

Analysis of the effect of Fear of Missing Out (FOMO) and the use of paylater application on impulse buying behavior (review of Maqashid Syariah)

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Abstract

This study aims to determine the effect of Fear of Missing out and the use of paylater applications on impulse buying behavior in terms of maqashid sharia. This study uses a quantitative approach using a sample of students from the Faculty of Islamic Economics and Business who use the paylater application. Data analysis using Partial Least Square (PLS). The results of the study stated that Fear of Missing Out and the use of the paylater application had an effect on impulse buying behavior. Based on the maqashid sharia review, the Fear of Missing out phenomenon and the use of paylater applications and impulse buying behavior are not in accordance with sharia goals.

Keywords: *FOMO, Paylater, impulse buying, maqashid syariah.*

Introduction

Based on the results of the population census conducted by the Indonesian Central Statistics Agency (BPS) in 2020, it is stated that 27.94% or as many as 75.49 million Indonesians are generation Z of the total Indonesian population of 270.20 million people. Generation Z was born in the era of development of communication technology and the internet and digitalization. Although Millennials and Z generations who grew up in the era of rapid advancement of information technology are influenced by these factors, this generation's fear and reluctance to isolate themselves from their social networks is getting stronger with social media. applications are becoming wider. Wegmann et al. (2017) explain this phenomenon, which manifests itself in the fear of young people of losing activity, experience and friendship due to lack of self-confidence. This is called the Fear of Missing Out (FOMO) phenomenon.

Some problems that can be said to be bad or even negative related to gen Z in creating and producing an economy are also accompanied by the consumptive nature that arises. Data submitted by Sunu Widyatmoko, Secretary General of the Indonesian Joint Funding Fintech Association that 60 percent of borrowers in the fintech (financial technology) sector are aged 19-34 years, where this age is the age of the millennial generation and generation Z.

Generation Z is very close to technologies such as social media and

financial technology (fintech) (Arner, D., J. Barberis 2015; Jagtiani, J., Lemieux 2019; Um, Shin, & Kim 2020). The use of technology without self-control gives rise to the phenomenon of FOMO and impulse buying behavior. The convenience provided by Fintech has the potential to encourage consumptive behavior and financial instability in generation Z. In fact, data states that generation Z has a lot of lending to fintech Paylater (Inkster et al. 2019; Missiame, Nyikal, & Irungu 2021).

Islam as a comprehensive religion discusses how human behavior is, including behavior in consumption. Sharia as one of the fields in Islam aims to provide a way of rules for humans not to deviate. The scholars summed up the purpose of sharia in one terminology called maqashid sharia.

Based on the description above, researchers are interested in seeing how FOMO factors and the use of the Paylater application affect impulse buying behavior? Does generation Z's behavior in using the paylater application include impulse buying behavior? How is maqasid sharia study on generation Z FOMO behavior in using paylater applications?

Literature Review

Fear of missing out (FOMO) is a psychological phenomenon in which people experience symptoms such as an obsession with worldly activities that they feel they are missing. The term was first coined by Przybylski et al. (2013), who conducted preliminary research that built the phenomenon. In addition to the field of psychology, researchers in the field of information systems management have concluded that "FoMO" is a process of shifting individual emotions towards excessive use of social media and technological tools. These researchers include Abel et al. (2016) and Lai et al. (2016).

Furthermore, the concept of FOMO can be used in a marketing world that focuses on compulsive buying behavior, by putting pressure on consumer decision-making processes (Hodkinson, 2016). Those who experience increased pressure during the decision-making process, which can manifest as guilt if they do not act in the same way as the majority, do not belong to this group. Considering previous research, Kang et al. (2019) link FoMO with basic psychological needs and social needs to be accepted into a group.

P2P lending is better known to the general public as online loans (pinjol). Especially among millennials and Gen Z, this term is known as paylater. Paylater or pay later is an installment payment system, when someone buys something, buy now pay later (BNPL). The Paylater system allows consumers to shop both online and offline. To measure the use of the paylater application, you can use the TAM (Technology Acceptance Model) model which consists of the perception of ease of use, perception of benefits, intensity of use, and attitude in use (Abbasi et al. 2021; Micu and Alexandra 2016; Morgan et al. 2019).

Impulse Buying behavior is an unplanned purchase (Rook, 1987). In research conducted by Brici, Hodkinson, & Mort (2013), there are two factors that cause impulse buying behavior, namely external factors and internal factors. External factors are the emergence of markets, retail outlets, and shopping mall environments, (Mattila & Wirtz, 2008; Mohan, Sivakumaran, & Sharma, 2013). The display in the take (Ghani & Jan, 2011), the performance of sales sites (for online stores) (Wells, Parboteeah, & Valacich, 2011), the type of food and drink

(Duarte, Raposo, & Ferraz, 2013) and the availability of money and time (Beatty & Elizabeth Ferrell, 1998), while the internal factors that come from a person's personality (Sharma, Sivakumaran, & Marshall, 2010), failure of self-control (Sultan, Joireman, & Sprott 2012), and personal pleasure when shopping at the Verhagen & Van Dolen market, 2011).

Islam never prohibits consumption activities, but Islam teaches value values and sets rules and regulations in consumption. In Islamic teachings, the way to consume and use wealth is mentioned through the purpose of sharia or called maqashid sharia.

Based on maqashid sharia, there are five elements that are the purpose of sharia, namely maintaining religion, protecting the soul, maintaining reason, guarding offspring, and guarding property. These five things are very important to preserve because they are the pillars and roots of a Muslim's life (Toriquddin, 2014). Meanwhile, consumption in Islamic teachings includes five important elements, namely, possession, purification and lawfulness, moderation, benefits and ethics or morals (Ghani, Harjin, & Ghani, 2008).

There are several previous studies related to this research, including conducted by Sari (2021) with the title "The Influence of Paylater on the Impulse Buying Behaviour of E Commerce Users in Indonesia. This research states that the ease of using paylater e-commerce in Indonesia is very good, paylater users tend to do impulse buying when shopping The next research was conducted by Santoso et al. (2021) with the title "Fomsumerism: Developing Conformity Consumption Behavior by Utilizing the Fear Of Missing Out Consumers". This study states that Conformity Consumption behavior is influenced by predictors of anxiety if isolated from the group (anxiety of isolation).

The next research was conducted by Musadik & Azmi (2019) with the research title "Impulse Buying Behaviour from Islamic Perspective: A Conceptual Paper". This research states that impulse buying behavior can cause ugliness. In the Islamic perspective, Islam struggles to resist and avoid unnecessary and inappropriate desires and is moderate in every aspect of life, so this can at avoid extravagant and extravagant behavior that inevitably results in financial difficulties and a miserable life by experiencing debt, bankruptcy, social relations problems, health and mental illness.

Another research was conducted by Dewi et al. (2022) with the title "Intentions of Millennial Interest in Adopting Online Loan Services (Peer to Peer Lending). This study states that there are two variables that significantly affect the interest in using online loan services, namely interest rates and social influence, while variables that significantly do not affect the interest in using online loan services are perceived ease of use, perceived usefulness, and government regulation

Research Methods

This research will use a quantitative approach to test generation Z drivers in impulse buying behavior. The FOMO variable consists of 3 indicators namely fear, worry and anxiety. Paylater Usage Variables based on the TAM (technology Acceptance Model) model. TAM consists of the perception of ease of use, the perception of benefits, the intensity of use, and the attitude in use. The Impulse Buying variable consists of indicators of spontaneity, the behavior of making

instantaneous decisions without consideration, excitement in buying a product, indifference to the consequences that may arise.

The research was conducted at the Faculty of Economics and Islamic Business (FEBI) UIN North Sumatra Medan with a population of all students who have used paylater in financial transactions. The number of populations is not known for certain, therefore in this study the determination of samples using the Lameshow method, for unknown populations the number of samples is at least 100 people. Then the opinion of Sugiyono (2015: 131) that the feasible sample size in the study is between 30 to 500. Then the determination of the number of 100 samples / respondents has been included in the criteria so that it is worthy of research.

Data collection used questionnaires distributed to FEBI UIN SU students. The questionnaire uses a likert scale. Based on the quantitative data collection, then an analysis is carried out through PLS, where the results of the analysis will be used as a basis for hypothesis testing to find out the extent to which Fomo and the use of Paylater in the TAM (technology Acceptance Model) model can influence or encourage generation Z behavior in using the Paylater application.

Result and Discussions

Based on the results of data collection, it can be stated that responden has the following characteristics, namely in terms of gender , there is a percentage of 73.4% of women. The range between 15 to 20 is 53.2 %. Income or pocket money of less than 1 million is 58.1%. Then the paylater application 90.3% uses shopee paylater. The use of paylater is 95.2% for consumer tif, while 4.8% is for business.

Table 1. Validity Test Results

	FOMO	Impulse Buying	Use of Paylater
FO2	0.751		
FO3	0.867		
FO4	0.779		
FO5	0.752		
FO6	0.840		
FO7	0.802		
IB2		0.656	
IB3		0.646	
IB4		0.767	
IB5		0.811	
PP1			0.747
PP2			0.849
PP3			0.869
PP4			0.863
PP5			0.668
PP7			0.776

After the validity test is carried out, it is stated that the loading factor value > 0.5 means that the data has met the assumption of validity.

Table 2. Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
FOMO	0.888	0.908	0.914	0.639
Impulse Buying	0.694	0.705	0.813	0.523
Use of Paylater	0.885	0.895	0.913	0.638

Cronbach alpha value > 0.6. This means that it has met the requirements of the data reliability test. Furthermore, the Average Variance Extracted test also shows a value of > 0.50, which states that the data meets the assumption of Variance Extracted.

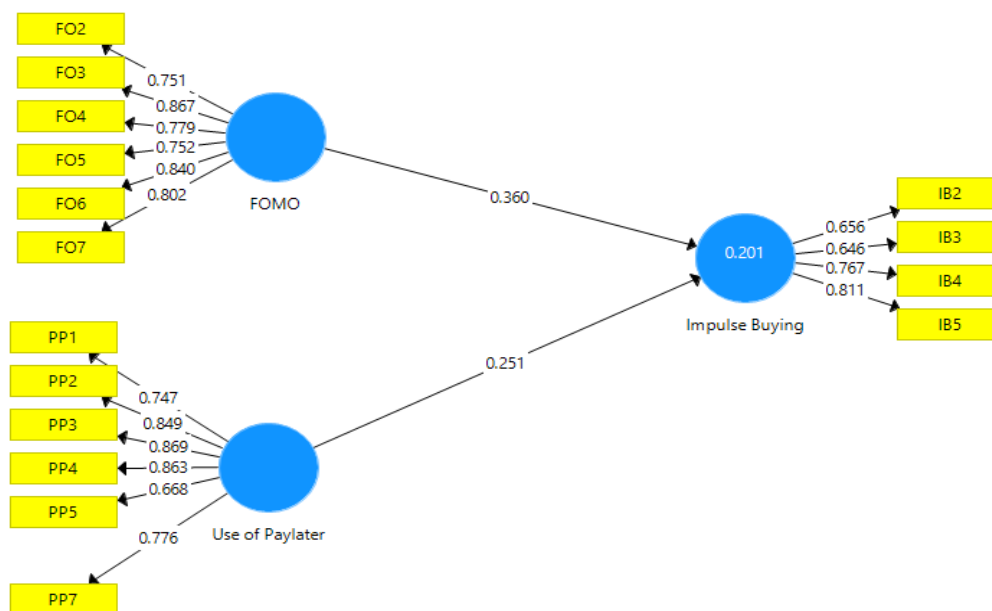


Figure 1. Structural Model Equation Model

Based on the Structural Equatio Model image, it can be stated that the indicator used to declare independent variables can be used because it has a value above 0.6. Then it can be seen that the independent variables, namely FOMO and the Use of the Paylater Application, have the ability to explain the bound variables of impulse buying behavior by 20%. This suggests that 80% is still explained by other variables not included in the model. This is seen in the following table:

Table 3. Coefficient of Determination Results

	R Square	R Square Adjusted
Impulse Buying	0.201	0.188

Table 4. Statistical t Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Hypothesis Conclusion	
						Ho	Ha
FOMO → Impulse Buying	0.360	0.376	0.080	4.503	0.000	Rejected	Accepted
Use of Paylater → Impulse Buying	0.251	0.269	0.080	3.139	0.002	Rejected	Accepted

Based on the results of the statistical t test, it can be stated that all independent variables in this study, namely FOMO and the Use of Paylater Applications, affect impulse buying behavior. This can be seen from the P Values value which < 0.05.

Based on the PLS test results, all independent variables affect the bound variables. This shows that the FOMO phenomenon and the presence of the paylater application have increased impulse buying behavior among FEBI UIN SU students.

Then when viewed from the characteristics of respondents aged from adolescence to adulthood, which is around 53.2% and then when viewed from the characteristics of respondents who are 73.4% women. This is related to FOMO and the Technology Acceptance Model (TAM) in the use of the paylater application, where women with adolescence to adulthood tend to want to exist on social media, want convenience, practical shopping, which can be obtained through the paylater application. This encourages impulse buying behavior. Then if viewed from the use of paylater which tends to be consumptive by 95.2%, then consumptive behavior is not in accordance with the guidance of maqasid sharia which teaches to be simple and more encouraging for productive activities.

Conclusion

This study states that all independent variables used, namely FOMO and the use of paylater applications, affect the determinants of impulse buying behavior. This states that the increasing phenomenon of FOMO and the presence of the paylater application have made an increase in impulse buying behavior among FEBI UIN SU students.

According to Maqashid Syariah's perspective, FOMO (Fear of Missing Out) behavior, the use of paylater applications for impulse buying behavior is not in accordance with sharia goals, namely providing benefits and preventing ugliness because impulse buying behavior, more towards a hedonistic lifestyle, love to owe indebtedness not in accordance with sharia guidance that teaches simple living, using property for benefit.

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