

Enhancing Digital Financial Literacy through Responsible PayLater among Generation Z: A Community Service Program at Universitas PGRI Semarang

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Abstract: *The rapid growth of digital financial services has reshaped the financial behavior of Generation Z, particularly through the increasing use of Buy Now Pay Later, commonly known as PayLater. Although PayLater offers transactional convenience, payment flexibility, and wider access to digital credit, irresponsible use may encourage impulsive buying, late-payment penalties, debt accumulation, and risky credit behavior. This community service program aimed to enhance digital financial literacy among Generation Z students at Universitas PGRI Semarang through education on the benefits, risks, and responsible use of PayLater. The program applied the Input, Process, Output, Outcome (IPOO) model. The input comprised participants, digital financial literacy materials, and PayLater case illustrations. The process combined material presentation and facilitated group discussion. The output was assessed qualitatively through the understanding that participants articulated during the discussion, and the intended outcome was greater awareness of responsible PayLater use. Observation of the session indicated that the education helped participants reframe PayLater as a form of digital credit rather than a mere payment convenience, and encouraged them to weigh repayment capacity, distinguish needs from wants, and recognize financial risks before using the service. The program demonstrates the relevance of an IPOO-based, discussion-led approach to digital financial literacy, while underscoring the need for structured pre-test and post-test evaluation in future activities.*

Keywords: *digital financial literacy; PayLater; Generation Z; responsible finance; community service*

Introduction

Digital transformation has accelerated the adoption of financial technology in Indonesia, and digital financial literacy has become a key capability for using digital financial services knowledgeably (Amnas et al., 2024; Tatiana et al., 2025). Generation Z, in particular, has become an active user of digital payment systems, being highly familiar with mobile applications, e-commerce platforms, and cashless transactions (Candika et al., 2025; Tatiana et al., 2025). One innovation that has gained strong traction is Buy Now Pay Later, commonly known as PayLater, which offers short-term credit integrated into e-commerce platforms and digital wallets (Aji et al., 2024; Pertiwi et al., 2025). This service allows consumers to obtain goods or services immediately and to

settle the cost later through instalments or deferred payment.

PayLater has become a favored payment alternative because it is practical, integrated into digital wallet platforms, and easier to access than conventional credit facilities (Aji et al., 2024). It can also widen access to financial services for consumers who previously found such access difficult (Aji et al., 2024). These conveniences, however, carry financial risks when users do not understand the underlying credit mechanism, including interest, administrative fees, and the additional costs that accrue when payment is late (Aji et al., 2024). Evidence further indicates that deferred-payment schemes lower transactional friction and may reduce the psychological barriers to spending, thereby raising the likelihood of impulsive purchasing among Generation Z (Juaita et al., 2024; Tatiana et al., 2025).

Generation Z is therefore a relevant target for PayLater literacy, as its members are continually exposed to promotions, discounts, cashback, and lifestyle pressure that can shape purchase decisions (Tatiana et al., 2025). Among Indonesian students, consumptive behavior has been found to be a primary driver of PayLater adoption (Candika et al., 2025). A consumption-oriented lifestyle has likewise emerged as the strongest predictor of impulsive buying among Generation Z PayLater users, while weak self-control adds to the risk (Tatiana et al., 2025). The danger intensifies when young users treat PayLater as an ordinary payment method rather than as a credit product that creates a repayment obligation (Aji et al., 2024).

Financial literacy plays a central role in preventing risky financial behavior, and in the digital era it extends to digital financial literacy, namely the capability to evaluate and use digital financial services responsibly (Amnas et al., 2024). Research on Generation Z PayLater users in Indonesia has shown that higher financial literacy is significantly associated with lower risky credit behavior (Constansje et al., 2023). Higher financial literacy has also been found to reduce the tendency towards impulsive buying in this group (Tatiana et al., 2025). The central issue, then, is not merely whether students use PayLater, but how well they understand and control that use (Candika et al., 2025). Trust in a platform can further raise borrowing intention and actual use, which makes a critical evaluation of risk all the more important (Pertiwi et al., 2025).

University students occupy a particularly vulnerable position, since many have limited income and high exposure to digital consumption (Candika et al., 2025). Strengthening their digital financial literacy is therefore an important aim of community service in financial education (Amnas et al., 2024). Previous programs have shown that interactive, case-based education can improve participants understanding of the benefits and risks of PayLater (Kuncara et al., 2025). Capacity-building community service of this kind has also been delivered in Semarang to develop the digital competencies of local actors (Amin et al., 2026). For a university audience, such education should move beyond general awareness towards reasoning about repayment ability, hidden costs, and the distinction between needs and wants (Tatiana et al., 2025).

This community service program was conducted at Universitas PGRI Semarang with Generation Z students as participants, and applied the Input, Process, Output, Outcome (IPOO) model to structure the intervention from resources and learning materials through to learning outputs and behavioral awareness. Accordingly, this article aims to describe the implementation of an IPOO-based digital financial literacy program designed to enhance students understanding and awareness of responsible PayLater use. Its contribution to the community service literature lies in offering a structured educational model that combines conceptual explanation with guided, reflective discussion of the financial situations that Generation Z students commonly face.

Method

Program Design

This community service program adopted an educational and participatory approach. The activity was designed to help students understand PayLater not only as a payment feature but also as a digital credit instrument that carries a repayment obligation. The program emphasized active learning through the presentation of material followed by facilitated group discussion. The implementation framework used the Input, Process, Output, Outcome (IPOO) model, which was selected because it allows the community service process to be mapped systematically from resources and learning materials through to learning outputs and behavioral awareness.

Location and Participants

The program was conducted at Universitas PGRI Semarang in June 2026. The target participants were Generation Z students from the Faculty of Economics and Business. The activity involved approximately 250 students who were relevant as current or prospective users of digital financial services. The participant criteria were as follows.

1. Active students at Universitas PGRI Semarang.
2. Generation Z age group (≤ 29 years old).
3. Having experience with, or interest in, e-commerce, e-wallet, or PayLater services.
4. Willing to take part in the material presentation and group discussion.

IPOO Based Implementation Model

The IPOO model was used to describe the logic of program implementation. The input included participants, educational materials, and PayLater case illustrations. The process consisted of material presentation and facilitated group discussion. The output was participants' articulated understanding during the discussion. The outcome was increased awareness of responsible PayLater use.

Table 1. IPOO Model of the Community Service Program

Component	Description
Input	Participants, digital financial literacy materials, and PayLater case illustrations
Process	Material presentation and facilitated group discussion
Output	Understanding of responsible PayLater use articulated by participants during the discussion
Outcome	Increased awareness of responsible PayLater use

Program Implementation

The input stage consisted of three main elements. First, the participants were Generation Z students at Universitas PGRI Semarang. Second, the educational materials covered digital financial literacy, the PayLater mechanism, its benefits and risks, budgeting, repayment capacity, the consequences of late payment, data security, and responsible credit behavior. Third, three case illustrations were prepared to reflect situations that students commonly encounter in digital transactions and were used as prompts for the group discussion.

1. Impulse purchase: a student is tempted to buy a non-essential product through PayLater because of a discount and a free-shipping promotion.
2. Repayment capacity: a student uses PayLater several times without calculating the resulting monthly obligation.
3. Late-payment risk: a student delays payment and faces penalties, collection reminders, and a potential effect on credit reputation.

The process stage comprised two activities. First, the team delivered interactive material that explained digital financial literacy and the PayLater mechanism, covering the definition of PayLater, its difference from cash and debit transactions, the concept of digital credit, and its potential benefits and risks. The session emphasized that PayLater should be understood as a financial obligation rather than a cost-free convenience. Second, the team facilitated a group discussion in which participants shared their perceptions of PayLater, their reasons for using or avoiding it, and the common triggers of digital spending. Using the three case illustrations as prompts, participants discussed how promotions, social media exposure, peer influence, and lifestyle orientation can affect financial decisions, and considered what a responsible decision would look like in each case.

Documentation and Evaluation

The activity was documented through facilitator observation and photographic documentation. Participants understanding was evaluated qualitatively from their contributions to the group discussion, using four observational indicators, namely the

ability to identify the benefits and risks of PayLater, to reason about repayment capacity, to distinguish needs from wants, and to articulate principles of responsible use. No pre-test, post-test, or validated measurement instrument was administered during this activity. Therefore, the evaluation was qualitative and descriptive. The absence of formal measurement is acknowledged as a limitation and should be addressed in future programs.



Figure 1. Photo Documentations of the Community Service Activity

Table 2. Qualitative Evaluation Indicators

Indicator	Focus of Observation	Expected Participant Response
Identification of benefits and risks	Participants recognize convenience flexibility, fees, penalties, debt accumulation, and credit risk	Participants do not only mention benefits, but also identify financial consequences
Repayment capacity	Participants connect PayLater use with allowance, income, expenses, and installment burden	Participants understand that PayLater should not be used beyond repayment ability
Needs and wants	Participants distinguish essential needs from lifestyle-driven wants	Participants recognize impulsive and non-essential purchases
Responsible-use principles	Participants formulate safe and responsible PayLater practices	Participants mention budgeting, reading terms, limiting installments, and avoiding impulsive use

Result

Participant Characteristics and Initial Understanding

The participants were Generation Z students at Universitas PGRI Semarang. The opening discussion indicated that they were generally familiar with digital transactions, especially e-commerce, e-wallets, online promotions, and cashless payment. Many had

encountered PayLater through e-commerce platforms, digital wallet applications, or social media advertisements.

However, participants' understanding of PayLater as a credit facility nevertheless varied, and several participants initially regarded it as a convenient payment option rather than a debt-based product. This pattern is consistent with previous findings that PayLater appeals to young consumers because of its instant approval, easy access, and seamless integration with digital shopping platforms, and that a consumption-oriented lifestyle strongly shapes its use (Candika et al., 2025; Tatiana et al., 2025).

Implementation of the IPOO Model

The IPOO model provided a clear structure for the activity. In the input stage, the team prepared the participants, the learning materials, and the case illustrations, with an emphasis on digital financial literacy and responsible PayLater use. In the process stage, material presentation supplied conceptual understanding while the facilitated discussion allowed participants to share perceptions and to examine the case illustrations. In the output stage, participants articulated their understanding of responsible PayLater use during the discussion. The intended outcome was greater awareness that PayLater should be used only after considering repayment capacity, purchase urgency, and potential risks.

Table 3. Program Achievement Based on the IPOO Model

IPOO Component	Program Activity	Observed Achievement
Input	Preparation of participants, materials, and PayLater case illustrations	Approximately 250 students participated, and three case illustrations were used as discussion prompts
Process	Material presentation and facilitated group discussion	Participants actively responded to questions and connected the material with digital shopping experiences
Output	Participants' articulated understanding during discussion	Participants identified PayLater risks, discussed repayment capacity, and distinguished needs from wants
Outcome	Increased awareness of responsible use	Participants showed awareness that PayLater should be used carefully and only after assessing financial ability

Themes Emerging from the Discussion

During the discussion, participants identified several risks associated with PayLater use, including late-payment penalties, administrative fees, the cumulative burden of instalments, impulsive and consumptive spending, data-security concerns, and a potential effect on credit reputation. In response to the impulse-purchase illustration, participants recognised that a discount does not necessarily represent a saving when the purchase is unnecessary, and that the combination of a promotion and deferred payment can create a false sense of affordability. This observation echoes evidence that PayLater and promotional incentives can lower cognitive resistance to spending and raise impulsive buying tendencies (Juita et al., 2024; Tatiana et al., 2025). In response to the repayment-capacity illustration, participants discussed comparing monthly income or allowance with fixed expenses and instalment obligations, and concluded that PayLater use is not responsible when the monthly repayment exceeds available capacity. In response to the late-payment illustration, participants acknowledged that arrears can carry not only financial costs but also psychological pressure such as anxiety and regret, which is consistent with reports that lifestyle pressure and weak self-control can lead to regret and financial stress among Generation Z PayLater users (Tatiana et al., 2025).

Responsible Use Principles Conveyed and Discussed

Throughout the session the facilitators conveyed, and participants actively discussed, a set of principles for using PayLater responsibly. These principles were as follows.

1. Use PayLater only for planned and necessary purchases.
2. Avoid using PayLater for emotional or impulsive shopping.
3. Calculate repayment ability before making a transaction.
4. Read the terms and conditions, including fees, due dates, penalties, and collection procedures.
5. Apply a short waiting period before buying non-essential items.
6. Limit the number of active instalments.
7. Prioritise budgeting and an emergency fund before taking on digital credit.
8. Avoid using PayLater to sustain a lifestyle appearance or to gain social validation.

Because these principles were conveyed and discussed within a single session and were not measured through a structured instrument, they are reported here as the content addressed and the responses observed during the discussion rather than as quantified learning outcomes.

Discussion

The activity confirms the relevance of discussion-based digital financial literacy education for Generation Z students. Students are not passive recipients of digital financial services. They make decisions in an environment shaped by convenience, promotion, platform features, social media exposure, and lifestyle orientation. Hence, educational programs need to address both financial knowledge and behavioral triggers.

The discussion can be interpreted through the Theory of Planned Behavior, which holds that behavior is shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In the PayLater context, a favourable attitude towards convenience can raise interest in using the service, social exposure can normalise digital credit, and perceived behavioral control, which reflects self-control, the capacity to regulate impulses and delay gratification (Tangney et al., 2004), can be strengthened by financial literacy and budgeting skills to help students regulate their decisions. The same logic underpins recent work that applies the theory to impulsive buying among Generation Z PayLater users (Tatiana et al., 2025).

The activity also aligns with the Stimulus, Organism, Response perspective. Within this framework, PayLater promotions, social influence, and platform features act as stimuli, students emotions, self-control, and financial evaluation act as internal organism processes, and the response appears as an impulsive or a responsible purchase decision. Impulsive buying itself reflects sudden, often emotion-driven purchase decisions made with little deliberation about their consequences (Rook & Fisher, 1995). Evidence that BNPL-related stimuli can shape consumer decision-making and impulsive buying (Juita et al., 2024) supports the value of education that trains students to pause, evaluate, and reflect before responding to digital shopping stimuli.

The role of financial literacy is central. Higher financial literacy is associated with lower impulsive buying and lower risky credit behavior among Generation Z PayLater users (Constansje et al., 2023; Tatiana et al., 2025). During the activity, participants drew on financial concepts to reason about the case illustrations, moving from simply naming risks towards applying a budgeting logic to judge whether a transaction was financially safe. This is consistent with the educational aim of strengthening perceived behavioral control.

The discussion also highlighted lifestyle awareness. Research among university students indicates that consumptive behavior is a primary driver of PayLater use (Candika et al., 2025; Tatiana et al., 2025), and a consumption-oriented lifestyle has been found to be the strongest predictor of impulsive buying in this group (Tatiana et al., 2025). Financial education should therefore help students recognise internal triggers such as self-reward, boredom, fear of missing out, and lifestyle comparison, rather than focusing on external promotions alone.

Platform trust is a further consideration. Trust in a platform has been shown to influence borrowing intention, which in turn affects actual PayLater use (Pertiwi et al., 2025). Trust is not negative in itself, but trust without a critical evaluation of fees, terms,

security, and repayment consequences may increase borrowing. Students should therefore learn to combine trust with careful risk assessment.

Limitations

This program has several limitations. First, the activity consisted of one educational session that combined material presentation and group discussion. Second, no pre-test, post-test, or validated instrument was administered. Third, the evaluation was based on qualitative facilitator observation, so it cannot quantify changes in knowledge, attitude, or behavior. Fourth, participant demographic data and prior PayLater-use experience need to be recorded more systematically in future programs. Fifth, no follow-up monitoring was conducted to observe whether the discussed principles were applied in actual financial behavior.

Future programs should include structured participant profiling, pre-test and post-test instruments, written case-analysis worksheets, and follow-up evaluation. These improvements would strengthen the evidence of program effectiveness and make the article more robust for publication in a SINTA-indexed community service journal.

Conclusion

This community service program set out to enhance digital financial literacy among Generation Z students at Universitas PGRI Semarang through education on the responsible use of PayLater, using the IPOO model. The input comprised participants, learning materials, and case illustrations, the process combined material presentation with facilitated group discussion, the output was the understanding that participants articulated during the discussion, and the intended outcome was greater awareness of responsible PayLater use. Observation of the session suggests that discussion-based education can help students reframe PayLater as a digital credit facility that requires financial responsibility, and can prompt them to weigh repayment capacity, distinguish needs from wants, and recognise financial risks. Given that the activity relied on qualitative observation within a single session, future programs should incorporate pre-test and post-test evaluation with validated instruments, engage larger and probability-based samples, and include follow-up monitoring in order to measure changes in financial behavior over time.

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