited, even though differences in infrastructure and digital literacy have the potential to affect the level of use of these services. This

shows the importance of research that focuses on the relationship between M-banking and people's spending behavior in Indonesia. Based on this background, this study aims to examine how the use of M-banking affects consumer spending behavior, especially in the younger generation, as well as identify factors that affect its adoption rate. This research is expected to make a theoretical contribution to the literature on the adoption of financial technology as well as practical benefits for banks in improving the quality of digital banking services in Indonesia.

2. Literature Review

2.1. The Development of Mobile Banking and Digital Transformation

Digital transformation in the banking sector is an essential strategy to increase efficiency and expand the reach of services to the public. Mobile banking (M-banking) innovation is emerging as one of the key pillars of this transformation, offering fast, secure, and flexible access for consumers. In Indonesia, this development is in line with the Islamic banking roadmap 2020–2023, which emphasizes the integration of technology to improve services, including through smartphone applications (Hasan, 2023). M-banking not only serves as a transaction channel, but also plays a crucial role in strengthening national financial inclusion, allowing more people to access banking services that were previously difficult to reach.

The acceleration of the adoption of digital banking services is greatly influenced by the COVID-19 pandemic. During this period, people increasingly rely on banking applications to meet their daily transaction needs, such as fund transfers,

bill payments, and the purchase of digital products. A study conducted by Dluhopolskyi et al. (2023) shows that the use of mobile banking and digital wallets plays an important role in maintaining the stability of people's economic activities in Indonesia during the pandemic. This shows that the development of M-banking is an integral part of the larger digital transformation, which is driving changes in people's lifestyles towards a cashless society ecosystem. This shift has not only changed the way people transact, but it has also reshaped the overall economic and social landscape.

2.2. Consumer Behavior in the Mobile Banking Era

The adoption of M-banking has significantly changed consumer behavior. Ease of access, transaction speed, and various promotions such as cashback and discounts, are driving factors for consumers, especially the younger generation, to transact more often. Fadillah and Rusadi's (2021) research on Generation Z in Greater Jakarta found that the ease of digital transactions increases consumptive tendencies, while supporting financial inclusion for community groups that previously did not have access to banking services. This indicates a shift in consumption patterns from conventional to digital methods that are more dynamic and flexible.

A recent study from Daragmeh et al. (2022) adds that the sustainability of mobile payment use is greatly influenced by several factors, namely consumer satisfaction, fulfilled expectations, and perceived value. Generation Z, as digital natives, shows a higher intention to continue using M-banking services. This is due to the convenience factor, compatibility with their modern lifestyle, and the

attractiveness of promotions offered by banks and fintech. Thus, M-banking is not only a means of transactions, but also serves as a shaping of new consumption behaviors that are rooted in the digital society, influencing the way people manage finances and meet their daily needs.

2.3. Risks and Challenges of Digitalization

While M-banking offers many benefits, its adoption faces a variety of significant challenges. One of the most frequently raised key issues is security. Cases such as phishing, data theft, and other cyberattacks can drastically lower consumers' level of trust in digital banking technology. In addition, the gap between infrastructure and digital literacy is also a major obstacle, especially in rural areas that have limited internet access (Sudiantini et al., 2023). These factors create a dividing gap in technology adoption between urban and rural areas.

In addition to technical constraints, socio-economic aspects also play an important role. Education levels and income can affect how quickly people adopt new financial technologies. A study by Abdulloh (2023) on the digital transformation of banking in Indonesia shows that the level of digital literacy and trust in technology are crucial factors that determine the success of M-banking implementation. To encourage more equitable adoption, a collective effort is needed. Banks must improve the security of their systems, expand the reach of infrastructure, and proactively educate the public on how to use digital banking services safely and effectively. This is important to ensure that the benefits of M-banking can be enjoyed by all levels of society.

3. Methods

This research uses a qualitative approach with the method of literature study or literature review. The qualitative approach was chosen because the research aims to deeply understand the social phenomena that arise due to the use of mobile banking (M-banking) on consumer spending behavior, especially in the younger generation in Indonesia. Through a literature study, researchers seek to identify trends, challenges, and factors influencing the adoption of M-banking based on the results of previous research. The main focus of this study is to examine the dynamics of consumptive behavior that develops due to the ease of access to digital banking services and how socio-economic factors, security, and trust in technology shape the pattern of M-banking adoption in society.

The data collection process is carried out by reviewing relevant academic sources, especially scientific journal articles published from 2019 to 2023. This time frame was chosen to ensure that the literature used reflects the current conditions of M-banking development in the digital era and post-COVID-19 pandemic. The articles used were obtained through searches in academic databases such as Google Scholar as well as national and international journals that have relevance to the research topic. The literature selection criteria include: (1) articles that discuss mobile banking, fintech, or digital banking; (2) research that highlights consumer behavior, especially the younger generation; (3) a study that discusses the factors of digital banking technology adoption in Indonesia and the Southeast Asian region.

Data analysis was carried out through a thematic approach by classifying the findings of previous research into key relevant themes, namely: technological

developments and digital transformation, consumer behavior in the use of M-banking, and challenges and factors influencing adoption. This analysis technique allows researchers to find common patterns and differences from various studies, so that a more comprehensive conceptual framework can be developed regarding the relationship between M-banking and people's shopping behavior. In addition, the analysis also noted research gaps, such as limited studies comparing the consumptive behavior of M-banking users in urban and rural areas, as well as the lack of focus on the impact of the consumptive behavior of the younger generation due to the penetration of digital banking technology.

The validity of the research is maintained through triangulation of sources, namely by comparing the results of various articles from different journals, both national and international. This is done to ensure that the findings obtained are unbiased and truly reflect the conditions that occur in the field. By using a qualitative approach based on literature studies, this study is expected to provide an in-depth understanding of the influence of M-banking on consumer spending behavior, as well as make a theoretical and practical contribution in efforts to improve the quality of digital banking services in Indonesia.

4. Results

The results of this literature-based research show that the development of Mobile banking (M-banking) in Indonesia has a significant impact on consumer behavior and the dynamics of the national digital economy. A study of various academic sources confirms that M-banking is no longer just seen as an instrument

of financial transactions, but has become a medium of social and economic transformation that affects people's lifestyles, consumption patterns, and financial inclusion levels. The digital transformation of the banking sector has become increasingly evident since the COVID-19 pandemic, when people were forced to adapt to non-face-to-face services. During this period, M-banking with digital wallets became the main solution in maintaining the continuity of daily economic activities, including bill payments, online shopping, and transactions between individuals. Research shows that the use of M-banking has increased dramatically in terms of frequency and diversification of services, thereby strengthening the government's agenda in encouraging the realization of a cashless society (Hasyim et al., 2023).

The digital transformation facilitated by M-banking is not only technical, but also strategic. The Islamic banking roadmap 2019-2023, for example, places digitalization as the main foundation in the development of the financial industry in Indonesia. Bank Syariah Indonesia and other institutions are competing to improve the quality of M-banking services in order to expand reach, increase inclusion, and ensure customer satisfaction. This is in line with global trends that emphasize the efficiency, accessibility, and transparency of digital banking services. The study confirms that the digital transformation is able to increase customer loyalty, while strengthening the competitiveness of the national banking industry in the era of financial globalization (Rahman & Astria, 2023).

Along with the penetration of M-banking, changes in consumer behavior are becoming more and more prominent. Ease of access to services, transaction speed, and offers of various incentives in the form of cashback and discounts make M-

banking an instrument that encourages consumptive behavior, especially in the younger generation. Generation Z as digital natives have shown a very positive response to M-banking because of the suitability of the service to their practical lifestyle. Research in Greater Jakarta found that digital banking services not only increase the intensity of consumption, but also expand the participation of the younger generation in the formal financial ecosystem. This condition presents ambivalence: on the one hand it strengthens financial inclusion, but on the other hand it creates a higher consumption pattern than previous generations (Wine et al., 2021).

The results of the literature also confirm that the sustainability of M-banking use is influenced by value perception, satisfaction, and confirmation of expectations. Research that adopts an Expectation-Confirmation Model (ECM) framework proves that the younger generation who feel satisfied with the experience of transacting through M-banking will have a higher intention to continue using it. This makes M-banking not only a transaction tool, but also part of the modern lifestyle. This phenomenon implies that M-banking has an important role in shaping the long-term consumption patterns of the younger generation, who are increasingly dependent on technology to meet their daily needs (Daragmeh et al., 2022).

On the other hand, the existence of M-banking also makes a contribution that cannot be ignored to the development of small and medium enterprises (MSMEs). Digital banking services make it easier for MSME actors to make payments, accept transactions, access capital, and expand business networks through the digital ecosystem. The latest study confirms that the contribution of the digital banking

sector to the competitiveness of MSMEs is quite significant, because this service makes transactions faster, more transparent, and more efficient. Thus, M-banking is not only an instrument of individual consumption, but also a productive instrument that strengthens the community's economy and supports the growth of MSMEs as the backbone of the national economy (Esubalew & Raghurama, 2020).

Financial inclusion is one of the most tangible positive impacts of the presence of M-banking. Before the era of digitalization, people in remote areas faced difficulties in accessing formal financial services due to limited physical infrastructure such as bank branches and ATMs. Now, with only a smartphone and internet access, financial services can be reached more widely. This helps reduce the number of unbankable people, while strengthening their economic participation. The literature study emphasizes that the digitization of Islamic banking services through M-banking plays an important role in strengthening financial inclusion in Indonesia, although strategies are still needed to reach community groups with low digital literacy (Aminah et al., 2020).

However, a number of challenges still hinder the optimization of M-banking. Security issues are the most prominent factor, as the risk of cybercrime such as phishing, personal data theft, and digital fraud is increasingly frequent. This concern lowers the level of consumer trust in digital services. Research confirms that user trust is a crucial factor that determines the sustainability of M-banking use. Therefore, banking service providers need to invest in strengthening cybersecurity systems, as well as providing education to customers to be able to recognize and anticipate potential threats (Restika & Sonita, 2023).

In addition to security, the adoption gap between urban and rural communities is also an important barrier. Urban communities with adequate internet infrastructure and relatively high digital literacy are faster to adopt M-banking. On the other hand, rural communities face obstacles in the form of limited networks, devices, and digital skills. This condition shows the existence of a digital divide that has the potential to widen the inequality of access to finance in Indonesia. Socio-economic factors such as education level and income have also been proven to influence people's decisions to use digital banking services. In other words, the success of M-banking is not only determined by the quality of technology, but also by the structural and social factors that surround it (Sudiantini et al., 2023).

Other findings from recent bibliometric research show that although research on digital banking in Indonesia is increasing, most of it is still focused on technology, security, and inclusion aspects. On the other hand, the influence of M-banking on people's consumptive behavior is still relatively underexplored in depth. In fact, the phenomenon of digital consumption driven by ease of access, promotion, and digital lifestyle has major implications for the financial stability of individuals and society as a whole. Therefore, there is a need to expand research on aspects of consumer behavior so that the literature on M-banking becomes more comprehensive and relevant to ongoing social dynamics (Nugroho & Hamsal, 2021).

The results of this study show that M-banking plays a dual role in Indonesian society. On the one hand, it functions as a catalyst for digital transformation, an instrument of financial inclusion, and a driver of economic growth through the strengthening of MSMEs. But on the other hand, it also encourages the increase in

consumptive behavior, especially in the younger generation. If not balanced with adequate financial literacy, these consumptive behaviors have the potential to cause personal financial problems in the long run. Thus, the successful implementation of M-banking is highly dependent on a combination of technology, security, digital literacy, and socio-economic conditions of the community. Banking service providers are required to not only focus on technological innovation, but also pay attention to the accompanying social aspects so that the benefits of M-banking can be felt equally by all levels of society.

5. Discussion

The results of this study show that mobile banking (M-banking) has a very large role in shaping consumer behavior and expanding access to finance in Indonesia. However, this phenomenon cannot be separated from complex dynamics, because on the one hand M-banking supports financial inclusion and transaction efficiency, but on the other hand it also encourages an increase in consumptive behavior in the younger generation. This is in line with studies that emphasize that the adoption of financial technology affects not only economic aspects, but also consumer lifestyles and behavior patterns in the long term (Andriani et al., 2022). Thus, banks need to understand this ambivalence so that the strategies implemented can provide optimal benefits without creating new socio-economic risks.

Another issue that has emerged is the gap in the adoption of M-banking between urban and rural areas. Differences in digital infrastructure, financial literacy,

and education levels are the main factors that shape this gap. This condition indicates that the digital transformation of banking is not yet fully inclusive, so that there are groups of people who are still lagging behind in accessing digital financial services. A literature study on the development of fintech in Southeast Asia also confirms that digital access inequality is a major obstacle in efforts to expand financial inclusion, especially in developing countries such as Indonesia (Morgan, 2022). Therefore, governments and banks need to strengthen collaborative strategies to increase the availability of infrastructure and digital literacy education throughout the region.

In addition, security issues remain the most pressing challenges. Concerns about the risk of cybercrimes such as phishing, data theft, and digital fraud can lower the level of public trust in M-banking. This trust is important because it determines the sustainability of the use of digital banking services. As confirmed by research on the transformation of Bank Syariah Indonesia's services, the success of banking digitalization is highly determined by the level of system security and consumer trust in the technology used (Abduloh, 2023). Therefore, investment in cybersecurity technology and increasing people's digital literacy is a strategic step that cannot be ignored by the banking industry.

Overall, this discussion shows that the adoption of M-banking has a multidimensional impact: positive in supporting efficiency, financial inclusion, and the development of MSMEs, but also has the potential to lead to consumptive behavior and digital divides. Thus, this research makes an important contribution in enriching the literature related to the adoption of financial technology, as well as

providing practical input for the banking industry to develop more adaptive, inclusive, and sustainable strategies.

6. Conclusion

This study confirms that mobile banking (M-banking) plays an important role in shaping consumer behavior and expanding access to finance in Indonesia. The digital transformation presented through M-banking has accelerated the shift of society towards a cashless society, while having a positive impact on financial inclusion, transaction efficiency, and support for the development of MSMEs. The younger generation, especially Gen Z, is the group that is the fastest to adopt this service due to the factors of convenience, promotion, and connection to the digital lifestyle. However, this phenomenon also brings consequences in the form of an increase in consumptive behavior that needs further attention.

On the other hand, the challenges faced by M-banking cannot be ignored, especially related to security issues, the adoption gap between urban and rural areas, and the difference in people's digital literacy levels. These factors determine the extent to which M-banking services can be accepted and utilized optimally by all levels of society. Therefore, the success of the implementation of M-banking in Indonesia is highly dependent on banks' efforts to improve system security, expand digital infrastructure, and provide adequate financial education. Thus, this study provides an understanding that M-banking is not only a digital transaction instrument, but also a catalyst for social and economic change that requires adaptive strategies so that the benefits can be felt equally.

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