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An exploration of millennial switching behavior related to purchasing decisions toward fintech: Behavioral accounting perspective

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Abstract---This study aims to explore the dynamics of millennial financial behavior change in the context of switching behavior towards fintech services, focusing on how it affects purchasing decisions from a behavioral accounting perspective. This study employs a qualitative approach with a phenomenological method to understand individuals' subjective experiences during the transition to fintech. Data were collected through semi-structured interviews with five millennial informants who actively use fintech services in the Gemitir Garden Cafe area, Denpasar. Thematic analysis was conducted to identify patterns of behavior and decision-making biases. The findings reveal that millennial switching behavior is shaped by behavioral biases such as mental accounting, automation bias, loss aversion, and present bias. Social influence from peers and digital media also plays a role in shaping their financial preferences. Although fintech provides features like automatic budgeting and digital financial reports, purchasing decisions remain influenced by emotional and social factors, blurring the line between needs and wants.

Keywords---Behavioral Accounting, Fintech, Switching Behavior, Mental Accounting, Purchasing Decision.

Introduction

Conventional banking has long served as the backbone of the financial system, offering savings, loans, and investment services through formal and physical channels. However, with rapid technological advancement, the demand for more

flexible and accessible financial services has significantly increased. Financial technology (fintech) has emerged as a transformative solution, providing users with convenient access to financial services without the limitations of time and location (Mukti et al., 2022; Riadloh & Nasution, 2018). In Indonesia, Bank Indonesia recognizes several types of fintech applications, including crowdfunding, peer-to-peer lending, and other digital financial platforms that connect borrowers and lenders in an efficient digital marketplace. This shift illustrates a growing consumer preference toward technology-based financial services.

For millennials in particular, the transition from conventional banking to fintech is not always seamless, as challenges such as data security, application stability, and limited service features remain critical issues (Philippon, 2016; Sari et al., 2023). Nevertheless, millennials, as a digitally native and innovation-driven generation, exhibit a stronger tendency to adopt fintech services due to their desire for efficiency, simplicity, and technological integration in managing personal finances (Tanuwijaya & Oktavia, 2023; Berg, 2018). Empirical studies have further highlighted that fintech adoption among millennials is influenced by factors such as transaction speed, lower costs, and improved convenience, while also reshaping their financial behavior and management practices (Abu Daqar et al., 2020; Wayan & Irmayani, 2023).

From the perspective of behavioral accounting, this shift in financial behavior reflects the interaction of psychological, social, and technological factors in shaping individual financial decision-making (Salsabila & Trisnarningsih, 2024; Hanlon et al., 2022). Key behavioral elements, such as risk perception, self-control, and cognitive biases, influence how individuals manage, record, and make decisions about their finances. Financial literacy further plays a critical role, enabling individuals to better evaluate the risks and benefits of fintech services, thereby promoting more informed purchasing and switching behavior (Yushita, 2017; Sari et al., 2022). Inadequate financial literacy, on the other hand, may lead to unhealthy financial behavior and lower financial well-being (Barrafrem et al., 2024).

Switching behavior itself has become a relevant phenomenon in the fintech era, as competitive pressures and rapid globalization in financial markets encourage consumers, particularly millennials, to shift from conventional banking services to digital financial platforms (Clemes et al., 2010; Afandi, 2020). Factors such as price, ease of transactions, service quality, lifestyle preferences, and perceived risks all contribute to millennials' switching behavior in their purchasing decisions regarding fintech services (Trisanty Aidha et al., 2023; Hafandi et al., 2021). This dynamic highlights the importance of understanding millennial switching behavior not only from a marketing perspective but also through the lens of behavioral accounting, which provides insight into the cognitive, emotional, and psychological determinants of financial decision-making.

Given this context, this study aims to explore millennial switching behavior in relation to purchasing decisions toward fintech services from a behavioral accounting perspective. Such an investigation is critical to deepen understanding of the underlying factors influencing financial decision-making among millennials

and to provide valuable implications for financial institutions, fintech providers, and policymakers in designing strategies that align with the financial behavior of this influential generation.

Literature Review

This study aims to explore millennial switching behavior in relation to purchasing decisions toward financial technology (fintech) services from a behavioral accounting perspective. Employing a qualitative approach with phenomenological methods, this research investigates the subjective experiences of millennials transitioning from conventional banking to digital-based financial services. The transition reflects complex behavioral dynamics that are not solely driven by rational factors such as efficiency, accessibility, and transaction speed, but are also shaped by non-rational elements, including cognitive biases, social influences, and emotional aspects of decision-making. Behavioral accounting provides the theoretical foundation to deepen the understanding of these processes.

The conceptual framework of this study illustrates a logical sequence that begins with the socio-technological background—namely, the rise of fintech and the digital-native characteristics of millennials—which drives the emergence of switching behavior, defined as the shift in preference and usage from conventional banking services to fintech platforms. This switching behavior is influenced by millennial financial behavior, such as low self-control, tendencies toward impulse buying, and present bias, which favors short-term benefits over long-term financial planning. The concept of mental accounting plays a critical role in explaining how millennials subjectively manage their finances in ways that are not entirely rational. For instance, cashback, discounts, or Buy Now Pay Later (BNPL) promotions are often perceived as “free money,” encouraging additional spending without holistic consideration of overall budget allocation. This psychological separation of expenditures leads to distortions in purchasing decisions.

Ultimately, all these elements are analyzed through the lens of behavioral accounting, which positions financial decision-making as the outcome of interactions among accounting information (e.g., budgeting, expenditure data), behavioral biases (e.g., loss aversion, automation bias, bounded rationality), and the social and emotional context of users. Although fintech platforms provide digital financial management features such as analytics and budgeting reminders, purchasing decisions often remain impulsive, emotionally driven, and based on immediate perceptions. This highlights that financial literacy alone is insufficient without awareness of behavioral biases. Improving the quality of financial decisions among millennials requires educational approaches grounded in behavioral accounting. In this regard, fintech should not only be viewed as a transactional tool but also as a medium for shaping more accountable and informed financial behavior.

Methods

This study employs a qualitative research approach. Qualitative research is primarily aimed at describing, revealing, and explaining phenomena from the perspective of participants, in order to generate findings based on the perceptions of the data sources, while incorporating complementary techniques to enrich the analysis (Siyoto & Sodik, 2015). It is a research design that emphasizes understanding individuals' perspectives and requires direct and frequent, often participatory, interaction with the subjects of study (Antwi & Kasim, 2015).

Behavioral accounting research (BAR) is described as a study of the behavior of accountants and non-accountants as influenced by accounting functions and reporting practices. Behavioral accounting examines how individuals use and process accounting information and how such information impacts human behavior and social life. Rather than assuming how individuals behave, the primary objective of BAR is to understand why they behave in certain ways. Previous studies on BAR have been widely applied in auditing research to enhance auditors' decision-making processes, and have also been employed in management accounting research to investigate incentive-related issues, budgeting processes, and how organizational structures and accounting systems affect individual behavior within organizations.

In this study, the researcher adopts the Accounting Behavior Research method with a specific focus on changes in financial management behavior, concentrating on individual or organizational decision-making in financial contexts such as money management, investment decisions, and saving or spending behaviors. The objective is to understand how psychological, social, and cultural factors shape the way individuals or organizations manage their finances. Accordingly, this study applies a qualitative design under the interpretive paradigm, guided by the principles of Behavioral Accounting Research. The interpretive paradigm emphasizes understanding the meaning behind actions, experiences, and phenomena from the perspective of the actors involved, focusing on subjective descriptions of behavior, social interaction, and the explanatory accounts provided by accountants themselves.

Result and Discussion

Behavioral Accounting: Social Influence & Decision Bias

Respondents consistently reported improved financial accountability after using fintech: automatic transaction logs, notifications, and monthly reports made expense evaluation easier (INF1–INF5). Conversely, choices were often swayed by peers/reviews/influencers, promotions, and “last-chance” notifications—indicating herding and bounded rationality. Fintech serves a dual role: a transaction tool and a behavioral control mechanism (budgeting, reporting) that nurtures discipline and reflection. Yet social proof (peers/social media) and decision biases (loss aversion, bounded rationality) remain strong, so choices are not always fully rational despite available information. A new digital spending pattern emerges: the boundary between needs and wants blurs; self-control can weaken under social pressure and marketing nudges. Education grounded in

behavioral accounting is needed so digital accountability features genuinely counter decision bias.

Switching Behavior → Digital Spending Behaviour

All informants were familiar with conventional banking; switching to fintech was triggered by curiosity, peer recommendations, and practical features (QRIS, e-wallets, pay-later). Push: banks seen as slow/rigid. Pull: speed, convenience, promos. Mooring: habits and formal functions keep some attachment to banks (INF1–INF5). Switching to fintech amplifies automation bias: reliance on app notifications, system recommendations, and instant approvals (especially pay-later). Some still double-check manually, but most follow the app’s “easy flow.” Switching accelerates financial decision-making and fuels impulsive digital spending. Over-trust in systems creates an illusion that apps “manage” finances well, whereas behavioral control remains essential. Fintech can strengthen self-control if paired with habitual review—otherwise it speeds consumption via heuristics.

Millennial Financial Behavior (Self-Control & Impulse Buying)

Frictionless click/scan increases purchase frequency and makes spending feel “lighter” (INF1–INF3). Respondents acknowledged FOMO, limited-time discounts/cashback, and pay-later as impulse drivers; some began using limits/budgeting, but temptations stay strong (INF4–INF5). Clear evidence of loss aversion (fear of missing a deal), present bias (favoring immediate benefits), and reduced self-control as transactions lose friction. Financial inclusion (access to fintech) does not automatically equal deep financial literacy—many choices remain emotion/opportunity-driven. Without literacy and discipline, fintech convenience can shift behavior toward impulsive buying, delaying saving/investment. Education should target short-term temptation management and long-term planning.

Mental Accounting in Purchasing Decisions

BNPL/pay-later is often used for non-priority items because it “feels light” (INF1–INF3), encouraging off-plan purchases (INF4–INF5). Many ignore budgeting/analytics features; some set limits but frequently violate them. A mental accounting distortion appears: pay-later limits are perceived as “separate/extra money,” so purchases continue despite limited real capacity. Budgeting features help only with commitment; without self-control, data do not translate into rational choices. Purchases are frequently emotional and fragmented by framing (promos/installments); the “evaluate alternatives” stage is skipped. Shallow literacy reinforces mental accounting; programs should teach integrating mental accounts into a single cash-flow view and using app data for budget/risk-based decisions.

Conclusion

Changes in Financial Habits: Before using fintech, most millennials had poorly documented financial habits. The introduction of fintech has enhanced

accountability and awareness in personal financial management, particularly through automatic reporting and budgeting features. Switching Behavior toward Fintech: The decision to adopt fintech was not entirely based on rational considerations. Factors such as bounded rationality, social influence, and perceptions of convenience and practicality played a significant role in shaping these decisions.

Purchasing Behavior: The use of fintech services—especially features such as *pay-later* and cashback—has driven an increase in purchasing intensity. Consumption behavior is often triggered by loss aversion and present bias, leading informants to focus more on short-term gains rather than long-term benefits.

Behavioral Accounting Aspects: Behavioral biases such as automation bias, loss aversion, and bounded rationality were found to influence millennials' financial decisions. Automated features within fintech platforms function as cognitive stimuli that sometimes bypass fully rational consideration. Social and Environmental Influence: Peers, social media, and influencers emerged as dominant external factors shaping the decision to use fintech. In several cases, reliance on informal recommendations outweighed data-driven evaluations.

Managerial Implication

This study provides a significant theoretical contribution to the development of accounting science, particularly within the domain of behavioral accounting. The findings enrich the literature on financial decision-making by highlighting that purchasing decisions among millennials are not entirely rational, but rather shaped by a combination of cognitive biases, mental accounting, automation bias, and social influence. In the context of bounded rationality and dual-process theory (Kahneman, 2011), the study underscores that financial decision-making processes are not solely based on logic or complete information. Instead, they are influenced by rapid responses, social pressures, and emotional perceptions of risk. Accordingly, accounting should not be viewed merely as a transactional recording system, but also as a lens that reflects the cognitive and social processes underlying decision-making. Furthermore, this research advances the scope of behavioral accounting theory by integrating the contexts of financial technology and digital spending behavior. These emerging domains challenge the assumptions of economic rationality in personal financial decisions, thereby broadening the theoretical framework of behavioral accounting to encompass technology-driven and socially mediated financial practices.

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