

## Digital Wallets and Student Finances: Analyzing Behavioral Shifts in the Era of Cashless Payments

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**ABSTRACT:** The development of financial technology (fintech) has brought significant changes to people's transaction patterns, particularly among university students, with the increasing use of digital wallets. This phenomenon is influenced by various factors, including digital literacy, financial attitude, herd behavior, and these factors impact on financial well-being. Therefore, this study aims to construct a structural model of digital wallet usage and how it impacts the financial well-being of students. This research uses a quantitative approach with the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method to examine the relationships between variables. Data was collected through the distribution of questionnaires to students who actively use digital wallets. The results show that digital literacy has the largest total effect on financial well-being through two pathways: a direct influence and an indirect influence through the use of digital wallets. The total effect of digital literacy is high, making it the dominant predictor in the model. The research results show an R<sup>2</sup> value for the digital wallet usage variable of 0.508, which falls into the moderate category, while for the financial well-being variable it is 0.723, which falls into the high category. Digital literacy (LD) has established itself as the most fundamental determinant in the digital financial ecosystem. It serves not only as the primary driver of digital wallet (PDD) adoption by enhancing perceived usefulness and ease of use, consistent with the extended technology acceptance model, but also contributes directly and significantly to improving financial well-being (FWB) by facilitating access to financial information and products, aligning with the digital divide theory.

**Keywords:** Behavioral Economics, Digital Wallet, Financial Technology, TAM (Technology Acceptance Model), Financial Well-Being.



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## INTRODUCTION

Digital wallets have experienced rapid growth in Indonesia in recent years. The development of financial technology (fintech), coupled with increasing internet and smartphone penetration, are primary factors driving the adoption of digital wallets in daily life (Kong & Loubere, 2021;

Prawirasasra, 2018). Financial technology is inextricably linked to the financial well-being of university students. Financial well-being in students describes a condition of stable finances that allows them to independently meet their financial needs (Patel & Wolfe, 2019; Putri & Mangifera, 2023). However, uncontrolled use of digital wallets can hinder the achievement of students' financial well-being. This occurs because students tend to make expenditures impulsively (Ardianti & Megasari, 2021). The ease of access to digital balances often leads students to be more spendthrift and exercise less control over their personal finances. Without proper planning, students are prone to impulsive spending, which impacts their long-term financial stability (Murugiah et al., 2023). This impulsive behavior among students is closely related to their level of digital literacy (Çoklar et al., 2017). As digital natives, students have to know how to utilize financial technology wisely (Çoklar et al., 2017) (Putriani & Hudaidah, 2021). High digital literacy enables them to be more selective in using digital wallet features, such as automatic expense tracking or budget management tools.

Student interest in this development of financial technology can be examined through the perspective of the Technology Acceptance Model (TAM). Within TAM, an individual's interest in emerging technology is influenced by their attitude towards its use (Irawan & Widjaja, 2021). This is also the fundamental reason why financial attitude is important to study in the context of achieving student financial well-being. Several studies have investigated the relationships between these variables (Hong et al., 2020; Putri & Mangifera, 2023; Putriani & Hudaidah, 2021). However, existing research has primarily focused on individual consumption patterns using digital wallets, without considering the element of irrationality inherent in individuals. Behavioral economics theory posits that every individual exhibits irrational behavior in their economic activities (Cartwright, 2018; Thaller, 1906; Wahyono et al., 2021).

This study incorporates the element of herd behavior as one form of irrational behavior relevant to students in the context of current digital wallet development. This element indicates that an individual's economic decision-making is also influenced by their social group (Pavlović-Höck, 2022). Several studies have demonstrated that herd behavior can influence individual well-being, particularly in financial and psychological aspects (Li & He, 2024; Wahyono et al., 2021; Zhang et al., 2024). However, these studies treated technological development (specifically digital wallets) as an independent or mediating variable. Yet, technological advancement, especially in fintech, does not automatically enhance an individual's financial well-being without other factors such as digital literacy or sound financial attitudes. This is the reason this study positions digital wallet usage as a mediating variable. Based on the above explanation, this research aims to construct a structural model of student financial well-being amidst technological development, examined from the perspectives of digital literacy, herd behavior, and student financial attitude.

## **Literature Review**

### **The Concept of Digital Wallets**

A digital wallet or e-wallet is a payment platform that allows users to store their payment information digitally (Cardona-Montoya, 2022). Digital wallets are generally linked to bank accounts or credit cards and can be used to make direct payments, both for the purchase of goods

and services (Hossain et al., 2024). Digital wallets are also often equipped with features for transferring funds between users, paying bills, and even investing. Digital wallets also offer several advantages, such as higher transaction security through the use of encryption technology, better transaction speed, and the ease of monitoring expenses in real-time (Agrawal, 2024). Some popular examples of digital wallets in Indonesia are GoPay, OVO, DANA, LinkAja, and ShopeePay. These platforms feature various offerings, such as cashback, discount promotions, and loyalty programs, which are attractive to university students who tend to be price-sensitive.

Initially, digital wallets only functioned as payment tools linking users to their credit or debit cards. However, over time, digital wallets have evolved to become more multifunctional, offering various additional financial services, such as: Ease of conducting transactions by scanning QR codes at physical or online stores. Some digital wallets now provide investment services, for example in stocks, mutual funds, or even cryptocurrency (Amalia et al., 2023). Many digital wallets now offer bill payment facilities for electricity, water, or cellular data packages.

In summary, digital wallets have evolved from simple payment instruments linked to bank accounts into multifunctional financial platforms. They now offer a comprehensive suite of services that extend beyond direct payments for goods and services to include peer-to-peer transfers, bill payments, and investment opportunities in various assets. The primary advantages driving their adoption are enhanced transaction security through encryption, increased transaction speed, and the ability to monitor expenses in real-time. In markets like Indonesia, exemplified by platforms such as GoPay, OVO, and DANA, the proliferation of promotional incentives like cashback and discounts has proven particularly attractive to cost-sensitive demographics, including university students. This evolution signifies a shift in digital wallets from a mere transactional tool to an integrated personal financial management ecosystem.

### **Factors Influencing Digital Wallet Usage**

Based on the Technology Acceptance Model (TAM) framework, the adoption of e-wallets among consumers, including university students, is primarily influenced by their perceptions of ease of use and usefulness. The usefulness factor is realized through several key dimensions. Mobility is a primary determinant, where individuals perceive benefits from the flexibility of accessing services unrestricted by time and space, thus aligning with today's dynamic lifestyle (Rithmaya et al., 2024). This directly intersects with Convenience, which is defined as the ease, agility, and direct accessibility that drives the attainment of benefits from using e-wallets, including flexibility in terms of place and time. Furthermore, Compatibility also plays a role, which is the extent to which this new service aligns and integrates operationally with existing values and habits, while simultaneously enhancing user performance (Rithmaya et al., 2024). Consumer Knowledge is also a driving factor, as a good understanding of the service helps them identify innovations and facilitates the adoption process of new technology. On the other hand, the security aspect in usage (safe to use) heavily depends on Trust and the perception of Risk. Trust is defined as an individual's willingness to use a new service with a sense of comfort and acceptance of its risks, while risk refers to concerns about a lack of security during the payment process, either due to technical errors or dishonesty in transactions (Zhi Ern et al., 2024).

Along with technological advancements, the use of e-wallets among university students can also be explained through other theories that complement TAM. The Theory of Planned Behavior (TPB), for instance, indicates that student behavior is influenced by three factors: a positive Attitude towards e-wallets driven by convenience and efficiency; Subjective Norms where peer influence encourages adoption; and Perceived Behavioral Control because they feel they have full control over using this easily accessible and flexible technology (Diener, 1984; Tian et al., 2023). Meanwhile, Behavioral Economic Theory offers a different insight by highlighting the tendency for impulsive spending triggered by the ease of digital transactions. Students are often driven to buy unnecessary items, especially when faced with cashback promotions or discounts, demonstrating how their economic decisions can be influenced by emotions and short-term incentives (Teng & Khong, 2021; Ud et al., 2024). Thus, the integration between TAM factors and the principles of behavioral theories provides a comprehensive explanation for the phenomenon of e-wallet usage among university students (Ramli & Hamzah, 2021).

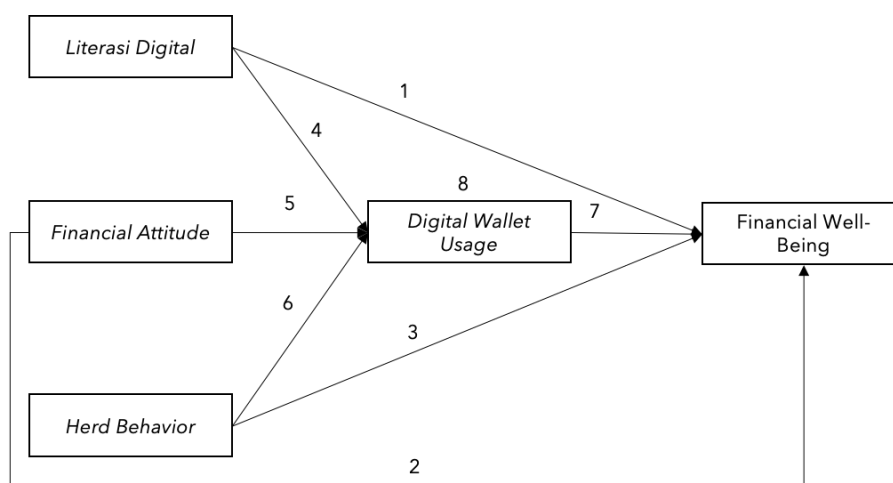
In summary, the adoption of e-wallets among university students is best explained by an integrated theoretical framework. Core factors from the Technology Acceptance Model (TAM) namely, perceived usefulness, driven by mobility and convenience, and perceived ease of use, serve as the foundational drivers. These rational perceptions are significantly reinforced by behavioral theories. The Theory of Planned Behavior (TPB) highlights the influence of social norms and positive attitudes, while Behavioral Economics reveals how the platform's ease and promotional incentives can trigger impulsive spending. Ultimately, e-wallet usage emerges from a complex interplay of rational utility, social influence, and psychological responsiveness to short-term incentives.

### **Indicators of Digital Wallet Usage**

Digital wallets, as an electronic application that facilitates ease of payment transactions, share parallels with similar applications like social media which facilitate ease of social interaction. To measure the extent of the influence and level of adoption of digital wallets among university students, this study uses several key indicators. The first indicator is Attention, which represents a person's interest and focus on activities that align with their interests. In this context, an individual accesses a digital wallet not only out of necessity but also because they enjoy the transaction experience, thus indicating a high level of attention. Next, the Engagement indicator refers to the process of absorbing information or experiences from the digital wallet by the user, which is then practiced and influences their own financial life or that of individuals around them. Two other quantitative indicators are Duration, which measures the length of time the digital wallet is used, thus demanding student wisdom in limiting its use (Amira et al., 2023), and Frequency, which records the quantity or how often repeated access is performed for various payment transactions (Teng & Khong, 2021). These four indicators—attention, engagement, duration, and frequency—will be used as the basis for identifying and analyzing the extent of the usage level and influence of digital wallets in the daily lives of university students.

## METHOD

This study employs a quantitative approach using a survey method to collect measurable data and utilizes Structural Equation Modeling (SEM) to discover the structural model of digital wallet usage that shapes students' financial well-being. This method enables the researcher to explore trends in digital wallet usage and the relationship between this usage and students' personal financial management. The research will be conducted at the Faculty of Economics, Yogyakarta State University, located at Jl. Colombo No. 1, Karangmalang Campus Complex, Caturtunggal, Depok, Sleman. The research timeframe is set for 9 months starting on February until October 2025. The following is the conceptual framework showing the relationship between the variables.



**Figure 1.** Research Framework

Data analysis in this study will use Structural Equation Modeling-Partial Least Squares (SEM-PLS) with the assistance of the Smart-PLS 3 software. This data analysis technique was chosen based on the complexity of the structural model to be developed and the form of the constructs from each indicator measuring the latent variables. The data analysis procedure for this study is executed sequentially, adhering to the structured framework established by (Hair et al., 2018). The process commences with the formulation of a theoretical model that visually represents the hypothesized relationships influencing students' financial well-being, designed for analysis using Structural Equation Modeling with Partial Least Squares (SEM-PLS). This theoretical foundation is then translated into a comprehensive path diagram, which explicitly incorporates the measurement indicators for each latent variable and the proposed pathways between them. The analytical phase begins with an evaluation of the outer (measurement) model, rigorously assessed through construct validity, reliability, and discriminant validity to ensure the instruments are sound and distinct. Subsequently, the inner (structural) model is examined by analyzing the coefficient of determination ( $R^2$ ) to explain variance, effect size ( $f^2$ ) to gauge the impact of predictors, and predictive relevance ( $Q^2$ ) to validate the model's predictive power. The final stage involves hypothesis testing and model refinement, achieved through direct and indirect effect evaluations, culminating in an overall assessment of the model's Goodness-of-Fit (GoF) to determine the most suitable representation of the data structure.

The value of standardized total effects serves as the benchmark for determining the results of the hypothesis test regarding the relationship between variables, where the data analysis results can



provide an overview of the magnitude of the influence or relationship between variables. The criteria for testing must consider the t-values between variables compared to their critical values (t-table). The critical value for a sample size ( $n > 30$ ) at a significance level of  $\alpha = 0.05$  is 1.96. A relationship is considered significant if the variable has t-values  $> 1.96$ .

## **RESULT AND DISCUSSION**

### **Evaluation of the Measurement (Outer) Model**

Evaluation of the measurement model allows for testing the level of validity and reliability of the instruments used to measure the latent constructs and their associated indicators (Hair et al., 2010). One applicable criterion is Cronbach's Alpha, which measures internal consistency based on the inter-correlation between indicators. A Cronbach's Alpha value above 0.70 indicates acceptable reliability, while a value exceeding 0.80 indicates excellent reliability. In addition, there are also the criteria of composite reliability and the Dijkstra-Henseler's rho ( $\rho_A$ ) coefficient as alternative measurements. The recommended minimum value is 0.70 to ensure that the measured construct has met adequate reliability standards (Hair JR et al., 2020). A comprehensive evaluation of these three criteria provides a comprehensive overview of the quality of the measurement of latent constructs in a research model.

### **Convergent Validity**

The convergent validity of a measurement model with reflective indicators is assessed by the correlation between the item scores and the latent variable scores. A loading factor  $> 0.7$  is considered ideal, but a value  $> 0.5$  is still acceptable as long as it is not below this threshold (Hair et al., 2018). The test results show that all loading factors are  $> 0.7$  (Table 1), indicating good validity. Furthermore, an AVE (Average Variance Extracted)  $> 0.5$  indicates that the latent construct explains more than 50% of the variance of the indicators, thus meeting the convergent validity criteria.

### **Discriminant Validity**

The HTMT value must be significantly below 0.85 or below 1 to ensure strong discrimination between constructs. The analysis results show that all HTMT values are below 1 (Table 2), confirming that each construct in the model is a distinct entity and possesses adequate discriminant validity. This finding strengthens the conclusion that the measurement of constructs in this study is unique and can be distinguished empirically.

### **Indicator Reliability**

The reliability of indicators can be assessed through outer loadings, which indicate the proportion of variance in an indicator that is explained by the latent construct (Hair et al., 2018). The research

results reveal that all outer loadings exceed the minimum value of 0.7, indicating that all indicators have good reliability and adequately represent their related latent constructs. This finding proves the adequacy of the indicators in explaining the variance of the measured constructs.

**Table 1.** Validitas Konvergen

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>	<b>Average variance extracted (AVE)</b>
FA	0,910	0,911	0,926	0,582
PDD	0,945	0,951	0,955	0,725
HB	0,923	0,927	0,937	0,650
LD	0,880	0,900	0,904	0,517
FWB	0,921	0,929	0,935	0,644

Source: Author Own Work, 2025

**Table 2.** The Heterotrait–Monotrait Ratio (HTMT)

<b>Heterotrait-monotrait ratio (HTMT)</b>	
PDD <-> FA	0,598
HB <-> FA	0,557
HB <-> PDD	0,391
LD <-> FA	0,765
LD <-> PDD	0,733
LD <-> HB	0,719
FWB <-> FA	0,684
FWB <-> PDD	0,757
FWB <-> HB	0,609
FWB <-> LD	0,874

Source: Author Own Work, 2025

## Evaluation of the Inner Model

The assessment of the structural model is used to evaluate the linear regression effects between endogenous constructs by mapping the relationship patterns among various constructs (Hair JR et al., 2020).

## Assessment of Collinearity

Detection of collinearity in the structural model is performed using the Variance Inflation Factor (VIF) (Hair et al., 2018; Legate et al., 2021). VIF measures the increase in the variance of a regression coefficient due to correlations among independent variables. A VIF value < 6 indicates the absence of significant collinearity. The analysis results indicate that all indicators have a VIF below 6, confirming that the model is free from collinearity. Thus, the resulting regression estimates are accurate and reliable for further analysis.

### **Coefficient of Determination**

The coefficient of determination ( $R^2$ ) measures the proportion of variance in the dependent variable that is explained by the predictor variables, with a value range of 0-1 where a higher value is better (Hair et al., 2019). Based on the standards of Hair et al. (2019), an  $R^2$  of 0.19 is considered weak, 0.33 moderate, and 0.67 substantial. The research results show an  $R^2$  value for the digital wallet usage variable of 0.508, which falls into the moderate category, while for the financial well-being variable it is 0.723, which falls into the high category (Table 4). This indicates that the predictive ability of the model comprising the variables digital literacy, financial attitude, and herd behavior in explaining the dependent variables, namely digital wallet usage and financial attitude is strong.

### **Standardized Root Mean Square Residual (SRMR)**

The Standardized Root Mean Square Residual (SRMR) is an absolute goodness-of-fit measure in PLS-SEM that compares the observed and predicted correlations, where an SRMR value  $< 0.09$  indicates a good model fit (Henseler & Sarstedt, 2013). The research results show an SRMR of 0.083, proving that the model has a good fit. This finding supports the validity of the structural model in accurately depicting the relationships between variables.

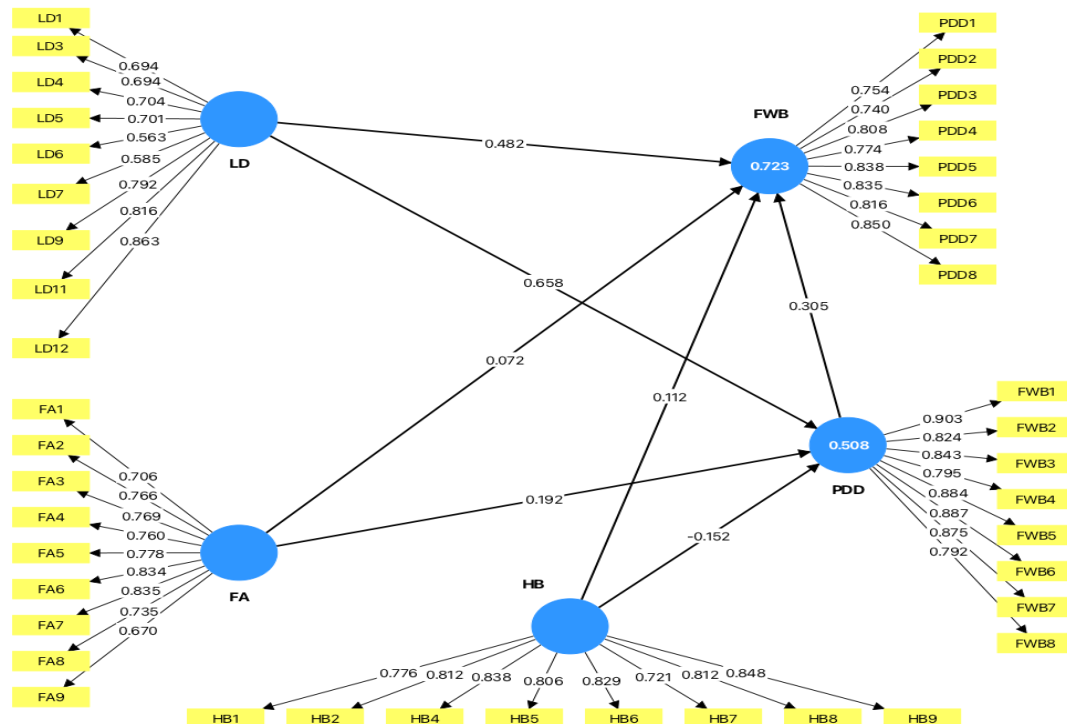
**Table 3.** R-square

	<b>R-square</b>	<b>R-square adjusted</b>
PDD	0,508	0,502
FWB	0,723	0,718

Source: Author Own Work, 2025

The previously conducted data analysis reveals a structural model that has met the Goodness of Fit (GoF) criteria, as evidenced by several metrics, including path coefficients ( $\beta$ ), the statistical significance of the paths (p-values), and the variance explained within the structural model (Figure 2).





**Figure 2.** The Fit Structural Model that has fulfilled the Goodness of Fit (GoF) criteria.

## Hypothesis Testing

Based on the hypothesis testing concerning the direct and indirect relationships in the model, which was conducted through a bootstrapping procedure to evaluate the statistical significance of the path coefficients (Hair et al., 2018), the results of this comprehensive analysis are summarized in detail in Table 5.

In the testing of direct effects, the results show significant variation. Six out of the seven direct effect hypotheses were accepted because their p-values were well below the critical threshold of 0.05. The effect of Digital Wallet Usage (PDD) on Financial Well-Being (FWB), for instance, was highly significant with a p-value of 0.000 and a t-statistic of 5.398. Similarly, the effects of Digital Literacy (LD) on PDD ( $p=0.000$ ;  $t=10.906$ ) and on FWB ( $p=0.000$ ;  $t=8.290$ ) were also highly significant. The effects of Herd Behavior (HB) on PDD ( $p=0.020$ ) and on FWB ( $p=0.013$ ) also met the significance criteria.

However, one important exception was found: the hypothesis for the direct effect of Financial Attitude (FA) on FWB had to be rejected because its p-value was 0.068, which exceeds the 0.05 threshold, despite its sample estimate being positive (0.072).

Meanwhile, in the context of mediation analysis, the application of the bootstrapping method proved that Digital Wallet Usage (PDD) acts as a significant mediator in three indirect paths. All three mediation hypotheses were statistically accepted. The mediation via PDD in the relationship from FA to FWB showed a p-value of 0.013. Similarly, the mediation in the relationship from HB to FWB was significant with a p-value of 0.030. The strongest was the mediating effect of PDD in the relationship from LD to FWB, which had a p-value of 0.000. This finding confirms that although the direct effect of FA on FWB is not significant, there is a significant indirect effect transmitted through the mediator, Digital Wallet Usage (PDD).

**Table 5.** Hypothesis Testing Summary

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	Summary
<b>Direct Effect</b>						
FA -> PDD	0,192	0,192	0,067	2,890	0,004	Supported
FA -> FWB	0,072	0,070	0,039	1,828	0,068	Not Supported
PDD -> FWB	0,305	0,304	0,056	5,398	0,000	Supported
HB -> PDD	-0,152	-0,150	0,065	2,323	0,020	Supported
HB -> FWB	0,112	0,113	0,045	2,497	0,013	Supported
LD -> PDD	0,658	0,658	0,060	10,906	0,000	Supported
LD -> FWB	0,482	0,484	0,058	8,290	0,000	Supported
<b>Indirect Effect</b>						
FA -> PDD -> FWB	0,059	0,058	0,023	2,496	0,013	Supported
HB -> PDD -> FWB	-0,046	-0,045	0,021	2,167	0,030	Supported
LD -> PDD -> FWB	0,200	0,200	0,041	4,901	0,000	Supported

Source: Author Own Work, 2025

The research findings demonstrate that Digital Literacy (LD) has a highly significant direct influence on both Digital Wallet Usage (PDD) and Financial Well-Being (FWB). The discovery that LD is a primary driver of technology adoption reinforces the extended Technology Acceptance Model (Venkatesh & Davis, 2000), which posits that digital literacy shapes perceptions of ease of use and usefulness. Furthermore, the positive relationship between LD and FWB supports the Digital Divide Theory and the research of Lusardi & Mitchell (2014), confirming that digital literacy serves as a critical bridge to accessing financial information and products, ultimately enhancing well-being.

On the other hand, Financial Attitude (FA), conceptualized through the Theory of Planned Behavior (Ajzen, 1991) as an financial behavior, shows a significant but weaker influence compared to LD. Financial attitude was proven to have a direct effect on FWB, aligning with Financial Behavior Theory and the findings of Xiao et al. (2014) that a positive attitude promotes responsible financial behavior. However, its influence on the adoption of digital wallets is relatively small, indicating that in the context of financial technology, technological factors are more dominant than traditional financial attitudes. Meanwhile, Herd Behavior (HB), explained through the lens of Behavioral Finance Theory (Shefrin, 2000), also has only a minimal influence. This finding is consistent with the research of Shen et al. (2018), which suggests that although social influence exists in fintech adoption, its role is not as strong as individual factors like literacy.

The relationship between Digital Wallet Usage (PDD) and Financial Well-Being (FWB) was also proven to be significant. This finding supports the Financial Inclusion Theory (Demirgüç-Kunt &

Klapper, 2012), which states that access to formal financial services—now often digital-based—can improve individual well-being. The mechanism occurs through transaction efficiency, cost reduction, and ease in managing daily finances. Thus, digital wallets are not merely transactional tools but also function as a conduit that facilitates increased individual financial control and security, which is core to the concept of FWB according to the Consumer Financial Protection Bureau (2015).

Overall, this structural model highlights that Digital Literacy has displaced the role of conventional factors like Financial Attitude and Herd Behavior as the primary predictor for both the adoption of financial technology and the achievement of financial well-being. Investment in enhancing digital literacy not only promotes the adoption of technology (such as digital wallets) but also has a multiplier effect by directly and indirectly improving financial well-being (Morgan et al., 2019).

The main contribution of this research is to confirm that in the digital era, theoretical frameworks integrating technological and financial aspects have become more relevant. Theories such as TAM and Digital Divide Theory prove to be highly powerful in explaining contemporary financial dynamics (Chen, 2024). Consequently, future financial education and policies must focus on integrating traditional financial literacy education with digital literacy. Building strong digital competencies within society is no longer an option but an indispensable foundation for achieving sustainable financial inclusion and well-being.

This research, however, presents a notable divergence from several prior studies. While our findings on Financial Attitude align with Xiao et al. (2014) regarding its direct effect on FWB, they contrast sharply with research by Kadir et al. (2022), which identified financial attitude as the *strongest* predictor of fintech adoption intention. Our results suggest a paradigm shift: as a technology matures and becomes a utility, the influence of individual technological proficiency (Digital Literacy) may supersede that of general financial mindset in driving its actual usage. Similarly, the minimal influence of Herd Behavior challenges the seminal work of Venkatesh & Davis (2000) in the Unified Theory of Acceptance and Use of Technology (UTAUT), which places social influence as a core determinant of behavioral intention. Our model indicates that in the context of established digital payment ecosystems, the user's own competence and the tool's perceived utility have a far greater impact on adoption than the behavior of one's social network. This implies that the "early adopter" phase, where social proof is critical, may be giving way to a "maturity phase" where intrinsic factors dominate.

Furthermore, the overwhelming dominance of Digital Literacy in directly enhancing Financial Well-Being offers a crucial extension to the work of Lusardi & Mitchell (2014). Their research established a powerful link between *traditional* financial literacy and well-being. Our study reveals that in the 21st century, this link is now mediated by digital competence. An individual may possess high traditional financial knowledge, but without digital literacy, they are increasingly excluded from the modern, cost-effective financial ecosystem, thus attenuating the positive relationship between knowledge and well-being that was previously taken for granted. This nuanced finding suggests that the digital divide is not merely an access issue but a competency gap that can negate the benefits of conventional financial education, a critical distinction that prior models have underemphasized.

## CONCLUSION

Based on a comprehensive analysis of the structural model, this study concludes that digital literacy (LD) has established itself as the most fundamental determinant in the digital financial ecosystem. It serves not only as the primary driver of digital wallet (PDD) adoption by enhancing perceived usefulness and ease of use, consistent with the extended Technology Acceptance Model, but also contributes directly and significantly to improving financial well-being (FWB) by facilitating access to financial information and products, aligning with the Digital Divide Theory. This crucial finding signifies a paradigm shift from traditional financial approaches, where conventional factors like financial attitude (FA)—though still significant—demonstrate a weaker influence compared to LD, while herd behavior (HB) exhibits only a marginal effect, indicating that digital financial decisions have evolved to become more rational and competency-based.

However, the generalizability of these findings is constrained by the geographical and demographic scope of the sample and the cross-sectional approach employed. Consequently, future research is recommended to conduct replications with broader and more diverse sample coverage, adopt longitudinal approaches to capture behavioral dynamics, and develop the model by incorporating mediating variables such as financial behavior or moderating variables like income level to achieve a more holistic understanding of the mechanisms underlying the relationships between digital literacy, financial technology adoption, and financial well-being.

This study establishes digital literacy (LD) as the paramount determinant in the digital financial ecosystem, directly driving adoption of technologies like digital wallets (PDD) and significantly improving financial well-being (FWB). This finding signals a shift towards more rational, competency-based financial decisions, diminishing the relative influence of attitude and herd behavior. To translate these insights into action, policymakers must prioritize national digital literacy initiatives that encompass financial competencies, financial institutions should design intuitive user interfaces and integrate educational content into their platforms, and educational institutions need to modernize curricula to embed digital financial literacy, thereby building a foundation for long-term societal financial resilience.

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