

The Pain of Paying and Post Purchase Regret Using Cashless Transaction in Two Age Groups

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Abstract. The pain of paying is a type of pain experienced when someone makes a payment, while post-purchase regret is a feeling of regret that sometimes occur after someone makes a purchase. The peak of maturity in action, attitude, and thinking of a person is reached at the age of 40. This research aims to find out the differentiating factors between people related to cashless payments. A total of 1000 workers in Medan are sampled in this study. To see the difference, a test was conducted using discriminant analysis. The test results show that the most differentiating factor between these two groups is post-purchase regret. Meanwhile, the pain of paying experienced by the two groups is not significantly different. The research implies that the younger age group must have more consideration before deciding on cashless payment.

Keywords: the pain of paying; post-purchase regret; cashless payment

1 Introduction

The Visa Consumer Payment Attitudes study in 2022 found that Indonesia is the country with the most making non-cash transactions compared to other communities in ASEAN. This will cause the realization of a cashless society in Indonesia to take place four years earlier than previously thought. The surge in users of non-cash transactions was caused by massive technology applications and also accelerated by the Covid-19 condition.

However, e-money triggers middle-class consumerism in Indonesia. The character of middle-class consumerism in developed countries is impulsive buying, namely unplanned shopping transactions [1]. Cashless payments, whether with debit cards, credit cards, e-money, or digital wallets, are considered more practical. However, it can cause people to be more extravagant.

Transactions with cash make people remember that they have spent money and how they got it. There is a pain known as 'pain of paying', namely certain emotions that arise when someone pays with money physically, they feel psychologically sick [2]. The pain occurs because consumers feel they are giving away part of their property, this feeling is not felt when using a credit card [3]. This pain seems to be less felt when payments are made just by pressing certain buttons in a payment application.

Post-purchase regret is a feeling where consumers wish they could do something differently to revise the mistakes that occurred in the purchases that have been made [4]. [5] found that post-purchase regret occurs in online fashion purchases. In addition, [3] found that the higher the tendency to use credit cards, the higher the impulsive buying, and the higher the post-purchase regret, an unplanned shopping transaction [1].

Life begins at 40. This term is often used to encourage people who are 40 years old. This term also describes someone who has entered a stable and mature stage, both emotionally and financially. Prophetic wisdom and knowledge were given to Prophet Musa at the age of forty. Allah SWT says in the Qur'an - Surah Al Ahqaf verse 14 that at that age the mind is perfect. Several other prophets, including Prophet Muhammad SAW, also received the wisdom of prophethood at the age of 40 years.

The age above 40 usually describes a person's maturity in acting, thinking, wisdom, and resilience. But they generally have more experience and are more familiar with the environment which can ultimately shape wisdom. After the age of 40 people expect their lives to increase dramatically (live-dramatically – increased [6]. But in 1965 psychoanalyst and social scientist Elliot Jaques said there was a midlife crisis in women and men around the age of 40 in the West. People at this age are disillusioned with work, detached from family responsibilities, and disenchanted with relationships [7].

Age is considered one of the main demographic factors that influence customer buying behavior. [8] states that age is an important factor for marketing strategies because age creates a critical difference between consumer choices and consumer consumption habits and patterns. The younger generation or teenagers spend a lot of time on lifestyle, while older adults spend more time on purposes such as maintaining health. So age is a marketing factor to analyze impulse buying. Teenagers will impulsively spend a lot of money on trendy things and engage in the latest activities to keep up with their peers [9].

Currently, people aged above 40 are people from the Generation X Baby Boomers, and the Silent Generation; while those under 40 years are Generation Z and Generation Millennials, except those born in 1981. [10] presented the results of a survey on post-purchase regret. The order of generations that regretted the most post-purchase were: Generation Z (70.8%), Millennial Generation (70.1%), Generation X (68.5%), Baby Boomers (58.6%), and The Silent Generation (49.7%). These results indicate that post-purchase regret is more experienced by people under the age of 40. In addition, [12] found that online buying behavior in Generation X and Y was found that Generation Y was more hedonistic and wasteful.

This study aims to find out and analyze what factors most distinguish these two age groups in terms of cashless transactions, whether it is pain of paying, post-purchase regret, and extravagance. This is important to be researched, to educate about cashless transactions can be carried out in efforts to realize a cashless society.

2 Literature Review and Hypothesis Development

Payment systems are tools and means for making payments in general, institutions and organizations that regulate these payments, operating procedures, and communication networks are used to initiate and send payment information from payers to payees and complete payments.

The pain of paying refers to the negative emotions felt when making a purchase [11]. This happens because humans are loss averse, which means they want to avoid losses if possible, and that loss is considered more powerful than the same gain. When someone makes a payment, he feels a loss. That's the reason why the transaction can be painful. This pain is more painful when paying with cash than paying with a credit or debit card. Losing money is more salient to the brain when handing over money physically than when swiping a piece of plastic or pressing the password in a cashless payment application. Shopping with cash can

prevent a person from unreasonable spending, which is often followed by painful buyer remorse.

According to science, and a recent study from the Journal of Consumer Research, paying with cash strengthens the emotional bond with certain purchases. [13] wrote, "While the convenience of being without cash is undeniable, it comes with an unintended disadvantage—we tend to value purchases less when using a card than when we pay by cash or check which is more 'painful'.

Post-purchase regret is a feeling of not being confident with the purchases that have been made [5]. Regret is defined as a feeling where consumers wish they could do something else to revise a purchase error that has been made [4], no matter how big or small [14]. Regret is divided into regretting the outcome and regretting the process. Regretting the outcome includes product quality, product suitability, product aesthetics, product price, and product utility. Regretting the process includes social influence, impulsive buying, information seeking, and evaluation of alternatives.

The age above 40 usually describes a person's maturity. Thus, it is hoped that they will also be wise in conducting non-cash transactions. For this reason, the following hypothesis is proposed:

1. There is a significant difference in pain of paying in the two age groups
2. There is a significant difference in the feeling of heaviness in making cash payments in the two age groups
3. There is a significant difference in post-purchase regret for non-cash transactions in the two age groups
4. There is a significant difference in waste for cashless transactions in the two age groups.

3 Research Methodology

The population of the research is the workforce in Medan, Indonesia, which is 7,479 (seven point four hundred seventy-nine) million people. The sample is 1000 people. This number is sufficient because the minimum number is the number of independent variables multiplied by five, which in this case is $4 \times 5 = 20$ samples. The sample in this study was taken randomly. The analytical tool used is discriminant analysis.

Grouping variables are as follows:

- 1 = ≥ 40 years
- 0 = otherwise

While the independent variables are as follows:

- X_1 = pain of paying for cash hurts more than cashless
- X_2 = heavy feeling in making cash payments greater than cashless
- X_3 = Post-purchase Regret with cashless transactions
- X_4 = Waste due to cashless purchases

The measurement of the independent variable is carried out with an interval scale as follows:

- 1 = Strongly disagree
- 2 = Disagree

- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

4 Result and Discussion

4.1 Result of Descriptive Statistics

Table 1. Descriptive Statistics

Age Group	Independent Variable	Mean	Std. Deviation
0	X ₁	3,368	0,950
	X ₂	3,514	0,979
	X ₃	3,328	1,009
	X ₄	3,449	1,097
1	X ₁	3,470	1,021
	X ₂	3,536	0,988
	X ₃	3,022	0,994
	X ₄	3,038	1,091
Total	X ₁	3,387	0,963
	X ₂	3,518	0,980
	X ₃	3,272	1,012
	X ₄	3,374	1,107

Table 1 shows that the mean age group below 40 years has a higher pain of paying cash payments than the above age group. Cash payments are heavier than cashless, the age group above 40 years feels heavier. For post-purchase regret in cashless transactions and waste, the age group under 40 years old has a higher mean. In addition to this mean, the number of standard deviations listed in column four must also be of concern.

4.2 Results of Discriminant Analysis

The assumption that must be met in a discriminant analysis is the variance homogeneity. The results of p value statistic of Box's M test shows 0.117 which is greater than alpha 5%, thus the assumption is met. The canonical correlation value on the Eigen Value table shows 0.029 which if squared would be 0.169 indicating that 16.9% of the dependent variable variances can be explained by the formed discriminant model.

The significance of the Chi-Square value in Wilk's Lambda table is 0.000 (< 0.05) indicating that there is a significant difference in Post-Purchase Regret (X₃) and Waste (X₄) between the 40-year-old group and the other groups.

Table 2. Test of Equality of Group Means

	Wilk's Lamda	F	df₁	df₂	Sig
X ₁	0.998	1.661	1	998	0.198
X ₂	1.000	0.071	1	998	0.789
X ₃	0.986	13.849	1	998	0.000
X ₄	0.979	21.019	1	998	0.000

Table 3 on the Test of Equality of Group Means shows the most distinguished significant factors between the group aged above 40 years and the other group.

Table 4 in the Structural Matrix shows the order of variables that clearly distinguish the age group above 40 years and otherwise.

Table 3. Matrix Structure

	Function 1
X ₃	0.848
X ₄	0.688
X ₁	-0.238
X ₂	-0.049

According to table 3, it is evident that the most distinguishing factor between the group aged above 40 years and the other group, namely Post-Purchase Regret (X₃) and Waste (X₄). While the pain of paying (X₁) and the feeling of heaviness in making cash payments (X₂).

The Classification Results showed that 58.4% of the original grouped cases were correctly classified

4.3 Discussion

The test results show that the factors that significantly distinguish the age group above 40 in cashless transactions are post-purchase regret and waste. Ages above 40 have lower levels of regret and waste. The results of this study support [9] which says that age is a factor to analyze impulse buying. Impulsive purchases are transactions that were not previously planned [1], which cause post-purchase regret [3]. The results of this study are also in line with [10], who wrote that post-purchase regret is more experienced by people who under 40 years old; and [1] who found Generation Y to be more hedonistic and wasteful in making online purchases.

Pain of paying and feeling heavy in making cash payments greater than cashless did not differ significantly in the two age groups. Although the age above 40 years is more mature, it turns out that the pain and heaviness felt by the two age groups are not different. The mean obtained is in the range of 3,470 to 3,536 which indicates only a small amount of pain. [11] say that the pain of paying refers to the negative emotions that are felt when making a purchase, and these negative emotions are not felt too much by the people of Medan City when making cash payments compared to cashless payment.

The age above 40 years show a person's more perfect intellect, wisdom, and resilience so that the cashless expenditures he does are also well thought so that the level of regret and

waste is different from the age below him. But for feeling sick and heavy, there is no significant difference in the two age groups because mind is different from feeling.

5 Conclusion

Cashless transactions are increasingly carried out by the community. A cashless society in Indonesia may be realized in the future. The use of non-cash transactions is more practical and less painful. When a person simply presses a certain button, he feels less pain than he takes out banknotes, counts them, and hands them over to the seller. Feels like something is missing. However, with the ease of doing transactions, sometimes impulsive buying arises which leads to waste and regret.

Education towards maturity in thinking in the use of cashless transactions needs to be encouraged. The Cashless Literacy Campaign needs to be carried out to educate people to be wise in making cashless transactions.

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