DETERMINANTS OF CONSUMER INTENTION IN USING DIGITAL PAYMENT: THE ROLE OF USER SATISFACTION AMONG MILLENNIALS IN URBAN AREAS

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Abstract

Digital payment offers great flexibility in shopping at any time or place via embedding into a series of e-commerce sites and mobile applications. A quantitative design with correlational methodology is followed in the present study. This paper seeks to examine the influence of digital payment on user intention through the mediating effect of satisfaction in millennial generation. The samples were determined by purposive sampling technique to 100 respondents who are millennial generation living in the urban area of Central Java. A questionnaire and a Likert scale were used to gathered research data. In analyzing the data process, its use path analysis and test of data helped by SmartPLS software version 4.1.1.2. Path analysis consists of two parts, the outer model and the inner model. The findings indicated that digital payment was confirmed to have a positive effect on user satisfaction. The next direct effect, the digital payment, was a positive significant impact on consumer intention. Additionally, the user satisfaction variable was found to exert a significant positive influence on consumer intention. In the other hand, the user satisfaction dimension was confirmed as capable of mediating between digital payment and consumer intention.

Keywords: *Consumer Intention, Digital Payment, User Satisfaction, Milenial, Urban Area*.

1. INTRODUCTION

The emergence of digital payments has been a game changer in the way modern day consumers act, especially millennials who stay in metro cities. The rise in the younger generation in both the consumer and merchant segments, due to COVID-19, has created considerable transformation in payment preference, driving a commendable surge in the cashless economy. In the absence of developing an understanding of how and why these elements converge to influence millennial perceptions of digital payments in the urban context, researchers will have no way to know which factors among these must be evaluated when attempting to assess the role played by user satisfaction alongside trust, perceived security and effort expectancy, for instance.

User satisfaction will affect user intention to continue using digital payment system (Patil et al., 2020). Satisfied users leads more to keeping the service and promoting it for others so as fostering digital payment system cycle engagement and loyalty (Sholihah & Ariyani, 2023). Given that digital payment systems try to enhance user experience, it is important to have greater insight in the dimensions which make a contribution to user satisfaction (Wang et al., 2022), and their interdependence can compound the effect on overall satisfaction (Alshurideh et al., 2021).

Besides, the drivers of the urban millennials with their technology adoption cannot be perceived in isolation from its sociocultural implications. The effect of social factors plays a critical role on consumer implication behavior; therefore, we believe it is important to understand in depth the process of how external forces act along with personal beliefs and experiences

(Ramli et al., 2024). Empirical research has proved the association of millennials' intention to use digital payment with the social factor, suggesting that social acceptance fosters digital financial service to a wider extent (Arianita et al., 2023).

Financial behavior has been dramatically affected by the COVID-19 pandemic, acting as a push factor in the shift towards digital payments. The crisis has also emphasized the preference for contactless payments, a frequent change in consumer habits in response to raising health concerns over handling cash (Zhao & Pan, 2023). The effect of perceived risk on the adoption of digital payments is found to be very significant in the context of COVID-inspired literature (Lu & Kosim, 2022).

Variations in financial literacy and accessibility of technology within this demographic will lead to different user experience levels with respect to digital payments, subsequently influencing overall user satisfaction (Kurniawan, 2023). In this sense, it is intended to explain the intricate nature of the relationship between user satisfaction and its effect on millennials' intention on digital payment systems in a holistic manner, which, when combined with its quantitative approach, will lead to meaningful results.

This study is important because the banking system is going through a digital transition that is making digital payments more common, especially among young people in cities who are good with technology and always on the move. This study is significant as it enhances the understanding of customer behavior and offers valuable guidance to service providers and governments in the transition to a cashless society.

2. LITERATURE REVIEW

2.1. Digital Payment

Digital payments are financial transactions conducted electronically without the use of physical money, involving technologies such as mobile wallets and QR codes (Sharma & Sharma, 2024). Maysari et al. (2023), explains that digital payments are used as an electronic-based payment system that influences user decisions in transactions. Some indicators of the digital payment variable (Sharma & Sharma, 2024) include:

a. Accessibility
b. Feature variety
c. Integration with other services

2.2. User Satisfaction

User satisfaction is described as the extent to which a user feels satisfied with an m-banking system according to their perception of information, system and service quality (Tam & Oliveira, 2016). Some of the signals of user satisfaction, according to Tam and Oliveira (2016). are:

a. Overall satisfaction
b. Conformity to expectations
c. Perceived value

2.3. Consumer Intention

Consumer intention is defined as the consumer's inclination and/or tendency to undertake certain behaviors, such as buying, participate or engage derived by their contacts with digital and social media (Dwivedi, 2021). According to Alalwan et al. (2024), the various consumer intention variables are as follows:

a. Intention to use
b. Social recommendation

c. Loyalty

2.4. Research Hypothesis

As much as possible, the researcher has attempted to specify the relationship of variables and to express theoretical explanation for responding research questions in an objective way that could be measured through such a hypothetical statement:

H1: Digital Payment has a positive and significant effect on User Satisfaction.
H2: Digital Payment has a positive and significant effect on Consumer Intention.
H3: User Satisfaction has a positive and significant effect on Consumer Intention.
H4: User Satisfaction mediates the relationship between Digital Payment and Consumer Intention.

2.5. Research Framework

A theoretical framework is a conceptual model that provides a rational and systematically structured view of relationships among variables. A theoretical frame of reference developed from this review and used as the foundation of hypothesis formation Figure 1.

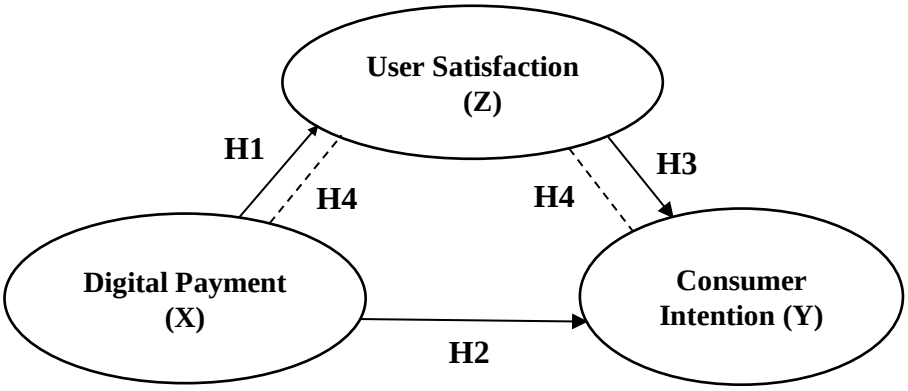

Figure 1. Research Framework

3. RESEARCH METHOD

This research is a quantitative study using associative techniques that focus on only a few variables. The population in this study is all urban millennials in Central Java Province. The sampling technique used a purposive sampling method. The considerations and criteria for selecting respondents were based on respondents who had made shopping transactions using digital payments. The sample in this research involved 100 respondents. Data collection used a questionnaire distributed to all selected respondents. Measurement of the answer values on the questionnaire parameters on a 1-5 point Likert scale. The data analysis technique in this study used path analysis used to identify causal relationships between variables and measure direct and indirect effects, then analyzed using SmartPLS software version 4.1.1.2.

4. RESULTS AND DISCUSSION

4.1.OUTER MODEL

4.1.1. Convergent Validity

The relationship between indicators and their constructs indicates convergent validity (Andria et al., 2023). Specifically, a parameter can be retained if it possesses an outer loading between 0.5 and 0.6, but we will define that the construct will have a high effect when the correlation exceeds 0.7 (Ghozali & Latan, 2018). All shown indices in Figure 2 are greater than 0.7, so we conclude that the results are valid.

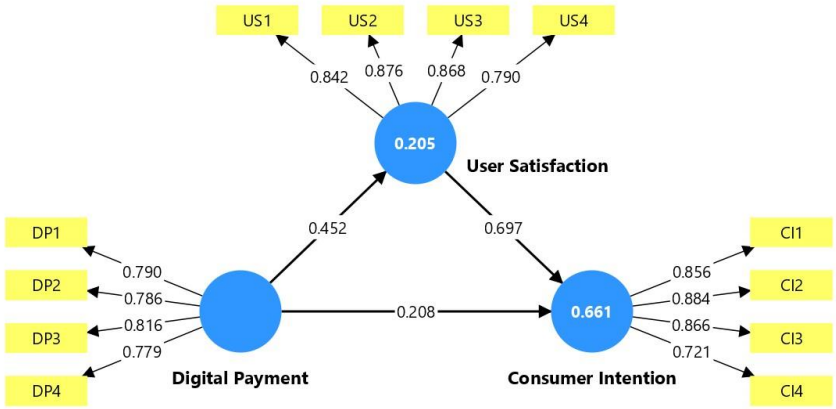

Figure 2. Outer Loading

4.1.2. Discriminant Validity

Discriminant validity is an approach to ensure that each construct's variable in a latent model differs greatly from the rest of the variables (Henseler et al., 2015). We next test the validity of measurements by computing the AVE criterion, which has a critical here value 0.5. A value of 0.50 or above indicates that the construct is able to account for at least 50% of the variance on the items (Sarstedt et al., 2021). You can notice in Table 1 AVE values of all variables higher than 0.5, therefore they could be considered valid.

Table 1. Discriminant Validity Test

Construct reliability and validity - Overview	
	Average variance extracted (AVE)
Consumer Intention	0.696
Digital Payment	0.629
User Satisfaction	0.714

Source: Processed primary data, 2025

4.1.3. Composite Reliability

An instrument is reliable if the AVE value mean is greater than 0.5 and if both Composite Reliability (CR) and Cronbach's Alpha values are above 0.7 (Ghozali, 2021). Finally, reliable (output) data was those whose value in Composite Reliability reached 0.7 and above, as listed in table 2. The findings indicate that all constructs have composite reliabilities more than 0.7, meaning that overall the variables are relatively consistent in their reliability.

Table 2. Composite Reliability

R-square - Overview	Cronbach Alpha	Composite reliability (rho_a)	Composite reliability (rho_a)
Consumer Intention	0.852	0.854	0.901
Digital Payment	0.818	0.877	0.871
User Satisfaction	0.866	0.867	0.909

Source: Processed primary data, 2025

As presented in Table 4, the research findings suggest that the Cronbach's Alpha value and Composite Reliability of each variable are greater than 0.70 and hence indicate that all the variables reached reliability and validity criteria which entitles for further examination of structural model.

4.2.INNER MODEL

4.2.1. R-Square

The R-Square value shows the level of determination of exogenous variables on endogenous variables. A higher R-Square value indicates a better level of determination. According to Sarstedt et al. (2021), an R-Square value of 0.75 is categorized as a strong model, 0.50 as a moderate model, and 0.25 as a weak model. Table 3 shows that the R-square (R^2) value for Consumer Intention is 0.661, which falls into the moderate category. Meanwhile, the R-square (R^2) value for the user satisfaction variable is 0.205 and is in the weak category.

Table 3. R-Square

R-square - Overview	R-square	R-square adjusted	Category
Consumer Intention	0.661	0.654	Moderate
User Satisfaction	0.205	0.197	Weak

Source: Processed primary data, 2025

4.2.2. Hypothesis Testing

In hypothesis testing, researchers use bootstrapping to assess the significance level or probability of direct and indirect effects. Bootstrapping is a technique used to examine the significance of a model (Qurniawati et al., 2023). The t-statistic indicates the significance of the coefficient path (Sarstedt et al., 2021). Table 4 shows a complete overview of the relationships between variables in the four research hypotheses.

Table 4. Hypothesis Testing

Construct	Original Sample (O)	Sample Mean (M)	Standard deviation	T-statistics	P values	Result
DP → CI	0.208	0.216	0.080	2.609	0.009	accepted
DP → US	0.452	0.462	0.087	5.191	0.000	accepted

US → CI	0.697	0.693	0.063	11.027	0.000	accepted
DP → US → CI	0.315	0.319	0.063	4.978	0.000	accepted

Source: Processed primary data, 2025

The hypothesis test between digital payment and customer intention showed a p-value of 0.009. This means the t-statistic meets the requirement of a p-value <0.05, while the coefficient value is 0.208. It can be concluded that the first hypothesis is accepted.

The hypothesis test between digital payment and user satisfaction showed a p-value of 0.000, which is <0.05. The coefficient value is 0.452, therefore, it can be concluded that the assumption of a digital payment variable on user satisfaction is accepted.

The hypothesis test between user satisfaction and customer intention showed a p-value of 0.000, indicating a p-value <0.05, while the coefficient value was 0.697. Therefore, it can be concluded that the third hypothesis is accepted.

Meanwhile, the hypothesis test between digital payment and customer intention, mediated by user satisfaction, showed a p-value of 0.000, indicating a p-value <0.05, while the coefficient value was 0.315. So, it can be concluded that the fourth hypothesis is accepted.

4.2.3. Effect Size

Effect size is a level of correlation measuring that can be interpreted as differences in effects due to the request between the control and experimental classes (Khairunnisa et al., 2022). A small F-square (F^2) value is 0.02, a medium size is 0.15, and a large one is at least 0.35 (Sarstedt et al., 2021). According to the figures shown in Table 7, the digital payment factor has a weak effect on consumer intention (F^2 = 0.102), and the user satisfaction has a more moderate effect (F^2 = 0.257). Meanwhile, the user satisfaction has a high influence on consumer intention as reflected by its effect size (F^2) of 1.141.

Table 7. Effect Size

f-square - Matrix		
	Consumer Intention	User Satisfaction
Consumer Intention		
Digital Payment	0.102	0.257
User Satisfaction	1.141	

Source: Processed primary data, 2025

4.3.DISCUSSION

Digital Payment on User Satisfaction

The first hypothesis proves that digital payments have a positive and significant effect on user satisfaction. Previous research also demonstrated relevant results, such as Azhar et al. (2023), which demonstrated that user satisfaction is a crucial factor in shaping loyalty and continued usage intentions for digital payment systems.

Digital Payment on Consumer Intention

The second hypothesis demonstrates that digital payment plays a positive and statistically significant impact in consumer intention. These results correspond with the study conducted by Rizkiyah et al. (2021), that found beneficial effects of digital payments for consumers behavior in the form of planned purchase as well as re-purchase intention. Also, another result of Hartani et al. (2022), digital payment helps transactions and promotes the tendency of consumer's behavior, which is similar to the case for an individual's propensity to purchase.

Competitiveness on Consumer Intention

The third hypothesis is supported: competitiveness has a positive significant impact on consumer intention. This result agrees with the observation of Tufahati et al. (2021), who indicate that higher customer satisfaction or strengthened by service quality and product provision directly affects repeat purchase intention. Putri and Pandiangan (2025) research also discovered that the variable competitiveness has a significant partial effect on the intention to purchase imported products.

User Satisfaction Mediates the Effect of Digital Payment on Consumer Intention

The fourth hypothesis is proven, namely that user satisfaction mediates the influence of digital payments on consumer intention. This is highly relevant to the research findings of Ayem et al. (2024), who in a systematic literature review found that user satisfaction frequently emerged as a mediating variable between technology perceptions and consumer behavioral intentions. Research by Wijaya and Keni (2025) also showed that customer satisfaction acts as a mediating variable between perceptions of digital payment features and continued intention to use the application.

5. CONCLUSION

This research finding shows that people can do shopping under a flexible time or place by using digital payment, with integration to e-commerce platforms and mobile applications. The path analysis provides evidence that digital payments are positively and significantly related to user satisfaction, which in turn has a positive effect on consumer intent to pay. In addition, user satisfaction was found to mediate the effect of digital payment usage on consumer purchase intention, and this suggests that positive experiences when using digital payment services are able to enhance consumer purchase intention, especially among urban millennials in Central Java.

According to these results, enterprise and digital payment service providers should put on further promotion of service quality, usability, and transaction safety in order to enhance user satisfaction. Lastly, marketing efforts that focus on ease of use and speed of digital payments need to be ramped up in order to appeal more to millennials. Subsequent researchers are recommended to enlarge the region of the research and the number of respondents so there will be a broader generalization in relation to consumer behavior in this entire consumer market sector and to take into consideration other variables such as trust and risk perception when analyzing conversion rate towards digital payments.

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