Jurnal Ekonomi dan Bisnis Digital (MINISTAL)
Vol. 5, No. 3, 2026: 217-232

Financial Anxiety, Doom Spending, and Financial Well-Being Among Paylater Users: The Moderating Role of Financial Literacy

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A R T I C L E I N F O

Keywords: Financial Anxiety, Doom Spending, Financial Literacy, Financial Well-Being, PayLater

Received : 25, June
Revised : 20, July
Accepted: 22, August

A B S T R A C T

This study examines the relationships among financial anxiety, doom spending, financial literacy, and financial well-being among PayLater users in Indonesia. A quantitative cross-sectional design was employed, utilizing purposive sampling, to collect data from 50 active PayLater users. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results indicate that financial anxiety negatively affects financial well-being and positively influences doom spending. Financial literacy has a positive and significant effect on financial well-being. However, doom spending does not mediate the relationship between financial anxiety and financial well-being, while financial literacy does not moderate this relationship. Interestingly, doom spending positively affects financial well-being, suggesting that spending may provide short-term psychological benefits despite potential long-term financial risks. These findings highlight the complex interplay between emotional responses, financial behavior, and financial well-being among PayLater users.

DOI: https://doi.org/10.55927/ministal.v5i3.24
ISSN-E: 2827-8259
https://journalministal.my.id/index.php/ministal

INTRODUCTION

The development of financial technology (fintech) has changed the way people access financial services, including through the Buy Now Pay Later (BNPL) scheme, better known as PayLater. This service allows consumers to acquire goods or services instantly with deferred payments within a certain period. Payment flexibility, fast approval processes, and integration with e-commerce platforms make PayLater one of the fastest-growing fintech products, especially among the younger generation and people who are used to making digital transactions (CFPB, 2022). In Indonesia, PayLater's penetration has also increased significantly in line with the development of the digital economy and changes in people's consumption behavior. Despite offering easy access to credit, PayLater use that is not accompanied by good financial management has the potential to increase consumptive behavior and debt accumulation, and reduce users' financial well-being (Furqan et al., 2025; Intantri & Santi, 2025)

The ease of obtaining digital credit through PayLater not only provides economic benefits but also poses various psychological risks. One of the issues that is getting more attention is financial anxiety, which is an anxiety condition that arises due to individual concerns about the ability to meet financial obligations, manage expenses, and deal with economic uncertainty (Archuleta et al., 2013; Shapiro & Burchell, 2012). From the perspective of Behavioral Life-Cycle Theory and Behavioral Finance, financial anxiety can affect an individual's ability to make rational economic decisions. Individuals who experience financial stress tend to prioritize short-term satisfaction over long-term financial stability (Kahneman & Tversky, 2019; Thaler & Shefrin, 1981). As a result, financial anxiety does not always encourage austerity behavior, but in certain conditions it triggers impulsive consumption as a coping mechanism against psychological stress.

This phenomenon is increasingly relevant with the emergence of the concept of doom spending, which is the behavior of spending money impulsively in response to stress, anxiety, and uncertainty about future economic conditions. Doom spending differs from impulse buying because it is driven by an emotional need to obtain momentary comfort when individuals face psychological distress or socio-economic uncertainty (Husnayetti et al., 2025). This behavior is increasingly likely due to the availability of instant credit facilities through PayLater, which reduces the perceived burden of payment at the time of transactions (APA, 2023; Starula, 2024). Various studies show that individuals who experience financial anxiety are more susceptible to emotional spending and impulsive consumption as a form of emotional regulation, although in the end these behaviors increase the financial stress they experience (Netemeyer et al., 2019; Rick et al., 2008).

The long-term consequence of financial anxiety and doom spending is a decline in financial well-being, which is a condition in which individuals can meet current financial needs, have resilience to economic shocks, and feel secure about future financial conditions (CFPB, 2015). Financial well-being is determined not only by income levels but also by financial behavior, debt management ability, and individuals' psychological state (Brüggen et al., 2017;

Netemeyer et al., 2019). In the context of PayLater users, the ease of obtaining credit can improve the quality of life if used productively. Conversely, anxiety-driven use and emotional consumption have the potential to worsen financial conditions through increased debt, late payments, and decreased perceptions of financial well-being (Intantri & Santi, 2025; Sumani & Yonathan, 2026).

Although the relationship between financial anxiety and financial well-being has been extensively researched, most research still focuses on the direct influence of both variables without explaining the underlying behavioral mechanisms. Research on doom spending as a mediating variable remains relatively limited, especially in the context of PayLater use in developing countries. Some previous studies have examined impulse buying, compulsive buying, or responsible financial behavior rather than doom spending as a form of coping behavior against financial stress (Brüggen et al., 2017; Intantri & Santi, 2025; Netemeyer et al., 2019). On the other hand, the phenomenon of doom spending has only recently developed as a research topic, so empirical evidence regarding its effect on financial well-being is still very limited.

In addition, previous research has also shown mixed results regarding the role of financial literacy in explaining individual financial behavior. Financial literacy is seen as a combination of knowledge, skills, and beliefs that enable a person to make financial decisions effectively (Lusardi & Mitchell, 2014; OECD, 2023). Individuals with high financial literacy are generally better able to evaluate the risks of using digital credit, control expenses, and develop long-term financial planning. Therefore, financial literacy is estimated not only to have a direct effect on financial well-being, but also to weaken the negative impact of financial anxiety on doom spending and financial well-being. However, empirical evidence regarding the role of financial literacy moderation in this relationship remains inconsistent, especially among PayLater users in Indonesia (Anggraini et al., 2026; Furqan et al., 2025).

Based on this description, this study developed a model that integrates financial anxiety, doom spending, financial well-being, and financial literacy in one conceptual framework. Doom spending is positioned as a behavioral mechanism that explains how financial anxiety affects financial well-being. In contrast, financial literacy plays a moderating role and is expected to reduce the negative impact of financial anxiety on emotional consumption behavior. This model contributes to the development of the behavioral finance literature by explaining the psychological and behavioral mechanisms underlying the use of PayLater, as well as providing practical implications for regulators, fintech service providers, and educational institutions in designing strategies to improve financial literacy to create a more responsible use of digital credit.

LITERATURE REVIEW

Financial Anxiety

Financial anxiety refers to a psychological condition characterized by worry, stress, or fear related to an individual's financial situation and financial obligations (Archuleta et al., 2013; Shapiro & Burchell, 2012). It may arise when individuals perceive difficulties in meeting their financial needs, fulfilling financial obligations, or dealing with economic uncertainty. From a *Behavioral*

Finance perspective, emotional conditions can influence financial decision-making and may lead individuals to make less rational financial choices (Kahneman & Tversky, 2019). Among PayLater users, financial anxiety may be associated with payment obligations and concerns about accumulating debt.

Doom Spending

Doom spending refers to the tendency to spend money impulsively or emotionally in response to stress, anxiety, and uncertainty about economic conditions. This concept is closely related to emotional spending and consumption as a means of emotional regulation (Rick et al., 2008). Based on *Stress and Coping Theory*, individuals may engage in consumption as a form of *emotion-focused coping* to obtain temporary psychological comfort (Eysenck, 1985; Wolf & Fisher, 2022). In the context of PayLater services, the convenience of transactions and deferred payments may further facilitate such spending behavior.

Financial Well-Being

Financial well-being refers to a condition in which individuals can meet their current financial needs, cope with financial difficulties, and maintain a sense of financial security for the future (CFPB, 2015). Brüggen et al. (2017) explain that financial well-being is not only related to objective financial conditions but also to individuals' perceptions of their ability to control and manage their financial situation. Therefore, psychological factors and financial behaviors are important components in shaping financial well-being.

Financial Literacy

Financial literacy refers to the knowledge, skills, attitudes, and capabilities that enable individuals to make effective financial decisions (Lusardi & Mitchell, 2014; OECD, 2023). Financial literacy helps individuals understand financial risks, manage debt, control spending, and engage in financial planning. In the context of PayLater use, financial literacy may help users understand the financial consequences of deferred-payment services and align their spending decisions with their financial capacity.

Conceptual Framework and Hypotheses Development

The conceptual framework proposes that financial anxiety influences financial well-being both directly and indirectly through doom spending. Financial anxiety is expected to increase doom spending as individuals may use spending as an emotional coping mechanism in response to financial stress and uncertainty. Doom spending is then expected to influence financial well-being. The framework also proposes a direct relationship between financial anxiety and financial well-being, as higher levels of financial anxiety may reduce individuals' perceptions of financial security and control.

Financial literacy is included as both a direct predictor and a moderating variable. Higher financial literacy is expected to improve financial well-being by helping individuals manage their finances, control spending, and understand the consequences of financial decisions. Furthermore, financial literacy is expected to moderate the relationship between financial anxiety and financial well-being, as individuals with stronger financial knowledge and skills may be better able to manage financial pressures and maintain their financial well-being.

Accordingly, the hypotheses are formulated as follows:

H1: Financial anxiety has a negative effect on financial well-being.
H2: Financial anxiety has a positive effect on doom spending.
H3: Doom spending affects financial well-being.
H4: Doom spending mediates the relationship between financial anxiety and financial well-being.
H5: Financial literacy has a positive effect on financial well-being.
H6: Financial literacy moderates the relationship between financial anxiety and financial well-being.

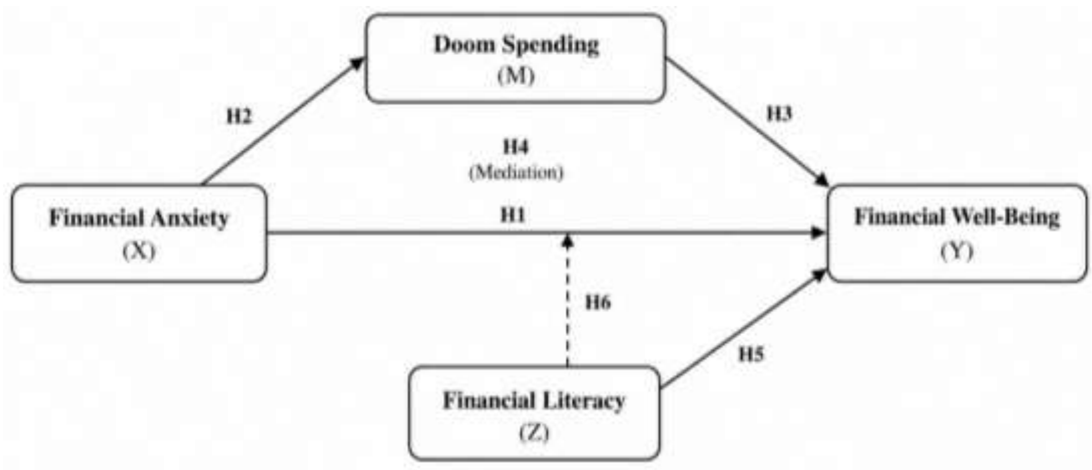

Figure 1. Conceptual Framework

METHODOLOGY

Research Design

This study employed a quantitative approach with an explanatory research design to examine the relationships among financial anxiety, doom spending, financial well-being, and financial literacy among PayLater users in Indonesia. The study adopted a cross-sectional survey, in which data were collected at a single point in time through a structured online questionnaire. The explanatory design was selected because the primary objective was to test the causal relationships proposed in the conceptual framework and evaluate the mediating role of doom spending as well as the moderating role of financial literacy.

The target population consisted of individuals who actively use Buy Now Pay Later (PayLater) services, including Shopee PayLater, GoPayLater, Kredivo, Akulaku, SPayLater, and other similar platforms. Respondents were selected using purposive sampling based on the following criteria: (1) at least 17 years old; (2) having used PayLater services; and (3) having completed PayLater transactions. A total of 50 valid responses were obtained and included in the final analysis. Although relatively modest, this sample size satisfies the minimum requirement for exploratory analysis using PLS-SEM, which is considered suitable for prediction-oriented research and can accommodate relatively small samples when model complexity remains manageable (Hair, Jr. et al., 2022).

Measurement of Variables

The research model comprises four latent constructs: Financial Anxiety (FA) as the independent variable, Doom Spending (DS) as the mediating variable, Financial Well-Being (FWB) as the dependent variable, and Financial Literacy (FL) as the moderating variable. All constructs were operationalized as reflective constructs and measured using multiple indicators adapted from established studies. Financial Anxiety was measured using six indicators adapted from Archuleta et al. (2013) and Shapiro & Burchell (2012). Doom Spending was measured using eight indicators developed from the concepts of emotional spending, impulsive spending, and stress-induced consumption behavior (APA, 2023; Rick et al., 2008). Financial Well-Being was measured using six indicators adapted from the Consumer Financial Protection Bureau (CFPB, 2015) and Netemeyer et al. (2019). Financial Literacy was assessed using six indicators based on the OECD/INFE Financial Literacy Framework (OECD, 2023) and Lusardi and Mitchell (2014). All questionnaire items employed a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to the main survey, the questionnaire was reviewed by experts and pilot-tested to ensure content validity, clarity, and reliability.

Table 1. Measurement of Variables

Variable	Role	Sources
Financial Anxiety	Independent	Archuleta et al. (2013); Shapiro & Burchell (2012)
Doom Spending	Mediating	Rick et al. (2008); APA (2023)
Financial Well-Being	Dependent.	CFPB (2015); Netemeyer et al. (2019)
Financial Literacy	Moderation	Lusardi & Mitchell (2014); OECD (2023)

Data Analysis

The proposed model was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. PLS-SEM was selected because it is appropriate for predictive research, accommodates complex structural models involving mediation and moderation, and does not require multivariate normality (Hair et al., 2022). The analysis consisted of two sequential stages: measurement model evaluation and structural model evaluation. The measurement model was assessed by examining indicator reliability (outer loading ≥ 0.70), internal consistency reliability using Cronbach's Alpha and Composite Reliability (≥ 0.70), convergent validity through Average Variance Extracted (AVE ≥ 0.50), and discriminant validity using the Fornell–Larcker criterion, cross-loadings, and the Heterotrait–Monotrait Ratio (HTMT < 0.90).

Subsequently, the structural model was evaluated by examining collinearity (Variance Inflation Factor, VIF < 5), the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and model fit using the Standardized Root Mean Square Residual (SRMR < 0.08). The significance of the hypothesized relationships was tested through the bootstrapping procedure with 5,000 resamples, using a significance level of 5% (Hair et al., 2022). The structural model tested five hypotheses, including three direct effects, one indirect effect through doom spending, and one moderating effect of financial literacy on the relationship between financial anxiety and financial well-being. The moderation effect was estimated using the product indicator approach, while the mediation effect was evaluated based on the significance of the indirect path obtained from the bootstrapping procedure.

RESEARCH RESULTS AND DISCUSSION

Characteristics of Respondents

Table 2. Demographic Characteristics of Respondents (n = 50)

Characteristics	Categories	Frequency	Percentage (%)
Gender	Male	14	28,0
	Women	36	72,0
Age	18–29 years old	26	52,0
	30–45 years	23	46,0
	>45 years old	1	2,0

Table 2 shows that most of the study respondents were women, as many as 36 people (72%), while male respondents amounted to 14 people (28%). The dominance of female respondents indicates that this group is an active PayLater user in the research sample. In terms of age, most respondents were in the 18–29-year-old group (52%), followed by the 30–45-year-old group (46%), while respondents over 45 years old were only **2%.** The composition shows that PayLater users are dominated by the productive age group, which has a relatively high level of digital technology adoption, so it is in accordance with the characteristics of users of the Buy Now Pay Later (BNPL) service, which is widely found among the young generation and early adults.

Table 3. Characteristics of Using PayLater

Variable	Categories	Frequency	Percentage (%)
Long use of PayLater	< 6 months	13	26,0
	6–12 months	6	12,0
	1–2 years	15	30,0
	2–3 years	9	18,0
	>3 years	7	14,0
Frequency of use/month	1 time	28	56,0
	2–3 times	15	30,0
	4–5 times	5	10,0
	>10 times	2	4,0
Average transactions/month	< IDR 500,000	34	68,0
	IDR 500,000–IDR 999,999	8	16,0
	IDR1,000,000–IDR2,999,999	5	10,0
	IDR 3,000,000–IDR 4,999,999	2	4,0
	≥ IDR 5,000,000	1	2,0

The most frequently used tenor	1 month	35	70,0
	3 months	8	16,0
	6 months	4	8,0
	12 months	3	6,0

Based on Table 3, most respondents have been using PayLater for **1–2** years (30%), indicating that respondents have sufficient experience in using the service. In terms of usage intensity, many respondents use PayLater only once a month (56%), while 30% use it 2- 3 times. This indicates that PayLater tends to be used situationally, rather than as the main payment instrument.

The transaction value is also relatively low, with 68% of respondents making transactions of less than IDR 500,000 per month. In addition, 70% of respondents chose a one-month tenor, showing a tendency to settle payment obligations in a short period and avoid accumulating long-term installments. In general, this characteristic indicates that PayLater use in the study sample remains at a moderate level.

Table 4. PayLater Platform Used (Multiple Response)

Platform	**User Frequency**
Shopee PayLater	40
GoPayLater	7
Creative	6
Credit Cards	4
Traveloka PayLater	2
Home Credit	2
Indodana	1
Akulaku	1
DANA Cicil	1
OVO PayLater	1
Others	3

Since respondents are allowed to choose more than one platform, the total frequency exceeds the number of respondents. The results show that Shopee PayLater is the most used platform (40 respondents), far surpassing other platforms such as GoPayLater, Kredivo, and TikTok Shop PayLater. These findings show the dominance of the e-commerce ecosystem in the use of BNPL services. The high use of Shopee PayLater also indicates that digital credit facilities are increasingly integrated with people's daily online shopping activities.

Table 5. Purpose of Using PayLater (Multiple Response)

Intended Use	**Frequency**
Fashion shopping	20
Daily necessities	19
Gadgets/Electronics	13
Food and beverage	9

Bills	6
Transportation	6
Holidays	6
Health	3
Education	2
Others	3

Table 5 shows that respondents use PayLater for a variety of needs, with fashion shopping (20 respondents) and fulfillment of daily needs (19 respondents) as the most dominant destinations. The use of gadgets or electronics (13 respondents) is also relatively high, while the use for education and health needs is still relatively low. This pattern indicates that PayLater is more used to meet consumptive needs than productive needs. This condition is relevant to a research model that examines the relationship between financial anxiety, doom spending, and financial well-being, because the use of digital credit for consumption has the potential to increase financial stress if it is not accompanied by good financial management.

Measurement Model Assessment

Before testing the relationships between variables, an evaluation of the measurement model is carried out to ensure that the entire construct meets the requirements for reliability and validity. Referring to Hair et al. (2022), the evaluation includes indicator reliability, internal reliability, convergent validity, and discriminant validity.

Table 6 Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE	Results
Financial Anxiety	0.851	0.890	0.578	Accepted
Doom Spending	0.901	0.920	0.594	Accepted
Financial Literacy	0.834	0.876	0.542	Accepted
Financial Well-Being	0.886	0.914	0.640	Accepted

All constructs have **Cronbach's Alpha** and **Composite Reliability** values above 0.70 and **AVE** values exceeding 0.50. Thus, the entire construct meets the requirements of internal reliability and convergent validity (Hair et al., 2022).

Table 7 Discriminant Validity (HTMT)

Construct	DS	FA	FL	FWB
Doom Spending	–			
Financial Anxiety	0.536	–		
Financial Literacy	0.386	0.237	–	
Financial Well-Being	0.185	0.326	0.599	–

The HTMT value of the entire construct is below the threshold of 0.90, so it can be concluded that each construct has adequate discriminant validity.

Structural Model Assessment

Table 8 Coefficient of Determination

Endogenous Variable	R^2	Interpretation
Doom Spending	0.255	Weak–Moderate
Financial Well-Being	0.419	Moderate

An **R^2 value of 0.255** indicates that Financial Anxiety can explain 25.5% of the variation in Doom Spending. Meanwhile, an **R^2 value of 0.419** indicates that Financial Anxiety, Doom Spending, Financial Literacy, and the interaction effect explain 41.9% of the variation in Financial Well-Being. Based on Hair et al. (2022), the model's predictive ability is in the medium category.

Hypothesis Testing

Table 9 Direct Effects

Hypothesis	Relationship	β	t	p	Decision
H1	Financial Anxiety → Financial Well-Being	-0.392	3.072	0.002	**Supported**
H2	Financial Anxiety → Doom Spending	0.505	6.574	0.000	**Supported**
H3	Doom Spending → Financial Well-Being	0.317	2.194	0.028	**Supported***
H5	Financial Literacy → Financial Well-Being	0.596	6.496	0.000	**Supported**
H6	Financial Literacy × Financial Anxiety → Financial Well-Being	0.116	0.997	0.319	Not Supported

Table 10 Indirect Effect

Hypothesis	Relationship	β	t	p	Decision
H4	Financial Anxiety → Doom Spending → Financial Well-Being	0.160	1.844	0.065	Not Supported

The Effect of Financial Anxiety on Financial Well-Being

This study proves that financial anxiety has a negative and significant effect on financial well-being (β = –0.392; p = 0.002). These findings show that the higher the level of financial anxiety that PayLater users experience, the lower the level of financial well-being they feel. Thus, the first hypothesis is supported.

Financial anxiety is a psychological condition characterized by worry, stress, and uncertainty related to the ability to meet current and future financial needs (Archuleta et al., 2013). For PayLater users, this anxiety can arise from increased payment obligations, income uncertainty, and concerns about debt accumulation. When individuals are constantly under financial pressure, their perception of financial *security* and financial *freedom* decreases, which directly impacts financial well-being.

These findings align with Behavioral Finance Theory, which explains that emotions are an important determinant of financial decision-making. According to Kahneman and Tversky (1979), individuals do not always act rationally when faced with financial risks. In contrast, emotional distress causes individuals to focus more on short-term threats than long-term planning. In these conditions, financial anxiety reduces an individual's ability to allocate resources optimally, resulting in a decrease in financial well-being.

The results of this study also reinforce the concept **of Consumer Financial Well-Being** put forward by the CFPB (2015), namely that financial well-being is influenced not only by income levels but also by an individual's perception of their ability to control their financial condition. Therefore, two individuals with the same income level can have different levels of financial well-being if the level of financial anxiety they experience differs.

Empirically, the results of this study are consistent with Archuleta et al. (2013), Brüggen et al. (2017), Netemeyer et al. (2019), and Xiao & Porto (2017), who found that financial anxiety is one of the main predictors of low financial well-being. However, this study makes a new contribution by showing that this relationship also occurs among users of the PayLater service, a form of digital credit that differs from conventional credit because it offers a fast approval process and lower psychological barriers to consumption.

The Effect of Financial Anxiety on Doom Spending

The results showed that **financial anxiety had a positive and significant effect on doom spending** ($\beta = 0.505$; $p < 0.001$). This means that the higher the level of financial anxiety an individual experiences, the greater their tendency to engage in doom spending. These findings support the second hypothesis.

Theoretically, these results can be explained through **Behavioral Life-Cycle Theory** (Thaler & Shefrin, 1981), which states that individuals face a conflict between the desire to obtain short-term satisfaction (*doer*) and long-term financial goals (*planner*). When emotional distress increases, self-control abilities weaken, so individuals are more likely to opt for consumption that provides instant gratification.

In the context of PayLater, the phenomenon has become increasingly relevant as the delayed payment system reduces *the pain of paying* (Prelec & Loewenstein, 1998). Users do not need to spend money directly, making purchase decisions easier. The combination of emotional distress and easy access to credit encourages doom spending behavior as a form of *emotion-focused coping*.

These findings are also consistent with **the Stress and Coping** theory of Lazarus and Folkman (1984), which explains that individuals often use consumption as a strategy to relieve psychological distress. Shopping is no longer based on economic needs, but a means of obtaining emotional comfort. In the digital era, the coping strategy is increasingly facilitated by the existence of PayLater, which allows transactions to be carried out instantly without having to consider the current liquidity conditions. The results of this study support the findings of Rick et al. (2008), and APA (2023), which show that individuals who experience financial stress are more susceptible to emotional spending as an emotion regulation mechanism.

The Effect of Doom Spending on Financial Well-Being

In contrast to the initial hypothesis, this study found that doom spending had a positive effect on financial well-being ($\beta = 0.317$; $p = 0.028$). This result is unexpected, as most previous studies have predicted a negative relationship between emotional consumption behavior and financial well-being. There are several possible explanations for this result.

First, based on **Mental Accounting Theory** (Thaler, 1999), individuals tend to separate PayLater transactions from their actual financial condition. Payment obligations that are new due in the next period are not considered expenses when the purchase decision is made. As a result, users still feel the benefits of consumption without directly feeling the burden of debt.

Second, the **Present Bias** theory (O'Donoghue & Rabin, 1999) explains that individuals give greater weight to the benefits received today than to the costs that will arise in the future. PayLater users get instant satisfaction from the goods or services purchased, while the financial consequences are only felt a few weeks or months later. This pattern causes the perception of financial well-being to remain high even though objective financial risks are increasing.

Third, **Hedonic Consumption Theory** (Babin et al., 1994) states that consumption activities can improve mood (*mood enhancement*) and produce emotional satisfaction. In situations of economic uncertainty, shopping through PayLater can provide temporary emotional relief, allowing respondents to view their financial condition as more positive than it is.

These findings also show that financial well-being is a subjective concept. As Brüggen et al. (2017) explain, financial well-being reflects not only objective financial conditions, but also how individuals evaluate their financial circumstances. Therefore, the increase in financial well-being found in this study is likely to reflect more short-term perceptions than the sustainability of financial conditions.

From a practical point of view, these results have important implications for PayLater service providers. Ease of access to credit can increase users' perceived well-being in the short term, but if it is not accompanied by good debt management, it can cause a decline in financial well-being in the long term.

The Mediating Role of Doom Spending

Mediation effect testing showed that doom spending did not mediate the relationship between financial anxiety and financial well-being ($\beta = 0.160$; $p = 0.065$). Thus, the fourth hypothesis is not supported. These findings suggest that although financial anxiety increases doom spending, the behavior has not been the main mechanism explaining the decline in financial well-being. In contrast, the effect of financial anxiety on financial well-being seems to be more direct through the psychological pressure experienced by individuals.

These results indicate that the relationship between psychological condition and financial well-being is more complex than expected in the research model.

PayLater users may still be able to control their consumption behavior despite experiencing financial anxiety, or they may benefit in the short term from using PayLater, so the influence of doom spending on financial well-being may not be strong enough to form a mediating effect.

These findings open up opportunities for further research to test alternative mediators such as **financial self-control** (Strömbäck et al., 2017), **financial behavior** (Xiao & Porto, 2017), **financial resilience** (Kempson et al., 2017), or **debt management behavior**, which may be better able to explain the mechanism of the relationship between financial anxiety and financial well-being.

The Effect of Financial Literacy on Financial Well-Being

The results showed that financial literacy had a positive and significant effect on financial well-being ($\beta = 0.596$; $p < 0.001$). These findings suggest that individuals who have higher levels of financial literacy tend to have better financial well-being.

Financial literacy improves individuals' ability to understand the risks of financial products, manage debt, formulate budgets, and make more rational financial decisions (Lusardi & Mitchell, 2014). In the context of PayLater, users with a good level of financial literacy are better able to evaluate the benefits and risks of using digital credit, so they are less likely to become trapped in excessive use. These findings reinforce the results of the OECD (2023), Lusardi and Mitchell (2014), and Fernandes et al. (2014), which show that financial literacy is one of the main determinants of financial well-being.

The Moderating Role of Financial Literacy

This study found that financial literacy did not moderate the relationship between financial anxiety and financial well-being ($\beta = 0.116$; $p = 0.319$). Thus, the sixth hypothesis is not supported. These results show that although respondents have good levels of financial literacy, this knowledge is not enough to reduce the negative impact of financial anxiety on financial well-being. This indicates that the decision-making process among PayLater users is influenced not only by cognitive factors but also by affective factors.

The findings support Behavioral Finance's view that financial decisions are often influenced by emotions and behavioral biases, even when individuals have adequate financial knowledge (Kahneman & Tversky, 1979). In other words, financial literacy does not automatically turn into healthy financial behavior when individuals are under high emotional stress.

In practical terms, these results indicate that financial literacy improvement programs alone may not be enough to improve the financial well-being of PayLater users. Educational efforts need to be combined with interventions that encourage self-control, financial stress management, and responsible use of digital credit.

Theoretical Contribution

This research makes three main contributions to the development of the literature. First, this study expands the study of financial well-being by including doom spending as a behavioral mechanism in the context of using PayLater. This topic is still relatively new in the digital financial behavioral literature. Second, the results show that financial anxiety is a consistent determinant of financial well-being and doom spending, thus strengthening the relevance of the Behavioral Finance perspective in explaining the behavior of digital credit users. Third, the finding that doom spending is positively associated with financial well-being provides new empirical evidence suggesting that the short-term psychological benefits of PayLater-based consumption may improve perceptions of financial well-being. However, they do not necessarily reflect sustainable financial conditions. These findings open up further research on the differences between subjective and objective financial well-being in the Buy Now Pay Later service ecosystem.

CONCLUSION AND RECOMMENDATIONS

This study examined the relationships among financial anxiety, doom spending, financial literacy, and financial well-being among PayLater users in Indonesia. The findings indicate that financial anxiety negatively affects financial well-being and positively affects doom spending, suggesting that individuals experiencing higher financial stress are more likely to engage in emotional spending and report lower levels of financial well-being. The results also reveal that doom spending positively affects financial well-being, suggesting that PayLater users may perceive temporary psychological or emotional benefits from their spending behavior. However, doom spending does not mediate the relationship between financial anxiety and financial well-being. In addition, financial literacy positively affects financial well-being, but it does not moderate the relationship between financial anxiety and financial well-being.

This study contributes to the literature by highlighting the importance of psychological factors in understanding financial well-being among PayLater users. The findings suggest that improving financial well-being requires not only strengthening financial literacy but also addressing financial anxiety and encouraging responsible financial behavior.

ADVANCED RESEARCH

This study has several limitations. The sample size was limited to 50 respondents, which may affect the generalizability of the findings. In addition, the cross-sectional design only reflects respondents' perceptions at one point in time. Therefore, future studies are recommended to involve larger samples, use longitudinal designs, and examine additional variables such as financial self-control, financial resilience, or financial behavior to provide a broader understanding of financial well-being in the context of digital credit services.

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