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Cashless Society and Self-Control: A Behavioral Study of Students' Financial Management

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ABSTRACT

The development of financial technology has accelerated the transition to a cashless society, particularly among university students, who are a digitally native generation and are adept at electronic payment systems. This phenomenon provides ease of transaction, time efficiency, and automatic financial recording. Still, it poses a risk of consumptive behavior due to ease of access, digital promotions, and low psychological barriers to payment. This study aims to analyze the influence of a cashless society on students' financial self-control through a simple Systematic Literature Review (SLR) of 10 scientific articles published between 2023 and 2025. The study's results indicate that the use of digital payment instruments can increase consumption tendencies if not balanced by adequate self-control. Conversely, for students with strong financial literacy and self-control, the cashless system supports financial management through expenditure monitoring and budgeting. Therefore, the influence of the cashless society is twofold, shaped by an individual's capacity for self-control and financial literacy. These findings emphasize the importance of strengthening financial education and self-regulation skills for students so that the use of digital financial services contributes positively to their financial health.

Keywords: Cashless society, self-control, e-wallet, student financial behavior, systematic literature review.

1. INTRODUCTION

The development of financial technology continues to accelerate in Indonesia, as evidenced by the increasing adoption of digital payment systems by the public. Bank Indonesia (2023) reported that electronic money transactions grew by over 30% year-on-year, reflecting a societal behavioural shift towards transaction systems that are rapid, convenient, and secure. This transformation is driving the cashless society phenomenon: a condition in which the use of non-cash instruments, such as e-wallets, mobile banking, and QRIS, becomes predominant in daily economic activities. This change is most pronounced among the younger generation, particularly university students, who constitute a digitally native cohort that is highly adaptable to financial innovations.

The convenience of digital transactions offers advantages in student life, notably by enhancing transactional efficiency, simplifying expense tracking, and providing flexibility in fund management. Conversely, a new phenomenon is emerging: a propensity for impulsive consumption, attributable to the ease of access, ubiquitous digital promotions, and the minimal psychological barriers associated with spending digital money. The pain of paying phenomenon posits that digital payments reduce the tangible sensation of monetary loss compared to cash payments; consequently, individuals are more likely to make purchases without thorough deliberation (Kahneman & Tversky, 1979; Chawla & Joshi, 2022). This context raises concerns about university students' self-control in managing their expenditures in a pervasively digital era.

From a financial psychology perspective, self-control is a crucial determinant of rational economic decision-making (Tangney et al., 2004). Individuals with high self-control can resist consumerist impulses, delaying immediate gratification and planning expenditures prudently (Baumeister, 2002). Conversely, low self-control fosters risky financial behaviors, including overspending and unplanned use of pay-later facilities. OJK (2024) has highlighted the rise in payment defaults and financial distress among students, attributing this to the use of digital financial services without adequate literacy.

Prior research presents findings that are both consistent and varied. Several studies indicate that *e-wallet* use increases consumption among students (Rumyati & Safira, 2024; Zeinab & Ruski, 2025; Afiyah et al., 2024). However, other studies assert that a *cashless* system can support financial management through digital record-keeping and expenditure control, particularly for individuals with high financial literacy and *self-control* (Rengganis &

Lestari, 2024; Rahmah et al., 2024). These findings indicate that the impact of the *cashless society* is dualistic: technology can be an effective tool for financial management and, simultaneously, a trigger for excessive consumption, contingent on students' psychological characteristics and economic habits.

Addressing this gap, this study conducts a systematic review of empirical literature, drawing on ten recent articles (2023–2025), to analyze how the cashless society influences students' self-control in financial management. The study's contribution lies in its comprehensive perspective that positions self-control as a pivotal variable that can amplify or mitigate the effects of the cashless society on students' financial behavior. Thus, these findings are expected to enrich the academic discourse while providing practical recommendations for universities, regulators, and students to promote healthy and sustainable digital financial behaviors.

2. LITERATURE REVIEW

A cashless society refers to a condition in which economic transactions are conducted without physical currency, replaced by digital payment instruments such as e-wallets, mobile banking, and QR codes (World Bank, 2023). The implementation of cashless systems has become increasingly widespread, paralleling advances in financial technology and the growing penetration of smartphones and internet networks. Bank Indonesia (2023) notes that electronic money transactions have grown significantly, driven by public preference for digital payments perceived as rapid, practical, and efficient.

Among university students, this phenomenon is accelerating even faster, as this demographic comprises digital natives who readily adopt technological innovations. Beyond efficiency, the cashless system also drives shifts in spending patterns through promotions, discounts, cashback, and reward programs within e-wallet applications. However, this convenience simultaneously presents challenges, specifically a tendency toward consumptive behavior and impulsive purchasing when not balanced by adequate self-control (Afiyah et al., 2024).

Self-control is defined as an individual's ability to establish priorities, regulate impulses, and resist desires to achieve long-term goals (Baumeister, 2002; Tangney et al., 2004). In a financial context, self-control is a crucial psychological mechanism that inhibits impulsive consumption and helps individuals manage expenditures rationally.

Self-control plays a pivotal role in maintaining students' financial equilibrium in the digital era. Individuals with high self-control are better able to avoid overspending, delay gratification, and curb purchasing behaviors driven by emotional impulses. Conversely, students with low self-control tend to be more susceptible to unplanned spending and to following consumption patterns dictated by social trends and digital payment application promotions (Zeinab & Ruski, 2025; Rumyati & Safira, 2024).

Financial behavior encompasses financial management activities such as spending, saving, investing, and consumption control (Kotler & Keller, 2022). As a transitional group moving from financial dependence toward independence, university students need to develop healthy financial behaviors. However, exposure to digital lifestyles, online promotions, and information flows can irrationally influence students' economic decisions.

Research indicates that some students can leverage cashless systems for financial management, expense tracking, and transaction efficiency (Rahmah et al., 2024; Rengganis & Lestari, 2024). Yet others are driven toward consumptive behavior by instant gratification, social pressure, and a lack of financial literacy (Afiyah et al., 2024; Widia et al., 2023).

Financial literacy is the ability to understand and manage economic concepts and to make appropriate financial decisions (Lusardi & Mitchell, 2014). Students with high literacy are capable of allocating funds wisely, controlling expenditures, and minimizing financial risks. Nevertheless, several studies have found that literacy alone is insufficient if students lack adequate self-control (Widia et al., 2023; Aprillia et al., 2025). This implies that literacy and self-control must operate in synergy to create healthy financial behaviors in the digital era.

Behavioral finance theory posits that financial decisions are frequently influenced not merely by rational factors, but also by emotions, habits, risk perception, and cognitive biases, as articulated by Kahneman & Tversky (1979). In the contemporary cashless society, students' financial decisions are significantly driven by non-rational determinants. These include instant gratification, social drivers and peer pressure, the allure of rewards, cashback, and promotional offers from applications, as well as a false perception of control over digital expenditures. In 2024, the Financial Services Authority (OJK) warned that uncontrolled financial behavioral patterns among the younger generation, particularly those actively using e-wallets and pay-later services, serve as a primary trigger for increased default risk and potential financial distress at a young age.

Based on the theoretical framework, a cashless society may exert two divergent effects on students' financial behavior. On one hand, this cashless environment can facilitate financial management, provided it is supported by adequate levels of self-control and financial literacy. Conversely, a cashless society also poses a risk of precipitating excessive consumption, particularly among individuals with low self-control and high emotionally driven shopping motivation. Consequently, self-control functions as a pivotal internal variable that determines the trajectory of the cashless society's influence on student financial behavior—whether it serves as an effective management tool or a catalyst for economic distress.

3. RESEARCH METHOD

This study employs a simplified Systematic Literature Review (SLR) approach to analyze the influence of the *cashless society* on student self-control in financial management. This approach was selected to obtain a comprehensive, evidence-based understanding derived from prior research relevant to the topic.

Unlike a comprehensive SLR, which involves multilayered selection processes and rigorous screening of a large volume of articles, this study employs a *targeted SLR that focuses* on the most relevant literature. Article selection was conducted using a *purposive literature sampling* approach, specifically selecting sources based on their topical relevance and contribution to the research objectives.

Data sources were obtained through searches of scientific articles in several online databases, including Google Scholar, ResearchGate, and Sinta/Garuda. The search was performed using the following keywords: "cashless society," "e-wallet," "university students," "self-control," "student financial behaviour," and "financial literacy," as well as Boolean phrase combinations using the AND and OR operators. From these search results, ten scientific articles published between 2023 and 2025 were retrieved that aligned with the research focus, specifically those discussing the use of digital payment instruments and aspects of student self-control.

The analysis was conducted using a narrative synthesis approach, which involves organizing study findings thematically to identify patterns, similarities, and divergences in research results. The literature was categorized based on primary variables: cashless society, self-control, student financial behaviour, and financial literacy.

4. RESULT AND DISCUSSION

The study results indicate that the use of e-wallets and digital payment services encourages students to shop more frequently and exhibit impulsive tendencies. The ease of access, the absence of tangible physical currency limits, and the abundance of promotions and cashback render the transaction process faster with minimal psychological friction. Students are more easily tempted to engage in non-essential transactions, such as fast food, fashion products, or digital entertainment. These findings align with studies by Afiyah et al. (2024) and Rumyati & Safira (2024), which assert that a cashless environment is closely correlated with increased consumption behavior, particularly among younger demographics who are more responsive to digital promotions. Consequently, the cashless system has the potential to shift student consumption patterns from needs-based to desire-based.

Other findings confirm that self-control levels play a pivotal role in shaping the trajectory of digital payment system usage. Students with high self-*control* are capable of resisting impulsive consumption, prioritizing necessities, and limiting spending in accordance with budgetary plans. Conversely, students who are unable to regulate their emotions and desires are more likely to become entangled in impulse-driven consumption. This supports Baumeister's psychological perspective that *self-control* is the foundation of healthy financial behavior. A study by Zeinab & Ruski (2025) indicates that students with low self-control exhibit more wasteful consumption patterns, despite having identical levels of digital access.

Beyond the risks of consumption, several articles highlight the benefits of the *cashless* system, particularly in streamlining expense recording and controlling fund allocation. Transaction history features within *e-wallet* applications assist students in monitoring daily cash flow and planning expenditures. Research by Rahmah et al. (2024) and Rengganis & Lestari (2024) demonstrates that students with sound financial habits use *cashless* tools to enhance the efficiency of economic management. This signifies that the *cashless society* does not merely drive consumption but can also serve as a practical medium for financial literacy when used consciously.

Several studies note that financial literacy and knowledge encourage students to make more prudent economic decisions. Students who understand the concepts of money management, savings, and financial risk can use *e-wallets* as financial management tools rather than vehicles for excessive consumption. Studies by Widia et al. (2023) and Aprilia et al. (2025) emphasize that financial literacy provides a critical understanding of fund management and in resisting the influence of digital promotions. Thus, high literacy serves as a psychological buffer against the negative impacts of digital systems.

The presence of pay-later features escalates potential financial risks for students with limited financial awareness. Research by Afiyah et al. (2024) reveals that instant credit facilities promote a consumptive lifestyle and increase the likelihood of debt problems. Students who struggle to manage credit limits and payment due dates potentially face financial strain. However, findings by Rahmah et al. (2024) indicate that some students reject the use of Pay Later as a personal risk-control strategy. This reinforces that the successful utilization of digital services is heavily contingent upon self-control attitudes.

Overall, the findings from the ten articles indicate that the influence of the cashless society is not monolithic but rather dualistic. Digital payment systems can offer benefits such as transactional efficiency and financial tracking, yet they can also lead to excessive consumption when students are unable to exercise self-control. This conclusion aligns with behavioral finance theory (Kahneman & Tversky, 1999), which posits that emotions, perceptions, and psychological drives influence financial decisions. Therefore, student financial behavior in the digital era is significantly influenced by personal capacity for monetary discipline, rather than solely by the technology itself.

5. CONCLUSION

Based on a systematic review of 10 studies on the impact of a cashless society on students' financial self-control, it can be concluded that the implementation of digital transaction systems significantly affects students' economic behavior. A cashless society provides ease of transactions, time efficiency, and faster access to payments, thereby encouraging an optimized digital financial experience. However, this convenience can also foster consumerist tendencies, particularly among students with low self-control who are easily influenced by digital stimuli such as promotions, cashback offers, and instant gratification.

The findings indicate that self-control plays a key role in directing the impact of a cashless society. Students with high self-control can maintain healthy financial behaviors, plan expenses, and use digital tools to monitor and manage their budgets. Conversely, students with weak self-control are more susceptible to impulsive purchases and misuse of digital credit features, such as PayLater. Furthermore, financial literacy strengthens students' ability to make sound financial decisions. Thus, the impact of a cashless society is dualistic: technology can be both an effective tool for financial management and a trigger for consumer behavior, depending on an individual's self-control capacity and financial literacy.

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