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FINANCIAL STRESS AND ITS IMPACT ON RISKY CREDIT BEHAVIOUR: EVIDENCE FROM GENERATION Z PAYLATER USERS IN SUKABUMI

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Abstract
This study aims to examine the effect of financial stress on risky credit behaviour among Generation Z paylater users in Sukabumi City. A quantitative method was applied using a questionnaire distributed to 397 respondents. The data were analysed using multiple linear regression with SPSS 27. The results show that financial stress has a positive and significant effect on risky credit behaviour. This means that individuals experiencing higher financial stress tend to make impulsive financial decisions, such as borrowing excessively or delaying payments. The coefficient of determination (R^2) value of 0.173 indicates that financial stress explains 17.3% of the variation in risky credit behaviour, while other factors explain the rest. This finding highlights the importance of managing financial pressure to prevent irresponsible credit usage among Generation Z in the digital era.
Keywords: Financial Stress, Risky Credit Behaviour, Generation Z, Paylater, E-Commerce

INTRODUCTION

The evolution of digital financial technology has significantly altered consumer credit behavior, especially among Generation Z who are at the forefront of online consumption. In Indonesia, the rise of buy now, pay later (BNPL) or paylater services has created new opportunities for financial inclusion while simultaneously introducing the potential for excessive borrowing and risky financial practices. According to the Katadata Insight Center, (2024), the number of paylater users in Indonesia grew by more than 35% in the past year, with ShopeePayLater emerging as the most widely used platform. This phenomenon is particularly visible in medium-sized cities such as Sukabumi, where digital economic activity continues to expand among young consumers. While paylater offers convenience and purchasing flexibility, it also fosters the possibility of risky credit behavior, including overspending, failure to make timely repayments, and dependence on short-term credit. The Otoritas Jasa Keuangan Otoritas Jasa Keuangan, (2025) reported that the proportion of delinquent paylater accounts among users under 30 years old has increased in recent quarters, indicating that younger consumers often face challenges in managing their financial obligations. In Sukabumi, local transaction data reveal a rising trend of paylater usage for lifestyle and non-essential goods, reflecting a consumption pattern that may be influenced by emotional and psychological factors rather than rational budgeting (Fitri & Hartati, 2023; Putri & Kurniawan, 2024; Yue et al., 2022).

One of the most critical psychological determinants of this phenomenon is financial stress. Financial stress is defined as a state of emotional strain or pressure that arises when individuals perceive their financial resources as insufficient to meet daily needs or future obligations (Lazarus & Folkman, 1984). Recent studies (Siregar, 2024; Zhou et al., 2024) have shown that financial stress significantly affects individuals' decision-making ability, leading to irrational credit behavior, higher debt tolerance, and increased financial vulnerability. Generation Z, who are in the early stages of

earning and financial independence, tend to be more vulnerable to financial stress due to unstable income, high consumption desires, and limited experience in managing credit. Moreover, the increasing exposure to digital platforms exacerbates this issue.

Easy access to paylater features on e-commerce applications encourages impulsive purchases, especially when combined with financial stress and the pressure of maintaining social or lifestyle standards. Potrich & Vieira, (2024) argue that digital credit systems, despite promoting financial inclusion, also reduce consumers' perception of real-time spending, making them more prone to risky financial actions. This effect is more pronounced among younger consumers who are less financially literate and more emotionally reactive to financial stimuli (Iskandar & Fatimah, 2023; Putri & Kurniawan, 2024; Wulandari & Fadilah, 2023). In the context of Sukabumi, where digital penetration continues to grow, many Generation Z consumers rely on paylater not only for essential purchases but also as a coping mechanism to alleviate temporary financial tension. While this behavior may provide short-term satisfaction, it can lead to long-term financial instability and debt dependency. The phenomenon highlights a pressing need to examine the extent to which financial stress influences risky credit behavior in local contexts outside major urban centers like Jakarta or Bandung.

Previous studies have explored the influence of financial stress on credit card debt, loan delinquency, and financial satisfaction (Archuleta et al., 2021; Kim & Garman, 2022; Peirce & Colleagues., 2023; Radianto, 2022; Shariatmadat et al., 2024). However, empirical evidence linking financial stress to risky paylater behavior among Generation Z in secondary cities such as Sukabumi remains limited. Unlike credit cards, paylater services often lack formal credit assessment procedures, which makes users more susceptible to emotional and impulsive decisions driven by stress. Therefore, understanding the relationship between financial stress and risky credit behavior in this demographic is vital for promoting sustainable financial well-being. This study contributes to the literature by providing empirical insights into how financial stress affects risky credit behavior among Generation Z paylater users in Sukabumi. The findings are expected to deepen understanding of behavioral finance in the digital era and assist policymakers, financial institutions, and fintech providers in developing targeted interventions. Such interventions could include financial stress management programs, responsible lending frameworks, and digital education campaigns that encourage prudent paylater usage among young consumers.

METHOD

This study adopts a quantitative approach, emphasizing the use of digital data processing and statistical techniques to test the proposed hypotheses. The research is classified as explanatory research, as it aims to investigate and clarify the influence of independent variables—financial literacy, self-efficacy, and financial stress—on the dependent variable, which is risky credit behavior among Generation Z users of deferred payment services.

Population

The population targeted in this study includes Generation Z individuals aged 20 to 28 years who reside within the administrative area of Sukabumi City. According to the Badan Pusat Statistik Kota Sukabumi, (2024), there are 54,854 individuals in this age group, forming the basis for sample selection.

Sample

The sample size was determined using Slovin's formula, with a margin of error set at 5%, to ensure adequate representation of the population (Israel, 2021). According to Sugiyono, (2023), Slovin's formula is expressed as:

$$n = \frac{N}{1 + N(e^2)}$$

n = desired sample size

N = population size

e = margin of error (5% in this study)

Based on the calculation: $n = \frac{54.854}{(1+54.854\ x\ 0{,}05^2)}\ n = 397{,}10$

Thus, a total of 397 respondents were selected as the sample, representing Generation Z e-commerce users in Sukabumi City. Respondents were chosen using a method that ensures each individual in the population had an equal chance of selection.

Data Collection

Primary data were obtained directly from respondents through structured questionnaires. The questionnaire employed a 5-point Likert scale, with response options ranging from 1 (Never) to 5 (Always). This instrument was designed to measure perceptions and behaviors related to financial literacy, self-efficacy, financial stress, and risky credit behavior.

Descriptive Statistical Analysis

Descriptive statistics were applied to summarize and present the characteristics of the data without making generalizations beyond the sample (Sugiyono, 2023). This analysis serves as a preliminary step before conducting inferential statistical tests, such as hypothesis testing.

Hypothesis Testing

Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine the effect of independent variables on risky credit behavior. The regression results indicate both the direction and magnitude of the influence of each independent variable on the dependent variable.

t-Test for Individual Parameters

The t-test assesses the partial effect of each independent variable on the dependent variable, assuming other variables remain constant (Ghozali, 2021). A significance value (Sig.) less than 0.05 indicates a statistically significant effect, whereas a Sig. value greater than 0.05 suggests no significant partial effect.

Simultaneous Significance Test (F-Test / ANOVA)

The F-test evaluates whether all independent variables together have a statistically significant effect on the dependent variable (Sugiyono, 2023). A Sig. value below 0.05 indicates that the regression model is significant simultaneously, whereas a value above 0.05 indicates that the model is not statistically significant.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) measures the goodness of fit of the regression model, representing the proportion of variation in the dependent variable that can be explained by the independent variables (Hair et al., 2023). An R^2 value closer to 1 indicates a stronger explanatory power, while a value closer to 0 indicates a weaker model. This coefficient is also used to determine the percentage contribution of each independent variable to the dependent variable.

RESULTS AND DISCUSSION

Measurement Model

Measurement model test was conducted to assess the validity and reliability of the research instruments used to measure financial stress and risky credit behaviour. The purpose of this stage is to ensure that each indicator in the questionnaire accurately represents the latent variables and that the measurement items are consistent and dependable. Once the measurement model was confirmed to be reliable and valid, descriptive statistics were computed to summarize the data. This included calculating the mean, standard deviation, minimum, and maximum values for each variable. Descriptive analysis provides an initial overview of the data distribution and serves as a foundation before conducting inferential statistical tests, such as multiple regression, t-tests, or F-tests (Hair et al., 2023).

Table 1. Descriptive Statistical Analysis Results

Variabel	**N**	**Minimum**	**Maksimum**	**Mean**	**Std. Deviation**
Financial Stress	397	5	25	16,01	4.723
Risky Credit Behaviour	397	5	25	14,46	5.443
Valid N	**397**				

Source: processed data 2025

The regression analysis shows that financial stress significantly and positively affects risky credit behaviour ($\beta = 0.553$; $t = 10.615$; $p < 0.05$). This means that the higher an individual's financial

stress, the greater their tendency to engage in risky borrowing practices such as excessive paylater use or delayed payments. These findings support Lazarus & Folkman, (1984) stress–coping theory and align with Zhou et al., (2024), confirming that financial stress drives impulsive and short-term credit behaviour among Generation Z paylater users in Sukabumi.

Hypothesis Testing Results

Multiple Linear Regression Analysis

Multiple linear regression analysis is a statistical method used to examine the effect of two or more independent variables on a single dependent variable simultaneously. According to (Ghozali, 2024; Hair et al., 2023), this method determines how strongly each predictor contributes to explaining variations in the dependent variable.

Table 2. Results of Multiple Linear Regression Analysis

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	11,611	1,159		10,018	0,000
	Financial Stress	0,553	0,052	0,480	10,615	0,000
a. Dependent Variabel : Risky Credit Behaviour						

Source: processed data 2025

The regression analysis shows that financial stress has a positive and significant effect on risky credit behaviour among Generation Z paylater users in Sukabumi, with a coefficient (B) of 0.553, t-value of 10.615, and significance value (p) = 0.000 < 0.05. This indicates that higher financial stress levels tend to increase risky credit behaviour, such as impulsive spending or late payments. The regression equation is: $Y = 11.611 + 0.553X$ This means every one-unit increase in financial stress will increase risky credit behaviour by 0.553 units, assuming other factors remain constant.

F-Test (Simultaneous Test)

The F-test examines whether the regression model as a whole is statistically significant — i.e., whether all regression coefficients (except the intercept) are simultaneously equal to zero (null hypothesis). If the computed F value is accompanied by a p-value below the chosen significance level (commonly 0.05), then the null hypothesis is rejected, and one concludes that at least one predictor makes a meaningful contribution. In the words of Hair et al., (2023) this step verifies that the collective effect of the independent variables is statistically meaningful.

Table 3. Results of the Simultaneous F-Test

ANOVA[a]						
Model		Sum of Squeares	df	Mean Squeare	f	Sig.
1	Regression	2025,506	1	2025,506	82,420	0,000[b]
	Residual	9707,285	395	24,575		
	Total	11732,791	396			

Source: processed data 2025

The results of the F-test, as presented in the ANOVA table, show an F-value of 82,420 with a significance value (p) of 0.000, which is below the threshold of 0.05. This indicates that the regression model is statistically significant and suitable for predicting the relationship between the variables. In other words, financial stress has a significant simultaneous effect on risky credit behaviour among Generation Z paylater users in Sukabumi City. This finding implies that variations in financial stress can collectively explain the changes in risky credit behaviour. The higher the level of financial stress experienced by individuals, the greater the tendency to engage in risky credit practices, such as excessive use of paylater facilities or late repayments. The model's overall fit confirms that financial stress is an important psychological factor influencing borrowing behaviour among young digital consumers.

Determination Coefficient Test (R^2)

The R^2 value indicates the proportion of variance in the dependent variable that is explained by the set of independent variables included in the model. Hair et al. highlight that R^2 is context-specific: in social science research, values need to be interpreted with caution rather than judged by a universal threshold. An R^2 closer to 1 suggests the model has high explanatory power, whereas values closer to 0 imply weaker explanatory capability. They also note that R^2 reflects in-sample explanatory power (not necessarily predictive accuracy out-of-sample).

Table 4. Results of Determination Test (R^2)

Model Summary[b]	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,415[a]	0,173	0,171	4,95736
a. Predictors : (Constant, Financial Stress)				
b/ Dependent Variabel : Risky Credit Behaviour				

Source: processed data 2025

The results of the Model Summary show that the correlation coefficient (R) is 0.415, indicating a moderate relationship between financial stress and risky credit behaviour. The R Square value of 0.173 means that 17.3% of the variation in risky credit behaviour can be explained by financial stress, while the remaining 82.7% is influenced by other factors not included in the model. The Adjusted R Square (0.171) confirms the model's consistency, with a standard error of 4.957, indicating a relatively good level of model accuracy.

Financial Stress Positively Influences Risky Credit Behavior

The results of this study indicate that financial stress has a significant and positive effect on risky credit behaviour among Generation Z paylater users in Sukabumi City. This finding suggests that the higher an individual's financial stress, the greater their tendency to engage in risky credit activities, such as impulsive buying, excessive borrowing, or late repayments. The regression coefficient (β =

0.553; p = 0.000 < 0.05) confirms that financial stress is a strong predictor of risky borrowing behaviour.

This result aligns with the transactional model of stress and coping proposed by (Daniel et al., 1979; Lazarus & Folkman, 1984), which posits that stress occurs when individuals perceive that financial demands exceed their ability to manage them. Under such psychological pressure, people often adopt maladaptive coping behaviours, including reliance on short-term credit solutions, to temporarily alleviate stress or fulfill immediate consumption needs. Similar findings were also reported by Zhou et al., (2024), who found that financial stress significantly influences impulsive credit behaviour among young digital consumers in China. Supporting this, Shariatmadat et al., (2024) demonstrated that emotional instability due to financial stress reduces financial self-control, leading to higher consumption and debt accumulation. Likewise, Potrich & Vieira, (2024) emphasized that psychological factors, including stress and anxiety, play a critical role in explaining risky spending patterns in digital payment environments. According to Farell et al., (2023), financial stress weakens individuals' cognitive evaluation of financial risks, causing them to underestimate repayment burdens when using buy-now-pay-later (BNPL) platforms.

From a behavioural finance perspective, this relationship can be explained through the concept of bounded rationality (Thaler, 1980). Under stress, individuals are less capable of making rational financial judgments and instead rely on emotional or habitual responses. Generation Z, as digital natives, often exhibit higher sensitivity to online consumption pressures and social influence (Siregar, 2024). Their frequent exposure to e-commerce marketing, limited financial experience, and increasing financial obligations can amplify stress, leading to more impulsive or risky credit decisions. The descriptive analysis in this study showed that most respondents experienced moderate levels of financial stress (mean = 16.01), with varying patterns of risky behaviour (mean = 14.46). This is consistent with Iskandar & Fatimah, (2023), who found that young consumers with moderate stress levels tend to alternate between responsible and risky financial actions depending on income stability and spending motivations. Furthermore, the coefficient of determination (R^2 = 0.173) indicates that financial stress explains 17.3% of the variation in risky credit behaviour, implying that other factors—such as financial literacy (Lusardi & Mitchell, 2022; OECD, 2023), self-efficacy ((Bandura, 2021; Farrell et al., 2021), and lifestyle may also contribute to risky credit practices.

The F-test result (82.420; p < 0.05) confirms that the overall model is statistically significant, indicating that financial stress is a valid predictor of credit behaviour tendencies. The findings are consistent with Serido et al., (2023), who reported that stress-related emotional responses predict the likelihood of financial mismanagement among young adults. Similarly, Peirce & Colleagues., (2023) highlighted that stress factors mediate impulsive credit use, particularly in lower-income and middle-income groups facing unstable earnings. In this context, financial stress not only reflects economic hardship but also captures the psychological burden of financial uncertainty. The results demonstrate

that young individuals experiencing persistent financial stress are more likely to engage in short-term consumption behaviours that undermine long-term financial well-being. (Sari et al., 2023) argue that financial stress affects behavioural regulation, leading individuals to prioritize immediate comfort over financial stability.

The findings of this study have practical implications for financial institutions and policymakers. Developing financial wellness programs that integrate budgeting education, stress management, and responsible credit training can reduce risky borrowing tendencies. This aligns with the recommendations of OECD, (2023), which emphasizes the importance of emotional awareness in financial decision-making education. For paylater service providers, the implementation of user protection mechanisms, spending limits, and payment reminders can help mitigate excessive credit use. The results are consistent with both psychological and behavioural finance theories, confirming that financial stress is not only an economic condition but also a cognitive-emotional factor that shapes borrowing behaviour. This highlights the need for targeted interventions focusing on financial education and emotional regulation to promote sustainable credit management among young digital consumers.

CONCLUSION

This study aimed to examine the influence of financial stress on risky credit behaviour among Generation Z users of paylater services in Sukabumi City. The findings provide clear evidence that financial stress has a significant and positive impact on risky credit behaviour, indicating that individuals who experience higher levels of financial pressure tend to engage in more impulsive and risk-prone borrowing practices. The results reinforce the Transactional Model of Stress and Coping by Lazarus & Folkman, (1984), which explains that individuals under financial strain may resort to maladaptive financial coping mechanisms such as overborrowing or delayed repayment to relieve emotional tension. Furthermore, the findings align with prior research (Potrich & Vieira, 2024; Shariatmadat et al., 2024; Zhou et al., 2024) that emphasizes the crucial role of financial stress in shaping consumer credit decisions, particularly in digital financial environments. The regression analysis showed that financial stress explains 17.3% of the variation in risky credit behaviour (R^2 = 0.173), confirming that while stress plays a significant role, other factors such as financial literacy, self-efficacy, and lifestyle choices may also influence borrowing tendencies. Overall, these findings highlight that emotional and psychological aspects are deeply interconnected with financial decision-making among Generation Z. In essence, financial stress emerges as a critical determinant of irresponsible credit use in the era of digital finance. Therefore, promoting financial resilience through stress management education, budgeting awareness, and responsible credit habits is essential to mitigate the potential negative effects of paylater usage.

The results of this study can serve as a reference for financial institutions, policymakers, and educators to design more holistic financial wellness programs targeting young consumers.Further research is needed to calculate the potential for reducing kind of GHG emissions through several mitigation options that are most likely to be carried out so that mitigation actions can be obtained and implemented for consideration by several interested parties. Community understanding and institutional operational steps are very necessary for socializing the impact of PI.

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