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Understanding Gen Z's Recommendation Behaviour for Mobile Wallets Through Innovation Diffusion Theory

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A B S T R A C T

This study investigates factors influencing Generation Z's intention to recommend mobile wallets in Indonesia by applying the Diffusion of Innovation (DOI) theory. Five innovation attributes—Relative Advantage, Compatibility, Complexity, Observability, and Trialability—were tested to examine their role in recommendation intentions. A quantitative survey was administered online to 206 respondents aged 17–26 across Indonesia during the 2024 observation period. Using Structural Equation Modeling through Smart PLS, data were analyzed to evaluate measurement and structural models. The findings show that Compatibility and Trialability significantly increase recommendation intention, while Relative Advantage, Complexity, and Observability have no significant effects. These insights help mobile wallet providers enhance platform suitability and trial opportunities to encourage organic peer-to-peer advocacy among young users

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INTRODUCTION

In the evolving landscape of globalization, technology has become a fundamental pillar shaping human activity across virtually all aspects of life. The rapid advancement of digital technologies—particularly the internet—has accelerated the global flow of information and driven widespread digital transformation across multiple sectors, including finance. One of the most transformative outcomes of this evolution is the emergence of Financial Technology (FinTech), which has redefined conventional cash-based transactions into more efficient and contactless payment systems. According to Bank Indonesia (2018), FinTech integrates financial services and technology to transform traditional cash-based payment methods into modern, digital, and accessible alternatives. Among these innovations, mobile wallets have become one of the most widely adopted forms of FinTech, enabling users to store and transact money electronically through application-based platforms (Widono et al., 2018).

The adoption of mobile wallets accelerated dramatically during the COVID-19 pandemic, as the World Health Organization (WHO) advised minimizing physical contact, including using cash. Government-imposed mobility restrictions, such as Large-Scale Social Restrictions (PSBB) and Community Activity Restrictions (PPKM), further spurred the transition toward digital transactions. Data from the Indonesian Internet Service Providers Association (APJII) and Bank Indonesia highlight a substantial increase in internet penetration and digital payment activities. According to the 2024 Internet Penetration Survey (APJII), Indonesia recorded 221.6 million internet users out of a population of 278.7 million, representing a penetration rate of 79.5%, up from 78.19% the previous year. In terms of generational distribution, Generation Z (1997–2012) dominates internet usage with 34.4%, followed by Millennials (30.62%) and Generation X (18.98%). These data underscore that younger generations drive Indonesia's digital economy, particularly e-commerce and online financial services. Complementary insights from Bank Indonesia (2023) and Dailysocial.id (2021) further confirm Indonesia's accelerating digitalization and the rapid growth of FinTech applications, especially mobile wallets.

Generation Z represents the first fully digital-native generation, born and raised in an era shaped by smartphones, social media, and constant internet connectivity (Zis et al., 2021). Technology is deeply embedded in their daily lives—communication, education, entertainment, and commerce. Studies by Kalyani (2016) and Singh (2014) identified young adults aged 18–25 were as the largest demographic of mobile wallet users, owing to their technological fluency and preference for convenience. Their behavioral traits—a desire for instant gratification, firm reliance on digital platforms, and openness to innovation—make them ideal subjects for examining FinTech adoption and peer-driven diffusion of innovations.

For this cohort, mobile wallets are considered practical, efficient, and secure tools that align with their fast-paced, tech-oriented lifestyle. During the pandemic, internet usage among Indonesians aged 20–29 surged by 70.3%, with 74% of users conducting online shopping, banking, food delivery, and investments via mobile wallets (Indonesia Digital Wallet 2nd Semester of 2020 - Jakpat Survey Report - Jakpat Insight, 2020.; Indonesia Digital Wallet Trend 1st Semester of 2020 - Jakpat Survey Report - Jakpat Insight, 2020). Following the pandemic, mobile wallet usage increased from 76% to 80%, while cash usage declined from 17% to 14%, indicating a structural behavioral shift toward contactless payments (Indonesia Digital Wallet 2nd Semester of 2020 - Jakpat Survey Report - Jakpat Insight, 20202). Major platforms such as OVO, ShopeePay, GoPay, DANA, and LinkAja experienced substantial growth, positioning Indonesia as one of the fastest-growing FinTech markets in Southeast Asia (Laporan Boku: OVO Pimpin Pangsa Pasar "Mobile Wallet" Di Indonesia - DailySocial.ID,2021).

Despite the widespread adoption of mobile wallets, research on the intention to recommend these platforms—particularly among Generation Z in Indonesia—remains limited. Prior studies (Kaur et al., 2020; Lancelot Miltgen et al., 2013; Oliveira et al., 2016; Talukder et al., 2019) were conducted mainly in non-Indonesian contexts, such as India and Europe, and may not fully capture the unique cultural, technological, and behavioral dynamics of Indonesian consumers. Moreover, while several previous studies have employed frameworks such as the Technology Acceptance Model (TAM), the Unified Theory of Acceptance and Use of Technology (UTAUT), or privacy-based models, few have comprehensively applied Rogers' Diffusion of Innovation (DOI) Theory to explain recommendation behavior.

The five core innovation attributes outlined in DOI—relative advantage, compatibility, complexity, observability, and trialability—have not yet been empirically tested as an integrated model in predicting Gen Z's intention to recommend mobile wallets in the Indonesian context. Addressing this gap provides both theoretical and practical value: theoretically, by extending the application of DOI in a post-adoption context; and practically, by offering insights for FinTech providers seeking to strengthen user engagement and advocacy in Indonesia's expanding digital economy.The introductory section is here; You can provide logical and phenomenological reasons for conducting your research. You are also required to provide a clear explanation of the contribution of your paper to knowledge enrichment. It could be present in the description of a niche sample (capturing a unique sample), theory enrichment, or an interesting result (novelty if available). A brief and direct introduction to the subject matter is very important in this research.

LITERATURE REVIEW

Diffusion of Innovation Theory

The Diffusion of Innovation (DOI) Theory, developed by Rogers (2014), explains how new ideas and technologies spread through a social system over time. Diffusion involves the communication of innovation through specific channels and social interactions (Everret M, 2014). Rogers identified four essential elements in the diffusion process: (1) the innovation itself, (2) communication channels, (3) time, and (4) the social system. Furthermore, Rogers et al. (2019) highlighted five perceived attributes influencing adoption behavior: Relative Advantage, Compatibility, Complexity, Observability, and Trialability. Generally, innovations perceived to offer greater benefits, higher compatibility, easier usability, greater visibility, and more opportunities for trial are adopted—and subsequently recommended—more rapidly

Intention to Recommend Mobile Wallets

Behavioral intention represents the degree of effort and determination an individual is willing to exert to perform a particular behavior, such as adopting a new financial technology. In the context of mobile wallets, this reflects the user's personal commitment to start or continue using the platform. In contrast, the intention to recommend denotes a separate, outward-oriented behavior—an individual's motivation to encourage others to adopt the same technology (Octavius & Antonio, 2021). Whereas adoption indicates the user's internal decision to engage with the system, recommendation captures an advocacy-driven action, reflecting satisfaction and willingness to promote the innovation within one's social circle. In today's interconnected environment, social networks amplify this distinction by allowing users to express experiences and opinions about financial services freely. Positive experiences with mobile wallets—convenience, transaction speed, and reliability—often translate into strong recommendation behavior. Rahi et al., (2018) found that satisfied customers of online payment systems are more likely to advise others to use similar platforms. Consistent with this, Lancelot Miltgen et al. (2013) and Leong et al., (2018) demonstrated that individuals who exhibit a high intention to adopt digital innovations also tend to recommend them, suggesting a sequential relationship between adoption intention and recommendation intention.

Further reinforcing this connection, Oliveira et al. (2016) and Larasati et al. (2018) emphasized that the intention to recommend emerges as a post-adoption behavior—a result of users' favorable experiences and trust in the technology. As consumers increasingly utilize social media, review sites, and online communities to share financial experiences, their advocacy is pivotal in accelerating technology diffusion. A stronger intention to adopt leads to actual use and increases the likelihood of promoting the mobile wallet to peers, amplifying its reach through word-of-mouth. Tavares and Oliveira (2018) confirmed that the intention to recommend is a reliable indicator of user endorsement, encompassing satisfaction and active persuasion to influence others' adoption decisions. Despite its strategic relevance, recommendation intention remains comparatively underexplored in FinTech research. Many studies have concentrated primarily on adoption and continued use, neglecting

the advocacy phase where users transition from consumers to promoters (Talukder et al., 2019; Octavius & Antonio, 2021). Relative advantage

Relative Advantage

Relative advantage refers to the extent to which an innovation is perceived as superior to the idea or solution it replaces (Rogers et al., 2019). This superiority may encompass economic, functional, or psychological benefits such as efficiency, convenience, or social prestige. When individuals perceive clear benefits, they are more likely to adopt and recommend the innovation.

Empirical findings on relative advantage have produced mixed results. Agag & El-Masry (2016) found that relative advantage did not directly influence users' intention to recommend online travel communities in Egypt; instead, the relationship was mediated by participation intention and attitudes. In contrast, Handayani & Arifin (2017) reported a direct positive relationship between relative advantage and recommendation intention among Indonesian users of online services. Supporting these findings, Kaur et al. (2020) identified perceived benefits as a key determinant of users' willingness to recommend mobile wallets, consistent with results from Oliveira et al. (2016) and Lancelot Miltgen et al., (2013). Overall, users who perceive greater benefits from mobile wallets are more inclined to advocate their use to others.

H1: Relative advantage positively influences the intention to recommend mobile wallets.

Compatibility

Compatibility refers to the degree to which an innovation aligns with users' values, experiences, and needs (Rogers et al., 2019). Adoption and recommendation are more likely to occur when an innovation fits seamlessly into a user's lifestyle or social context. Conversely, their acceptance may be delayed when innovations contradict existing norms and behaviours (Rogers et al., 1983). Prior studies have underscored the importance of compatibility as a social and cultural driver of recommendations. Agag and El-Masry (2016) found that compatibility indirectly affects recommendation intention through participation attitudes. Similarly, Mahapatra and Mishra (2017) and Kaur et al. (2020) confirmed that compatibility with users' routines encourages advocacy within social networks. Chu and Kim (2011) further observed that recommendations often reinforce social ties and trust, enhancing peer influence in the diffusion process. Therefore, compatibility enhances both behavioural alignment and social acceptance, resulting in a stronger intention to recommend.

H2: Compatibility positively influences the intention to recommend mobile wallets.

Complexity

Complexity describes the extent to which an innovation is perceived as difficult to understand or use (Rogers et al., 2019). Innovations that are intuitive and easy to operate tend to diffuse more quickly (Cheung et al., 2000; Chung et al., 2022). Conversely, high complexity may create cognitive barriers, discouraging use and recommendation (Kapoor et al., 2014). In the context of mobile wallets, excessive time investment, effort, or technological difficulty can reduce user satisfaction and advocacy. While Lovett et al. (2013) found that complexity might increase recommendation in offline settings—where mastering a complex process can foster pride or commitment—most digital studies reveal a negative relationship between complexity and recommendation intention. Kaur et al. (2020) observed that complicated user experiences significantly reduced adoption and intention to recommend. Users with lower digital literacy are particularly vulnerable to perceiving mobile wallets as cumbersome, decreasing the likelihood of recommendation.

Although complexity generally hinders adoption and recommendation, its impact may differ across generations. Generation Z, the first fully digital-native cohort, demonstrates unique behavioural patterns in responding to technological complexity. Raised in an era of smartphones, social media, and constant internet connectivity (Zis et al., 2021), Gen Z individuals possess high digital fluency and a strong preference for efficiency, convenience, and instant gratification (Kalyani, 2016; Singh, 2014). Their adeptness with technology makes them capable of quickly understanding new digital tools; however, it also heightens their intolerance for unnecessary friction in user experiences. Even minor usability challenges can disrupt their satisfaction and reduce their willingness to recommend, as these conflict with their expectation of seamless, fast, and intuitive interactions. Consequently, simplicity and user-friendliness are essential features that enhance adoption and recommendation behaviour among this demographic.

H3: Complexity negatively influences the intention to recommend mobile wallets.

Observability

As digital natives, Generation Z users value simplicity and engage in obvious and socially expressive technology behaviours. Their interactions with mobile wallets often extend beyond mere functional use—they become part of their social identity, shared publicly through online transactions, peer recommendations, and social media exposure. This behavioural pattern aligns closely with the observability attribute in the Diffusion of Innovation theory, which refers to the degree to which the results of an innovation are visible to others (Rogers et al., 2019). When an innovation's outcomes are observable, users are likely to discuss, demonstrate, and recommend it within their social networks. Studies by Berger and Schwartz (2011) and Lovett et al. (2013) show that visibility enhances word-of-mouth and recommendation behaviour. In the context of mobile wallets, Kaur et al. (2020) found that observability significantly influences recommendation intention, particularly when supported by government initiatives and marketing campaigns that boost public awareness. Dhir et al. (2017) further noted that young adults often use visible technologies

as impression management tools, signalling digital competence and modernity to peers. Hence, visibility and social recognition amplify recommendation behaviour by encouraging users—especially Generation Z—to share their digital experiences with others.

H4: Observability positively influences the intention to recommend mobile wallets.

Trialability

Trialability refers to the degree to which an individual can experiment with an innovation on a limited basis (Rogers et al., 2019). Innovations that offer trial opportunities—such as through instalment plans—tend to experience faster adoption rates than those that cannot be easily tested. This is because trialability helps reduce the uncertainty of adopting a new idea, allowing individuals to "learn by doing" (Everret M, 2014). Yi et al., (2006) also emphasized that an individual's willingness to try new information technologies is critical in shaping user acceptance outcomes. However, few studies have examined the relationship between trialability and users' intentions to recommend a product or service. Jamal et al., (2012) found that brand innovativeness positively impacted consumers' willingness to recommend, while Im et al., (2007) revealed that word-of-mouth significantly influenced innovative adoption behaviour (Kaur et al., 2020). Despite these insights, Kaur et al. (2020) found no significant relationship between trialability and users' intention to recommend mobile wallets in India. This finding contrasts with Rogers' theory, which suggests that innovations perceived as easier to try are more likely to be adopted due to reduced uncertainty and the opportunity for early adopters to gain firsthand experience.

H5: Trialability positively influences the intention to recommend mobile wallets.

Below is the research framework used for the study;

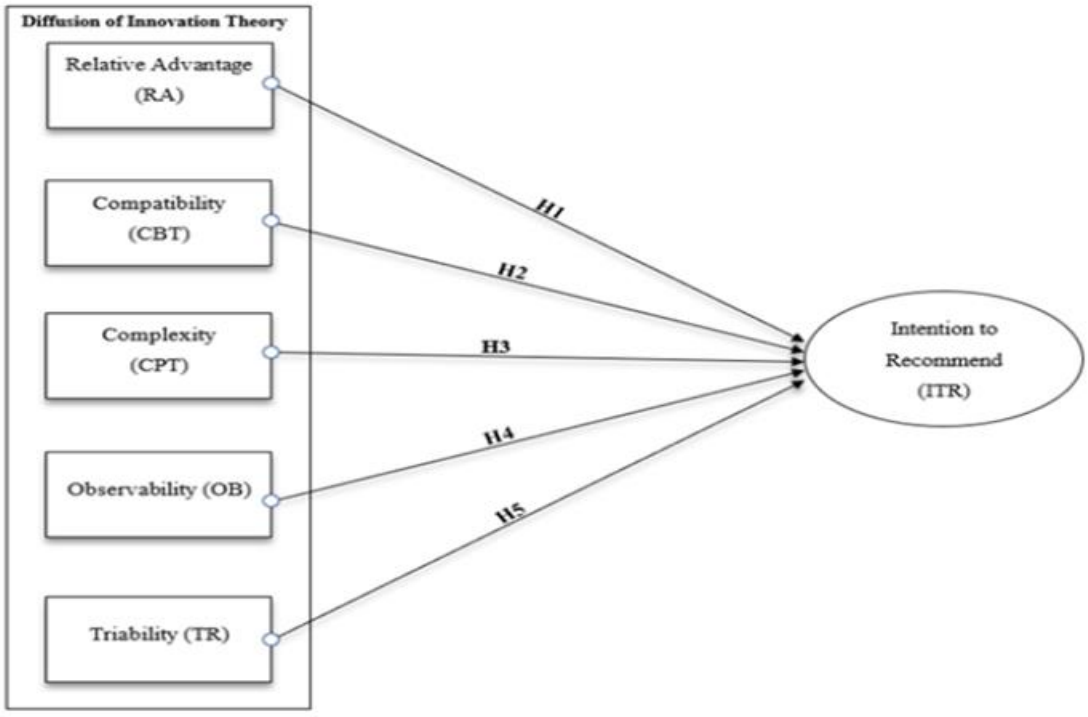

Figure 1. Research Framework

METHODOLOGY

This study applied a quantitative causal research design to examine the influence of innovation attributes—relative advantage, compatibility, complexity, observability, and trialability—on Generation Z's intention to recommend mobile wallets in Indonesia. The population comprises Indonesian mobile wallet users, and the sample includes Gen Z users aged 17–26 with at least one year of active usage, verified through screening questions. A total of 206 valid responses were collected using an online questionnaire. All constructs were measured using a five-point Likert scale and adapted from validated instruments in prior studies ((Moore & Benbasat, 1991, Jyoti et al., 2014, Agarwal & Prasad, 1997, Oliveira et al., 2016).

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS, which enabled assessment of construct validity, reliability, and causal relationships between variables. The PLS-SEM analysis consists of two main components: the outer (measurement) model and the inner (structural) model (Hair et al., 2014). The outer model assesses the reliability and validity of constructs using Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) to ensure internal consistency and convergent validity. Indicator loadings obtained through Confirmatory Factor Analysis (CFA) are acceptable at ≥ 0.50 and ideally ≥ 0.70. The inner model evaluates the causal relationships among latent variables. It examines R^2 and Q2 values for endogenous constructs, where R^2 values of 0.75, 0.50, and 0.25 indicate substantial, moderate, and weak explanatory power, respectively. The Q^2 (predictive relevance) value, obtained through the blindfolding procedure, further assesses the model's predictive accuracy, where values greater than zero indicate that the model has meaningful predictive capability for endogenous constructs. These analyses confirm the structural model's measurement quality and predictive validity. In addition, path coefficients and their significance are tested through bootstrapping to determine the support for each hypothesis.

RESULT

Demographic Profile Respondents

This study initially collected data from 216 respondents; however, 10 were excluded for not meeting the one-year usage criterion, resulting in 206 valid Generation Z mobile wallet users aged 17–26. The sample showed a balanced gender distribution (51% male, 49% female). Most respondents (69.4%) resided in Greater Jakarta, reflecting high digital adoption. At the same time, the rest were distributed across major Indonesian regions such as Bandung, Kalimantan, Surabaya, Central Java, Bali, Yogyakarta, Riau Islands, West Java, Sulawesi, South Sumatra, and one respondent living overseas.

Table 1. Respondent's Demographic

Demographic Variable		Frequency	Percentage %
Gender	Male	105	51.0
	Female	101	49.0
Age (years)	17-26 y.o	206	100.0
Domicile	Jabodetabek	143	69.4
	Bandung	10	4.9
	Surabaya	8	3.9
	Kalimantan	9	4.4
	Jawa Barat	5	2.4
	Jawa Tengah	7	3.4
	Bali	7	3.4
	Others	17	8.2

Regarding mobile wallet usage behaviour, most respondents (77.7%) had used mobile wallets for more than three years, followed by 15% who had used them for two years and 7.3% for one year. In terms of platform preference, OVO was the most frequently used service (90.8%), followed by GoPay (80.1%), DANA (49%), LinkAja (10.2%), and Uangku (0.5%).

Table 2. Respondents' Behaviour

Demographic Variable		Frequency	Percentage %
Length of using e-wallets	1 year	15	7.3
	2 years	31	15
	>3 years	160	77.7
E-wallets used	OVO	189	90.8
	Gopay	165	80.1
	Shopee Pay	147	71.4
	Dana	101	49.0
	T-Cash/Link Aja!	21	10.2
	Uangku	1	0.5

Measurement model evaluation (Outer model)
Convergent Validity Test Result

Table 3 shows that all Average Variance Extracted (AVE) values exceed the recommended threshold of 0.50, indicating that each construct demonstrates satisfactory convergent validity. These results confirm that the measurement constructs used in this study are valid and contribute to a robust overall measurement model based on data from 206 respondents

Table 3. Average Variance Extracted (AVE)

Variable	AVE	Category (>0.5)
Relative Advantage	0.669	Valid
Compatibility	0.722	Valid
Complexity	0.698	Valid
Observability	0.805	Valid
Trialability	0.883	Valid
Intention to Recommend	0.831	Valid

Table 4 reports the outer-loading coefficients for every indicator attached to each latent construct. The outer loadings for every indicator have surpassed the minimum validity threshold, which is higher than 0.7. Therefore, it is claimed that all outer loadings meet the threshold.

Table 4. Outer Loading Value

Variable	**Indicators**	**Outer Loading**	**Category (>0.7)**
Relative Advantage	RA1	0.828	Valid
	RA2	0.790	Valid
	RA3	0.820	Valid
	RA4	0.833	Valid
Compatibility	CPB1	0.840	Valid
	CPB2	0.880	Valid
	CPB3	0.829	Valid
Complexity	CPT1	0.732	Valid
	CPT2	0.854	Valid
	CPT3	0.906	Valid
Observability	OB1	0.870	Valid
	OB2	0.924	Valid
Trialability	TR1	0.937	Valid
	TR2	0.942	Valid
Intention to Recommend	ITR1	0.926	Valid
	ITR2	0.897	Valid

Reliability Testing

Table 5 shows that all constructs in the study meet the reliability thresholds based on Composite Reliability (CR) and Cronbach's Alpha values, with each variable exceeding the recommended cutoff of 0.70. Therefore, all constructs used in this study are statistically reliable. This confirms the internal consistency and reliability of the measurement instruments used

Table 5. Composite Reliability and Cronbach Alpha

Variable	Composite Reliability	Cronbach Alpha	Category (>0.7)
Relative Advantage	0.890	0.836	Reliable
Compatibility	0.886	0.808	Reliable
Complexity	0.872	0.787	Reliable
Observability	0.892	0.762	Reliable
Trialability	0.938	0.867	Reliable
Intention to Recommend	0.908	0.798	Reliable

Structural Model Evaluation (Inner Model)

Using the bootstrapping method, the structural model's evaluation includes analyzing the coefficients of determination (R^2), predictive relevance (Q^2), and t-statistics. Table 6 presents the R^2 values for the variables examined.

Table 6. Coefficient Determinant (R2)

Variable	R^2	Results
Intention to Recommend	0.313	Weak

The R^2 value for the variable Intention to Recommend (Y) is 0.313, indicating that the independent variables—Relative Advantage (X1), Compatibility (X2), Complexity (X3), Observability (X4), and Trialability (X5)—collectively explain 31.3% of the variance in users' intention to recommend mobile wallets. The remaining 68.7% is influenced by other factors not included in this study. This suggests that while the innovation attributes examined play a meaningful role, additional variables beyond this model significantly affect users' recommendation intentions. Table 7 presents the study's results related to Predictive Relevance (Q^2).

Table 7. Predictive Relevance (Q^2).

Variable	**Q^2**
Intention to Recommend	0.223

The Q^2 value for the variable Intention to Recommend is 0.223, indicating that the model possesses adequate predictive relevance. (J. F. Hair et al., 2017) stated that a Q^2 value greater than zero suggests that the model has predictive capability. The Q^2 value of 0.223 indicates that the model has acceptable predictive relevance for the intention to recommend construct, meaning the selected predictors provide a meaningful level of predictive accuracy. This reinforces the robustness of the model in explaining the recommendation behavior among Generation Z users of mobile wallets in Indonesia.

The relationships between the key variables were analyzed using t-statistic testing through the bootstrapping method. This study employed a one-tailed test with a 95% confidence level, where statistical significance is determined by a t-statistic greater than 1.65 and a p-value below 0.05. Table 8 summarizes the direct effect results for hypothesis testing.

Table 8. Hypothesis Testing

	Original Sample (O)	**T Statistics (|O/STDEV|)**	**P Values**	**Conclusion**
H_1: Relative advantage positively influences the intention to recommend mobile wallets.	0.005	0.037	0.485	Not Supported
H_2: Compatibility positively influences the intention to recommend mobile wallets.	0.385	3.661	0.000	Supported
H_3: Complexity negatively influences the intention to recommend mobile wallets	0.079	0.749	0.227	Not Supported
H_4: Observability positively influences the intention to recommend mobile wallets	0.093	1.076	0.141	Not Supported
H_5: Trialability positively influences the intention to recommend mobile wallets	0.205	2.782	0.003	Supported

DISCUSSION

H_1: Relative advantage positively influences the intention to recommend mobile wallets.

The path coefficient (original sample value) between relative advantage and intention to recommend is 0.005, suggesting a positive but negligible relationship. However, this result is not statistically significant, as indicated by a t-statistic of 0.037, well below the critical threshold of 1.65—and a p-value of 0.485, which exceeds the 0.05 significance level. These findings suggest that relative advantage does not have a meaningful impact on Gen Z's intention to recommend mobile wallets in Indonesia, resulting in the rejection of Hypothesis 1 (H_1). The findings of this study contradict those of Kaur et al. (2020), who reported a significant and positive influence of relative advantage on the intention to recommend mobile wallets in India. One possible explanation for this discrepancy is the sample size—Kaur et al. surveyed 1,256 respondents, while this study includes only 206. A larger sample may better represent the population, particularly regarding perceptions of relative advantage in recommending mobile wallets among Gen Z.

Moreover, demographic data in Table 2 of this study reveal that most Gen Z respondents have already been using mobile wallets extensively: 90.8% have used OVO for over one year, 80.1% have used GoPay, 71.4% have used ShopeePay, and 49% have used DANA. This indicates that respondents are familiar with the benefits of multiple mobile wallet platforms, such as greater convenience, efficiency, and effectiveness compared to cash transactions.

However, these perceived advantages are internalized for personal use only, rather than motivating users to advocate for mobile wallets or recommend them to others. One possible reason is that respondents do not receive direct personal benefits (e.g., incentives or social validation) from recommending mobile wallets. Additionally, most of their peers are already users, reducing the need to promote or endorse the platforms.

Therefore, the perceived relative advantage of mobile wallets among Gen Z does not significantly influence their intention to recommend them. This lack of recommendation may stem from a saturation of adoption within their peer groups and a diminishing sense of novelty or incentive to share their experience.

H_2: Compatibility positively influences the intention to recommend mobile wallets.

The path coefficient (original sample value) between compatibility and intention to recommend is 0.385, indicating a strong positive relationship. This result is statistically significant, as evidenced by a t-statistic of 3.661, well above the critical value of 1.65, and a p-value of 0.000 below the 0.05 threshold. These findings confirm that compatibility has a significant positive effect on Gen Z's intention to recommend mobile wallets in Indonesia, thereby supporting the acceptance of Hypothesis 2 (H_2). The results of this study align with the findings of Kaur et al. (2020), which demonstrate that compatibility has a significant and positive influence on the intention to recommend mobile wallets. Additionally, the results are supported by Agag & El-Masry (2016), who found that

compatibility can indirectly influence recommendation intentions through user attitudes.

In this study, all respondents were members of Gen Z residing across Indonesia, with a majority (88.4%) living in Java and Bali, regions known for better internet infrastructure than other parts of the country. Furthermore, 77.7% of the respondents reported using mobile wallets over three years. This prolonged usage suggests a high level of familiarity with both the strengths and limitations of these platforms, which likely contributes to their confidence in recommending mobile wallets based on their transaction preferences and experiences.

Interestingly, the data also indicates that users are not loyal to a single mobile wallet provider. Most respondents actively use at least three different mobile wallet services. This trend is partly attributed to strategic collaborations between mobile wallet developers and major e-commerce and marketplace platforms in Indonesia. For example, OVO is integrated with Tokopedia and Grab, offering users seamless payment for online shopping, ride-hailing, and food delivery. Similarly, GoPay is embedded within the Gojek ecosystem, which provides a broad range of services including transportation, logistics, and food delivery. ShopeePay is directly linked to Shopee, one of the leading e-commerce platforms, while DANA has partnered with Bukalapak, another prominent online marketplace.

These integrations enhance the perceived compatibility of mobile wallets by aligning them with platforms that users already interact with frequently, especially during the COVID-19 pandemic, when online transactions became essential. Respondents perceived mobile wallets as a convenient, flexible, and compatible payment method that aligns well with their digital lifestyles. This compatibility supports their adoption and motivates them to recommend mobile wallets to others, reinforcing the importance of cross-platform integration in driving user advocacy.

H_3: Complexity negatively influences the intention to recommend mobile wallets

The path coefficient (original sample value) between complexity and intention to recommend is 0.079, indicating a weak, contrary result and statistically insignificant relationship. This is supported by a t-statistic of 0.749, which falls short of the critical value of 1.65, and a p-value of 0.227, exceeding the 0.05 significance threshold. The results indicate that complexity does not significantly influence Gen Z's intention to recommend mobile wallets in Indonesia, leading to the rejection of Hypothesis 3 (H3). This outcome diverges from Kaur et al. (2020), who found complexity to be a significant and positive predictor of recommendation, but aligns with Lovett et al. (2013), who observed a non-significant or even negative relationship between complexity and recommendation behavior in digital contexts. The finding suggests that perceived complexity has become largely irrelevant for Gen Z users because modern e-wallets have evolved to be highly intuitive and effortless to use. Continuous improvements in interface design, transaction speed, and added-value features—such as cashback and integrated discounts—have minimized usability barriers (Miranda et al., 2022; Tiara Ledy Afista, 2024). Consequently,

ease of use is now a baseline expectation rather than a differentiating factor driving advocacy.

Moreover, since most respondents were urban Gen Z users in digitally mature regions like Greater Jakarta, where mobile wallet use is already normalized, their engagement with e-wallets remains utilitarian and self-focused. While they acknowledge convenience and efficiency, these factors no longer inspire recommendation behavior, suggesting that simplicity alone is insufficient to stimulate peer-to-peer promotion within this demographic.

H_4: Observability positively influences the intention to recommend mobile wallets

The path coefficient (original sample value) between observability and intention to recommend is 0.093, reflecting a weak and statistically insignificant relationship. This is evidenced by a t-statistic of 1.076, which does not meet the minimum threshold of 1.65, and a p-value of 0.141, which exceeds the 0.05 significance level. These findings indicate that observability does not significantly impact Gen Z's intention to recommend mobile wallets in Indonesia, resulting in the rejection of Hypothesis 4 (H_4). The findings of this study contradict those of previous research by Kaur et al. (2020), which reported that observability had a significant positive influence on the intention to recommend mobile wallets in India. This also contrasts with Berger & Schwartz (2011) and Lovett et al (2013), who found that the more frequently a brand is observed in public use, the more likely it is to be discussed.

This study's respondents were Gen Z individuals aged 17 to 26, primarily high school students, university students, and early-career professionals. At this stage in life, Gen Z is highly attuned to trends and technological developments popular within their peer groups. This generation often experiences FOMO (Fear of Missing Out), driving their desire to stay updated on the latest news, trends, and social conversations to remain relevant in their social circles (*GEN-Z; PENDIDIKAN HARUS BERTRANSFORMASI ~ Celoteh Pendidikan*, 2021). Gen Z is active on platforms like Instagram, TikTok, Twitter, and Facebook, engaging with trending content related to environmental issues, education, and social matters. This heightened awareness and sensitivity to societal and technological trends encourage them to observe and engage with innovations they see across various media. However, observing others using new technologies—such as mobile wallets—does not necessarily mean a desire to recommend those technologies to others.

One key reason is the perceived lack of personal benefit. If recommending a mobile wallet offers no tangible reward, Gen Z users are less likely to become advocates. Additionally, unlike fashion trends or branded products that convey status or social identity, a mobile wallet does not enhance one's image or social standing among peers. As a result, while mobile wallet usage may offer personal convenience, it does not drive users to share or promote their experiences. For Gen Z, the benefits of mobile wallets tend to remain private, not extending into outward recommendations or social endorsements.

H_5: Trialability positively influences the intention to recommend mobile wallets

The path coefficient (original sample value) between trialability and intention to recommend is 0.205, indicating a moderate and positive relationship. This association is statistically significant, supported by a t-statistic of 2.782—well above the critical threshold of 1.65—and a p-value of 0.003, below the 0.05 significance level. These results demonstrate that trialability significantly and positively influences Gen Z's intention to recommend mobile wallets in Indonesia, thereby supporting the acceptance of Hypothesis 5 (H5). The findings of this study contradict those of Kaur et al. (2020), which concluded that trialability had no significant or positive effect on the intention to recommend mobile wallets in India.

However, the results of this research align with Rogers et al., (2019) who emphasized that innovations that can be tried on a limited basis tend to be adopted more quickly, as they help reduce uncertainty and allow individuals to "learn by doing." In the context of this study, Gen Z respondents, most of whom reside in the Java-Bali region—are often early recipients of information about new technologies. However, receiving information alone does not immediately translate into the intention to try an innovation.

The findings suggest that when mobile wallets are easily trial able and gradually integrated into daily usage, Gen Z users recommend them to others. Over time, as their personal experience with the product deepens, their confidence in its value increases, motivating them to encourage peers to adopt and try mobile wallets. This highlights trialability as a meaningful factor in fostering recommendation behavior among tech-savvy Gen Z consumers in Indonesia.

CONCLUSIONS AND RECOMMENDATIONS

This study investigated the influence of five key innovation attributes—relative advantage, compatibility, complexity, observability, and trialability—on Gen Z's intention to recommend mobile wallets in Indonesia, grounded in the Diffusion of Innovation Theory. The findings provide empirical evidence that not all innovative characteristics hold equal persuasive power when encouraging recommendation behaviors, particularly within a highly digital and saturated consumer segment like Gen Z. Empirically, Compatibility and Trialability emerged as the only innovation attributes with significant positive effects on Gen Z's intention to recommend mobile wallets. On the contrary, Relative Advantage, Complexity, and Observability did not show statistically significant influence.

The strong influence of compatibility highlights the importance of ensuring that mobile wallet services integrate seamlessly into Gen Z's digital lifestyles and daily payment routines. Providers should expand ecosystem coverage by partnering with major e-commerce platforms and a wide range of offline merchants—such as restaurants, shopping centers, traditional markets, fuel stations, and EV charging points—to increase convenience, relevance, and recommendation likelihood.

Trialability also plays a key role in driving advocacy. Low-barrier trial experiences, including first-time cashback, free access to premium features, or gamified onboarding, can reduce uncertainty and build early confidence. Users become more motivated to recommend the service within their social networks as they gain familiarity and satisfaction.

Although Relative advantage, Complexity, and Observability were rated highly, their non-significant effects suggest that Gen Z sees these attributes as basic expectations rather than differentiators. Providers should therefore translate functional benefits, security, convenience—into emotionally engaging value propositions. Enhancements such as intuitive and visually appealing app interfaces, wearable payment options, and referral-based rewards can strengthen perceived modernity and user engagement.

Ultimately, embedding social-sharing features and referral incentives directly into the platform can turn individual satisfaction into collective promotion. Encouraging users to share experiences, participate in challenges, or distribute referral codes can activate peer-driven advocacy—an essential driver of recommendation behavior among Gen Z consumers.

Theoretically, this study extends the Diffusion of Innovation Theory by shifting the analytical focus from intention to adopt to the less-explored dimension of intention to recommend. This perspective deepens understanding of how innovation attributes drive not only individual acceptance but also peer advocacy in digital contexts.

FURTHER STUDY

This study is limited by its relatively small sample size of 206 Gen Z respondents, mainly from Java and Bali, which may affect the generalizability of results to other regions in Indonesia. Its cross-sectional nature also prevents observation of changes in recommendation behavior over time. Additionally, despite high perceived scores, relative advantage and observability did not significantly influence intention, possibly due to cultural or psychological factors not explored in depth. Therefore, future studies should include broader regional samples for better generalizability and consider longitudinal designs to capture behavioral changes over time. Exploring psychological mediators such as peer influence, digital trust, and FOMO can offer more profound insight. Experimental or qualitative research on referral programs, influencer campaigns, and wearable payment technologies is also recommended to assess their impact on recommendation behavior.

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