



# Doom Spending Behaviour Among The Digital Generation: The Role Of Financial Literacy And Social Media Interaction

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Sections Info	ABSTRACT
<p><b>Keywords:</b> doom spending financial literacy social media impulsive consumption digital generation</p>	<p><i>The rise of doom spending – impulsive buying driven by emotional distress, anxiety, and uncertainty – has become a growing concern in the post-pandemic digital era, particularly among the younger generation. This study examines the impact of financial literacy and social media interaction on doom spending behaviour among digital natives, specifically university students in Indonesia aged 17–25. Utilizing a quantitative causal approach and Partial Least Squares Structural Equation Modelling (PLS-SEM), the study analyses data collected from 66 respondents using purposive sampling. The results reveal that financial literacy has no significant effect on doom spending, while social media interaction has a substantial and statistically significant impact. These findings suggest that exposure to curated online content, influencer marketing, and algorithm-driven advertisements plays a dominant role in triggering unplanned and emotionally motivated consumption.</i></p>

## INTRODUCTION

The digital revolution has significantly transformed global socio-economic structures, including in Indonesia, where Millennials and Generation Z – commonly referred to as the digital generation – are the most active users of technology and social media (Salam et al., 2018; Shofiroh, 2023). These cohorts have grown up immersed in an environment defined by instant access to information, digitally mediated social networks, and seamless digital financial services (Misra & Stokols, 2012; Yadav & Pavlou, 2020). While these developments have enhanced convenience and efficiency, they have also given rise to new and often problematic patterns of consumer behaviour.

One such emerging behaviour is "doom spending," defined as impulsive and excessive spending on non-essential goods as a coping mechanism in response to negative emotional states such as anxiety, stress, and uncertainty about the future (Darya-Varia, n.d.). This behaviour has gained traction among Indonesia's youth, who often use consumption as a form of psychological relief during periods of economic instability and personal distress (Snapcart, 2024). Although it may provide short-term emotional satisfaction, doom spending frequently results in regret and deteriorating financial well-being.

Social media is a significant contributing factor to the rise of doom spending (Chae, 2018). Platforms such as Instagram and TikTok inundate users with curated content that promotes luxurious lifestyles and consumerist values, often disseminated through influencer marketing and peer comparison (Yang, 2022; Snapcart, 2024). The algorithmic personalization of such content intensifies exposure to promotional material and perpetuates the fear of missing out (FOMO), which has been shown to increase impulsive purchase behaviour significantly (Gallin & Portes, 2024; Siti & Jurana, 2025). Features like "Buy Now, Pay Later" schemes and flash sales further



reinforce the desire for instant gratification, especially among Gen Z, who are more prone to hedonic financial behaviours (Di Maggio et.al, 2022).

The COVID-19 pandemic and its aftermath have exacerbated this phenomenon. Prolonged disruptions to education, career pathways, and social interactions have led to heightened psychological distress among young individuals, prompting many to seek comfort through impulsive digital consumption (CNBC, 2024; Syauqie & Nurhajati, 2025). Doom spending has thus emerged not only as a financial issue but also as a mental health concern, driven by chronic exposure to digital anxiety, negative news, and economic pessimism.

In this context, financial literacy plays a crucial role in equipping individuals with the knowledge and skills necessary to manage money responsibly. This includes competencies in budgeting, saving, debt management, and financial decision-making (Atkinson & Messy, 2012; OJK, 2022). Despite Indonesia's high financial inclusion rate of 85.1%, the national financial literacy rate lags at only 49.68%, highlighting a troubling gap between access and understanding (OJK, 2022). This discrepancy is particularly pronounced among young people, who frequently use digital financial tools without a sufficient understanding of their implications (Darya-Varia, n.d).

Furthermore, scholars have increasingly emphasized the need to integrate digital financial literacy, combining conventional financial knowledge with digital competencies, to help youth navigate the complexities of financial technologies and online consumption environments (Dhiptya, 2025). Interventions that promote financial mindfulness and emotional regulation have shown promise in mitigating impulsive spending behaviours, thereby fostering healthier financial habits among Millennials and Gen Z (Raziman et al., 2025).

In summary, doom spending in Indonesia's digital generation reflects a complex interplay of psychological distress, social media influence, and limited financial literacy. Addressing this issue requires a comprehensive understanding of the underlying dynamics to inform the development of effective educational strategies and policy interventions that enhance financial resilience and promote responsible digital consumption. Therefore, this study aims to explore how financial literacy and social media interaction affect doom spending behaviour among the digital generation. The research aims not only to enrich the literature on financial behaviour in the digital age but also to inform the design of effective policy and educational interventions that promote financial resilience among young people.

## RESEARCH METHOD

This study employed a quantitative causal research design to investigate the impact of financial literacy and social media interaction on doom spending behaviour among the digital generation. The analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM), a suitable approach for exploratory models with latent variables and complex constructs.

### A. Variables

The research model consisted of the following variables:

#### *Independent Variables (X):*

- a. X1: Financial Literacy



This variable refers to the level of individual understanding and capability in applying financial concepts such as budgeting, saving, inflation awareness, risk management, and personal money management.

b. X2: Social Media Interaction

This includes the intensity and quality of engagement with social media platforms, especially exposure to consumer-oriented content, the frequency of use, and the influence of social comparisons and advertising.

**Dependent Variable (Y):**

### **Y: Doom Spending Behaviour**

Defined as a form of impulsive and emotionally driven consumption that arises as a coping response to psychological distress, such as anxiety, uncertainty, or social pressure, and is often amplified by digital stimuli.

### **B. Population and Sampling**

The population in this study comprised active undergraduate students at Institut Teknologi dan Bisnis Ahmad Dahlan (ITB-AD) who met the criteria of being part of the digital generation (aged 17–25), active social media users, and having engaged in online shopping within the last three months. The sampling technique employed was purposive sampling, resulting in a total of 66 valid respondents. Referring to Hair et al. (2014), this sample size is considered sufficient for exploratory PLS-SEM analysis, particularly when each construct is measured by no more than six indicators, adhering to the "10-times rule" for minimum sample adequacy.

### **C. Data Analysis**

The data were analysed using SmartPLS 4.0 software. The assessment was conducted in two stages:

**Measurement model (outer model):** Evaluated through tests of construct validity (Fornell-Larcker Criterion) and reliability (Cronbach's Alpha, rho\_A, and Composite Reliability).

**Structural model (inner model):** Tested to assess the relationship between latent variables through path coefficients, R-squared values, and significance testing via bootstrapping procedures.

## **RESULTS AND DISCUSSION**

### **Results**

Before conducting the structural model analysis in PLS-SEM, it was essential to assess the quality of the research instrument. Instrument testing ensures that the indicators used to measure each construct are both valid and reliable. Validity refers to the extent to which an indicator accurately measures the intended concept, while reliability refers to the consistency of results produced by these indicators. In this study, construct validity was tested using the Fornell-Larcker Criterion, and construct reliability was measured through Cronbach's Alpha, rho\_A, and Composite Reliability values obtained from model estimation using SmartPLS.

### **Instrument Validity and Reliability**

The validity test aimed to confirm that each construct measured a unique concept. According to the criterion, a construct is said to have good discriminant validity if the



square root of its Average Variance Extracted (AVE) is greater than its correlations with other constructs. Based on data analysis using SmartPLS software, the following matrix was obtained:

**Table 1. Average Variance Extracted (AVE) Results**

Construct	Financial Literacy	Social Media	Doom Spending
Financial Literacy	<b>0.651</b>	0.340	0.300
Social media	0.340	<b>0.708</b>	0.677
Doom Spending	0.300	0.677	<b>0.800</b>

The diagonal values (square roots of AVE) are all greater than the corresponding off-diagonal values, indicating that each construct has acceptable discriminant validity. Instrument reliability was assessed using Cronbach's Alpha, rho\_A, and Composite Reliability (CR). A construct is considered reliable if both Cronbach's Alpha and Composite Reliability exceed 0.70. The results are as follows:

**Table 2. Cronbach's Alpha, rho\_A, and Composite Reliability (CR) Results**

Construct	Cronbach's Alpha	rho_A	Composite Reliability
Financial Literacy	0.844	0.871	0.867
Social Media	0.856	0.872	0.888
Doom Spending	0.930	0.936	0.941

Based on the validity and reliability tests, all constructs in the research model were deemed to meet the required measurement quality standards. Therefore, the instrument was considered appropriate for further analysis.

### Hypothesis Testing

**Table 3. Path Coefficients and Significance Testing Results**

	Original Sample (O)	Sample Mean (M)	STDEV	P Values
Financial Literacy → Doom Spending	0,079	0,105	0,150	<b>0,600</b>
Social Media Interaction → Doom Spending	0,650	0,641	0,081	<b>0,000</b>

The structural model assessment revealed divergent effects of the independent variables on doom spending behaviour:

**Financial Literacy → Doom Spending:** The path coefficient was 0.079, with a t-statistic of 0.525 and a p-value of 0.600. This result is statistically insignificant, indicating that financial literacy does not have a direct and meaningful effect on doom spending behaviour among the respondents. This suggests that while individuals may possess financial knowledge, it does not necessarily translate into effective behavioural control when faced with emotional triggers or social influence.

**Social Media → Doom Spending:** The path coefficient was 0.650, with a t-statistic of 8.001 and a p-value of 0.000, indicating a strong and significant relationship. This confirms that frequent interaction with social media—especially exposure to



promotional content, influencers, and idealized lifestyles – substantially increases the likelihood of engaging in doom spending.

The results of this study suggest a multifaceted understanding of consumer behaviour in the digital era. Although financial literacy is widely regarded as essential for fostering responsible financial practices (Lusardi & Mitchell, 2014), its statistically insignificant impact on doom spending behaviour in this study supports existing research that questions the sufficiency of financial knowledge alone in curbing impulsive consumption. This finding echoes Atkinson and Messy (2012), who argued that financial literacy must be accompanied by behavioural, emotional, and contextual awareness to be effective.

One possible interpretation is that emotional triggers, such as stress, anxiety, and the pursuit of psychological comfort, override rational financial decision-making among young consumers. The Theory of Planned Behaviour (Ajzen, 1991) may offer a framework for understanding this, wherein perceived behavioural control and emotional states can mediate the translation of knowledge into action. In this case, even financially literate individuals may fail to act prudently due to external and internal pressures.

Conversely, the significant positive effect of social media interaction on doom spending is consistent with previous findings. Dhir et al. (2021) demonstrated that increased social media use is strongly correlated with impulsive buying, particularly when users are exposed to influencer content and curated consumer lifestyles. This aligns with Social Comparison Theory (Festinger, 1954), which posits that individuals evaluate themselves based on comparisons with others, especially when exposed to idealized portrayals on social platforms. As such, repeated exposure to consumerist content may instigate feelings of inadequacy, thereby triggering compensatory consumption behaviour.

The implications are clear: financial education must extend beyond conventional curriculum design. Interventions should incorporate elements of digital media literacy, helping young individuals critically assess persuasive online content. Furthermore, emotional intelligence training may equip them with strategies to cope with psychological stress without resorting to maladaptive financial behaviour. Behavioural interventions such as commitment devices, just-in-time nudges, and financial goal setting—based on principles of behavioural economics—may also support healthier financial decisions.

Taken together, these findings reinforce the importance of a holistic approach to financial education. A multi-dimensional strategy that integrates knowledge, emotion regulation, and digital discernment is essential to mitigate doom spending in the digital generation.

### **Discussion**

This study offers significant theoretical contributions to the development of consumer behavior research in the digital age. First, it extends the application of the *Theory of Planned Behavior* (Ajzen, 1991) by highlighting that although individuals may possess adequate financial literacy, they can still fall into doom spending behavior due to emotional and social pressures originating from social media. This finding suggests that



affective factors such as stress and anxiety, along with external influences like curated content and social comparison, can weaken one's perceived behavioral control—an essential element in TPB. Second, the study innovatively integrates psychological and technological perspectives in explaining impulsive consumer behavior. Emotional distress experienced by the digital generation, coupled with exposure to curated content, algorithmic media, and influencer marketing, creates an environment that significantly promotes unplanned and maladaptive spending (Dhir et al., 2021; Chae, 2018). Third, contextually, this study provides important empirical contributions to the relatively under-researched phenomenon of doom spending in Indonesia. Using data from university students aged 17–25 at the Institut Teknologi dan Bisnis Ahmad Dahlan, the study addresses a local research gap in digital financial behavior in developing countries (Snapcart, 2024; DaryaVaria, n.d.).

From a practical perspective, the study yields several actionable recommendations for financial education and policy design. Fourth, the finding that financial literacy has no significant effect on doom spending ( $p = 0.600$ ) indicates that financial knowledge alone is insufficient to promote healthy financial behavior amidst emotional and social pressures in the digital space (Atkinson & Messy, 2012; Lusardi & Mitchell, 2014). Therefore, financial literacy programs should be designed more holistically, incorporating digital media literacy and emotional regulation training to help individuals build resilience against the temptations of consumerism spread through social media. Fifth, the results support the need for behavioral economics-based interventions such as just-in-time nudges, spending alerts, and commitment devices that are tailored to the digital habits of young consumers (Gallin & Portes, 2024; Rasiman et al., 2024). These interventions go beyond education, actively shaping rational and sustainable default behaviors in the context of online consumption. In summary, this study enriches the academic discourse on digital-era financial behavior while offering a practical foundation for educators, policymakers, and digital platform developers to reduce doom spending behavior among the digital generation.

## CONCLUSION

This study confirms that social media plays a dominant and statistically significant role in shaping doom spending behaviour among the digital generation. At the same time, financial literacy alone is insufficient to mitigate such behavior. These findings contribute to the growing body of literature on digital-era consumer behaviour and underscore the urgency for integrative educational strategies that address both financial knowledge and digital media influences.

Based on these results, several actionable recommendations emerge. First, financial education programs should be expanded to include digital literacy components that train individuals to evaluate social media content and resist persuasive advertising critically. Second, emotional intelligence and psychological coping skills should be incorporated into curricula to equip young consumers with tools to manage stress and anxiety without turning to impulsive spending. Lastly, policymakers, educators, and content creators should collaborate in developing awareness campaigns and behavioural interventions, such as financial nudges, commitment tools, and spending



limit alerts, that align with the principles of behavioural economics and resonate with the digital habits of young generations.

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