

The Effect of Financial Literacy on the Online Loan Users' Behavior (Danabijak) through Financial Attitude as an Intervening Variable

Syara Purnama Sari¹, Anuar Sanusi², Ita Fionita³

¹ Al-Madani College of Economics, Indonesia.

^{2,3} Darmajaya Institute of Informatics and Business, Indonesia

syarasari70185@gmail.com¹, anuarsanusi@ymail.co.id², viefionita@gmail.com³

ABSTRACT

The presence of Fintech in Indonesia is a warning to conventional institutions included in the financial sector. If the conventional institutions are not able to keep following of growths, the tasks and responsibilities undertaken can be switched. It is because Fintech can provide the services with ease and minimize costs than the services of existing institutions. The purpose of this study was analyzed the effect of financial literacy on the online loan users' behavior through financial attitudes as an intervening variable. The method of this study used associative method. The data analysis techniques used Smart Partial Least Square (PLS, 3.0). This research used Snowball Sampling Technique. The total of sample respondent was 100 respondents. The results of this study showed that financial literacy had a significant effect on the online loan users' behavior, financial attitudes significantly influenced the online loan users' behavior Danabijak. Meanwhile, the financial literacy had no significant effect on financial attitudes. Financial attitude was able to be intervening between financial literacy variables and Danabijak online loan user behavior variables.

Keywords: Loan User Behavior, Financial Literacy, Financial Attitudes, Fintech, and Danabijak

Copyright © 2022, International Journal of Economics, Business and Entrepreneurship | IJEBE | FEB-UNILA

INTRODUCTION

Financial behavior is one of the images of an individual in behaving when faced with a financial decision to be taken. Financial behavior can be explained as a theory based on psychological science which explains how emotions can affect the behavior of an investor. The rapid progress of economic development today, each individual must be able to become a smart consumer in order to be able to manage or manage his own finances personally by increasing financial knowledge so as to lead to healthy finances or finances.

Financial behavior studies how a person or individual behaves financially as well as studying a person's psychology that can influence the decision-making of the company, its own financial and financial markets. The concept described clearly states that financial behavior is an approach that explains how humans make investments or are related to finance influenced by psychological factors (Wicaksono, 2015).

The behavior of a person who keeps up with the changing times brings a shift in the socioeconomic life of the community. The impact of changes in a person's behavior can be seen from the change in people's consumption patterns on the activities of people who prefer something instantaneous and practical. Even with this online loan, it also changes habits and

social systems in society. Initially, people used conventional methods to make transactions manually to come to banks or loan cooperatives, but nowadays people are starting to change their habits and switch to communication technology to make transactions online.

The presence of fintech in Indonesia is a warning to conventional institutions that are included in the financial sector if they cannot keep up with developments, then the tasks and responsibilities carried out can be switched, because fintech can provide services with convenience and minimize costs compared to the services of existing institutions in advance. Today fintech deals with companies that use modern innovative technologies to shape the provision of financial services. Fintech is defined as an industry consisting of companies that use technology to make the financial system and the delivery of financial services more efficient (Financial Services Authority, 2016).

Based on this, startup companies began to appear that used Fintech services and based on digital technology to make online loans, one of which was Dana Bijak. Dana Bijak is an online loan service that offers money loans ranging from IDR 1 million to IDR 3 million, with a maximum return time of thirty days. To borrow money through DanaBijak, you only need to have a minimum monthly income of IDR 2.5 million and a verified bank account. For early borrowers, they impose one percent interest per day.

The phenomenon of online loans that is being discussed is related to the problem of customers who are late paying loans where the experience of not paying online loans that is most shared with the general public is the contact of friends, family, and co-workers of the person who borrowed. There was an entrepreneur B who was in arrears with online loan payments for 3 months so the loan provider contacted the people closest to entrepreneur B. Of course this made entrepreneur B feel humiliated because now everyone knows that he has outstanding debt arrears. (Source : <https://finance.detik.com>).

This is one of the problems that occurs if the customer is late in paying the loan. There are still many steps taken by companies when customers do not pay online loans. But actually all the experiences of not paying online loans will not happen to customers if customers pay attention to the following: 1). The first thing to do is to avoid taking a loan if your debt installments have exceeded 30% of the amount of monthly income. 2). Choosing the right loan period. 3). Read the terms and conditions that apply when taking a loan. 4). The last is to apply for an online loan at a fintech company that has been registered with the OJK. (Source : <https://finance.detik.com>).

Financial literacy is something that should be the basic needs of each individual or community in managing finances. This is because if there is a mistake in financial management, it will cause problems in finances, the most concrete example is the occurrence of economic difficulties. Economic difficulties are not only caused by the influence of income but can also be caused by errors in financial management (miss management). Therefore, financial literacy is important for the community to avoid economic difficulties, including for students. Financial literacy is a series of processes or activities to increase the knowledge, confidence, and skills of consumers and the wider community so that they are able to manage finances better (OJK, 2014).

(Chinen, 2012) say that individuals who have the ability to make correct decisions about finances will not have financial problems in the future and show healthy financial behavior and are able to prioritize needs rather than desires. In addition, individuals with higher financial knowledge tend to be better at their financial behavior when compared to respondents who have lower financial knowledge. Good financial knowledge can be said to be good if there are various sources of knowledge that can be obtained, including formal education, such as high school programs or lectures, seminars and training classes outside of school, as well as informal

resources, such as from parents, friends, and the work environment (Ida, and Dwinta, 2010). To handle personal finance systematically and successfully, knowledge is needed. Financial knowledge has a close relationship with financial literacy.

The results of research conducted by (Nujmatul, 2017) and Amanita (2017) explained that financial literacy has a significant positive influence on financial behavior. This shows that the higher the financial knowledge, the better a person's financial behavior and financial attitude will increase the use, utilization and understanding of financial products and services. People who understand the time value of money, interest on loans, interest on deposits and compounding, rate of return and investment risk, inflation definition and diversification will be better able to use financial products and services well. Meanwhile, the results of research conducted by (Aminatuzzahra, 2014) explained that financial literacy has a significant negative effect on financial behavior. This is because there are still many people who easily respond and access and are able to use financial services but do not have a good understanding and knowledge of these services.

Each individual must have a different level of financial literacy that affects their financial attitude. A person who is rational and more confident in terms of financial knowledge affects more profitable financial behavior. Because this study shows that a person generally does not have a great understanding of the level of financial knowledge, when financial knowledge is viewed objectively and subjectively. Some people believe that they have a lot of knowledge of good and rational financial behavior than someone who has a little level of knowledge (Nujmatul, 2017). The results of research conducted by (Meliza, 2013) obtained the result that financial literacy has an influence on a person's financial attitude. This result is because the level of knowledge is important because it allows individuals to understand financial attitudes and have austerity behaviors. Meanwhile, research conducted by (Dapi, 2014) explained that financial literacy negatively affects financial attitudes.

Financial attitude is also one of the factors that affect the behavior of Fintech users because, the better the financial attitude, the better the decision making. So in financial attitudes, it is necessary to increase in the indicators of self-development. Self-development in this financial case can be done by conducting surveys of more than one type (long-term, emergency savings, and short-term), saving regularly every month, paying all bills on time, avoiding debt, housing planning, insurance, early retirement planning.

The results of this study are supported by (Aminatuzzahra, 2014) the theory of the perspective of financial behavior which in financial decision makers neurologically tends to combine influences (emotions) into the decision-making process. The better a person's financial attitude or metal, the better the financial behavior in decision making. Financial attitude can be said to be good if the mindset of an individual person about his future prospects is clear, using money not only as a tool to control others and according to him money can solve problems, someone who feels it is appropriate to have money from what he has already done, someone who has a tendency not to want to spend money and someone who is good wisely divides his money for investment or saving his money in a bank (Damanik, Angela and Irane, 2016).

Research conducted by (Andrew, Vincentius, 2014), (Danes and Haberman, 2015), shows that financial attitudes have a positive effect on financial behavior. Meanwhile, research conducted by (Eru Setiawan, 2016) found that financial attitude variables have a significant negative effect on financial behavior.

The aims of this research are as follows:

1. How does financial literacy affect the behavior of online loan users?
2. How does financial literacy affect the financial attitude of online loans?
3. How does financial attitude affect the behavior of online loan users?

4. How does financial literacy affect the behavior of online loan users through financial attitudes?

LITERATURE REVIEW

Financial Behaviour. In the 1990s, a study was conducted that the theories of standard finance or traditional finance did not make a meaningful contribution in seeing the price movements of stocks or other securities. The theory of standard finance or traditional finance is often associated with modern portfolio theory and the efficient market hypothesis. This standard finance or traditional finance was developed by Eugene Fama 1965, thinking that in an efficient market the price of a security formed is a mirror of all available and relevant information about the security. In other words, the price formed is a fair value. As a result, in theory, active market participants are unlikely to get abnormal returns (beat the market) continuously because other investors will immediately know the actions taken by an investor. So the only way to get a higher rate of return on investment is to buy riskier investment assets.

Financial Technology (FinTech). FinTech points to the use of technology to provide financial solutions (Rajna et al., 2011). Specifically, FinTech is defined as the application of digital technology to problems of financial intermediation issues. In a broader sense, FinTech is defined as an industry consisting of companies that use technology to make the financial system and the delivery of financial services more efficient (Financial Services Authority, 2016). The global evolution in financial technology innovation has also influenced the development of FinTech in Indonesia. It's just that the indicators that are available and can be used to see the configuration of FinTech in Indonesia are currently still very limited. Based on the available data, only the number of companies and market sizes can be used as a reference to explain the configuration. In terms of the number of companies, in the period before 2006 the number of participating FinTech companies was only 4 companies and then increased to 16 companies in 2006-2007.

Theory of Financial Literacy. According to Skan et al., (2014) lack of knowledge about financial management principles and financial problems could explain why some families do not follow recommended financial practices. To have financial knowledge, it is necessary to develop financial skills and learn to use financial tools. Financial expertise is a technique for making financial management decisions. Financial knowledge is important, not only for the benefit of individuals. Financial knowledge is not only able to make you use finance wisely, but it can also benefit the economy. Financial knowledge has the power to change the world. Another study found that consumers were low-income, respondents with poor education, and tended to have below average financial literacy. People who have better financial knowledge will have financial behaviors such as paying all bills on time, posting expenses every month, and having an emergency fund.

Financial Attitudes. An understanding of the financial attitude of how a person helps to understand what one believes in relation to his relationship with money. Therefore, the definition of financial attitude is defined as a state of mind, opinion, and assessment about finances. According to Skan et al., (2014) The first aspect has to do with a confident personality in financial behavior, it is regardless of the approach to his career, his health, his covetousness. This is an emotional state and how confident a person is about some things or how much a person is likely to feel worried. The second element of the approach relates to whether the investor thinks methodically, carefully, and analytically in his financial behavior or a person is emotional, intuitive, and patient.

The framework was created to see the relationships between variables through images. The free variable in this study is financial literacy (X1) on the bound variable, namely financial behavior (Y) with financial attitude (Z) as a mediation variable. Based on the background of the research, literature review and the results of previous research, this research is formulated in the framework as follows:

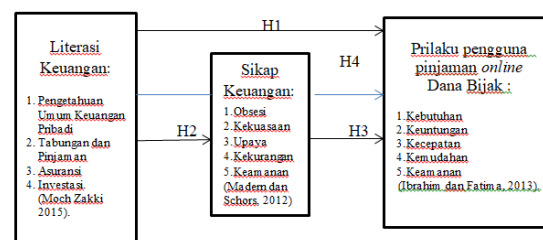


Figure 1. Framework

The hypothesis of this research is as follows:

- H1: Financial literacy has a significant effect on the behavior of online loan users.
- H2: Financial literacy has a significant effect on the financial attitudes of online loans
- H3: Financial attitudes have a significant effect on the behavior of online loan users.
- H4: Financial literacy has a significant effect on the behavior of online loan users through financial attitudes.

METHODS

The type of research used is quantitative research where the data expressed in numbers and analyzed with statistical techniques (Sugiyono, 2013). The associative research method is a study that looks for a causal influence between the free variable, namely Financial literacy (X) and the Intervening variable, namely Financial Attitude (Z) against the bound variable, namely the behavior of online loan users (Y). The population used in this study was the entire community of Bandar Lampung city as many as 1,033,803 people. The sampling technique used in this study using Nonprobability sampling is a sampling technique that does not provide equal opportunities for each element or member of the population to be selected. By using snowball sampling, this method asks for information from the first sample to get the next sample, so continuously until all research sample needs can be met. So that the number of samples was obtained, namely 100 respondents. Hypothesis testing and research data were analyzed using structural equation modeling (SEM) on the SmartPLS (Partial Least Square) software version 3.2.9.

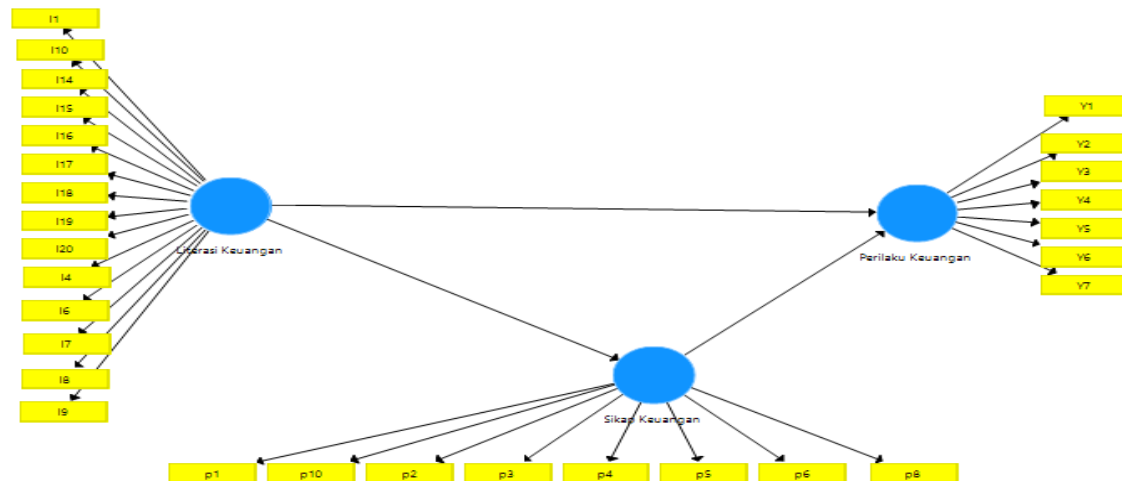


Figure 3.1 Conceptual Framework

RESULTS AND DISCUSSION

Reliability test in PLS uses two methods, namely Cronbach's alpha and Composite Reliability. Cronbach's alpha measures the lower limit of the reliability value of a construct while Composite Reliability measures the actual value of the reliability of a construct. Rule of thumb the value of alpha must be greater than 0.5. Based on the results of data processing using smart PLS, the following outputs are obtained:

Table 1. Reliability Test Results

	<i>Cronbachs Alpha</i>
Financial literacy	0,712
Financial Attitude	0,640
Behavior of online loan users	0,700

Table 4.1 above shows that the composite reliability value for all constructs is above 0.5 indicating that all constructs on the estimated model meet the criteria of discriminant validity. Cronbach's alpha composite reliability value is 0.712 for high-level financial literacy variables. A value of 0.640 for the financial attitude variable with a high reliable rate and a value of 0.700 for the behavior variable of DanaBijak online loan users with a high reliable rate. The highest cronbach's alpha composite reliability value is 0.712 for the financial literacy variable and the lowest Cronbach's alpha composite reliability value is 0.640 for the financial attitude variable.

Structural Model Analysis. Structural model measurement is done by testing the influence of one variable on another variable. The inner model can be evaluated by looking at the R-square (R²) for the dependent construct and the Q-Square (Q²) to measure how well the model generates the observation value and the t-statistical value of the path coefficient test. The value of path coefficients shows the level of significance in hypothesis testing. The results of the tests that have been carried out are as follows:

Table 2. Results of R Square Analisis Analysis

R Square	R Square
0,470	0,459

Table 2 shows that the value of the correlation coefficient (R) of 0.470 means that the level of relationship between Financial Literacy (X), Financial Attitude (Z) towards the Behavior of online loan users (Y) is quite strongly positive. The determinant coefficient R² (R Square) of 0.459 means that the ability of the Financial Literacy (X) and Financial Attitude (Z) variables to explain the behavior of online loan users (Y) of 0.459 or 45.9% while the remaining 54.1% is influenced by other factors / variables outside this study.

Tabel 3. Path Coefficients (Mean, STDEV, T-Values)

	Original Sampel	Sample Mean	STDEV	T Statistik	P Value
Financial literacy -> Behavior of online loan users	0,599	0,620	0,069	8,644	0,000
Financial literacy -> Financial Attitude	0,198	0,274	0,162	1,218	0,226
Financial Attitude -> Behavior of online loan users	0,236	0,219	0,100	2,362	0,020
Financial literacy -> Financial Behavior through financial attitudes	0,141	0,136	0,007	20,417	0,000

A measure of hypothesis supportability efficiency can be used by comparing the values of t-table and t-statistics. If the t-statistics value is higher than the t-table value, it means that the supported hypothesis or H₀ is rejected and accepts H₁. For a confidence level of 95 % (alpha 5 %) then the T-table value for the one-tailed hypothesis is $\geq 1,662$.

Based on table 3, the calculation in Financial Literacy (X) obtained a calculated t value of 8.644 while the table t value with dk (dk = 100-2 = 98) is 1.662 so t count (8.644) > t table (1.662), and the sig value (0.000) < 0.05. then H₀ is rejected and H₁ is accepted. This means that Financial Literacy has a significant effect on user behavior of online loan users. The reason for the effect of financial literacy on the behavior of online loan users is because a person generally has a great understanding of the level of financial knowledge, when financial knowledge is viewed objectively and subjectively. So that with the high level of a person's financial literacy, a person's behavior will be better because before someone makes a decision to use dana Bijak online loans, someone must first find information regarding the uses, advantages and disadvantages of the application to make it easier for someone to carry out their various activities.

Based on table 3, the calculation in Financial Literacy (X) obtained a calculated t value of 1.218 while the table t value with dk (dk = 100-2 = 98) is 1.662 so t count (1.218) < t table (1.662), and the sig value (0.226) < 0.05. then H₀ is accepted and H₁ is rejected. This means that Financial Literacy does not have a significant effect on Financial Attitudes. The reason for

the absence of financial literacy on financial attitudes is because of the individual's mindset towards money and one's perception of good financial management in the future. An individual who has a good understanding of financial literacy is not as bad as someone will think about financial planning for his future. In addition, if seseorang has high financial knowledge, they will be able to allocate their finances well, namely by not spending all their money.

Based on table 3, the calculations in Financial Attitude (Z) obtained a calculated t value of 2.362 while the table t value with dk ($dk = 100 - 2 = 98$) is 1.662 so $t_{count} (2.362) > t_{table} (1.662)$, and the sig value (0.020) < 0.05 . then H_0 is rejected and H_1 is accepted. This means that financial attitudes have a significant effect on user behavior of online loans. The reason for the influence of financial attitudes towards the behavior of online loan users is because the better a person's financial attitude or mentality, the better a person's financial behavior in making investment decisions. The results of this study also support Woodyard's research (2011) which shows a person whose financial attitude is more confident in terms of financial knowledge, financial situation, affects good financial behavior.

Based on table 3, a calculation was obtained on Financial literacy on the Behavior of online loan users (Y) through financial attitudes (Z) obtained a calculated t value of 20.417 while the table t value with dk ($dk = 100 - 3 = 97$) was 1.662 so $t_{counted} (20.417) > t_{table} (1.662)$, and the sig value (0.000) < 0.05 . then H_0 is rejected and H_1 is accepted. This means that Financial Literacy has a significant effect on the behavior of online loan users through financial attitudes. The better a person's financial attitude or mental, the better the financial behavior in making decisions in making loans (debt). So that with the high level of a person's financial literacy, a person's behavior will be better because before someone makes a decision to use Dana Bijak online loans, someone must first find information regarding the uses, advantages and disadvantages of the application to make it easier for someone to carry out their various activities. Financial attitudes believe that self-financial condition can affect future financial management, thereby increasing self-confidence in decision making. Because a wise financial attitude can actually encourage someone to manage their finances well, including in making online loans.

CONCLUSION

Based on the results of data analysis and discussions that have been carried out to answer the formulation of research problems, it can be concluded that:

1. Financial literacy variables have a significant effect on user behavior of online loan users.
2. Financial literacy variables have no significant effect on financial attitudes.
3. Financial attitude variables have a significant effect on user behavior of online loan users.
4. Financial literacy variables have a significant effect on user behavior of online loan users through financial attitudes.

References

- Aminatuzzahra. (2014). Factors Affecting the Financial Literacy of Bandung University Students ASSET. *Journal of Accounting and Education*, 2(2), 69–89.
- Andrew, Vincentius, and L. N. (2014). The Relationship between Demographic Factors and Financial Knowledge with the Financial Behavior of Private Employees in Surabaya. *FINESTA*, 02(02).
- Chinen, E. &. (2012). Factors Affecting Personal Financial Management Behaviors: Evidence from Vietnam. Proceedings of the Second Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences (AP15 Vietnam Conference). ISBN 978-1-63415-833-6.
- Damanik, Angela and Irane, H. (2016). Effect of Financial Attitude, Financial Knowledge, Parental Income on Financial Management Behavior. *Journal of Theoretical and Applied Management Year* 9, 3.
- Danes and Haberman. (2015). Financial Knowledge and the Gender Gap. *Journal of Financial Therapy*, 3(1).
- Dapi. (2014). The Influence of Financial Knowledge, Financial Attitude and External Locus of Control on Personal Financial Management Behavior in S1 Telkom University Students. *Journal of Theoretical and Applied Management*, 2(1).
- Eru Setiawan. (2016). Study of Financial Management Behavior in the People of Surabaya. *Journal of Business and Banking*, 3(1), 69–80.
- Financial Services Authority. (2016). Banking OJK Press Release Launches Higher Education Financial Literacy Book. In *online*.
- Ida, and Dwinta, C. Y. (2010). The Effect of Locus Of Control, Financial Knowledge, and Income On Financial Management Behavior. *Journal of Business and Economics And Accounting. Maranatha Christian University*, 12(3), 131–144.
- Meliza, Y. N. & S. (2013). Financial Management Attitudes and Family Investment Planning Behavior in Surabaya. *Journal of Business and Banking*, 3(1).
- Nujmatul. (2017). *Personal Financial Literacy Among University Students (Case Study At Padjadjaran University Students, Bandung, Indonesia*. 2(4), 162–171.
- Rajna, anthony, Ezat, W. S., Al Junid, S., & Moshiri. (2011). Financial management attitude and practice among the medical practitioners in public and private medical service in Malaysia. *International Journal of Business and Management*, 8(6), 105.
- Skan, Lumb, Masood, & Conway. (2014). the financial knowledge of Canadians. *Canadian Social Trends*.
- Sugiyono. (2013). *Statistics for Research*.
- Wicaksono, D. (2015). Analysis of the Influence of Financial Literacy and Demographic Factors on Financial Behavior in PT. Columbia Holy Branch. *Media Economics And Management*, 31(1).