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# The Influence Of Psychographic Factors, Demographic Factors, And Financial Behavior On Digital Financial Literacy

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**Abstract**

*This study aims to examine the influence of psychographic factors, demographic factors, and financial behavior on digital financial literacy among employees of the People's Welfare Bureau of the Regional Secretariat of East Java. Using a quantitative approach, The results indicate that psychographic factors have a significant positive effect on digital financial literacy, suggesting that lifestyle, attitudes toward technology, and interest in digital learning contribute to improving employees' understanding and use of digital financial services. Demographic factors were also found to have a significant positive effect on digital financial literacy, indicating that age, educational level, and income influence individuals' ability to access and manage digital financial systems. In addition, financial behavior has a significant positive effect on digital financial literacy,*

**Keywords: Psychographics, Demographics, Financial Behavior, Digital Financial Literacy, Government Employees.**

## INTRODUCTION

The rapid development of technology and information in the Society 5.0 era requires all levels of society, including professionals and academics in the field of accounting, to continuously adapt. Digital transformation has not only changed the way financial information is presented, but also how data are analyzed and reported in real time through automated and cloud-based systems. Therefore, it is essential for



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accounting students to prepare themselves to face these challenges in order to remain relevant in the midst of technological advancement. For instance, the Accounting Study Program at Universitas Gadjah Mada organized a public lecture entitled “Digital Accounting and the Future of Financial Reporting in Society 5.0,” featuring speakers from the Directorate General of Taxes to equip students with relevant insights and skills for the digital era. This theme was selected as a response from the academic community in welcoming the Society 5.0 era, which not only presents challenges in technology and information but also demands the ability to collaborate with and utilize technology for the advancement of human civilization. The rapid growth of internet usage and technological innovation has significantly affected people’s lives, both in urban and rural areas.

Understanding digital finance has become increasingly important, as with other technological innovations. Technological innovation in the financial sector not only offers benefits in terms of convenience, speed, and cost efficiency for users, but also has the potential to create various risks. Therefore, individuals are required to possess the ability to understand, analyze, manage, and communicate financial issues effectively. Along with the advancement of technological innovation, financial literacy has evolved into digital financial literacy. Digital financial literacy refers to an individual’s level of understanding regarding financial literacy supported by digital technology. This understanding includes online shopping, digital payment methods, and digital banking systems (Rahayu et al., 2022).

Similarly, in terms of financing, obtaining loans has become much easier compared to the past when people faced significant difficulties in accessing credit. One of the factors contributing to this convenience is the emergence of digital lending service platforms, commonly referred to as online loans or peer-to-peer lending services. According to Dewayani (2021), over the past two years, approximately 75% of Indonesia’s adult population has been able to access financial institution services, and many people have utilized fintech services to achieve their financial goals. However, behind the convenience offered by online lending platforms lie various negative impacts, such as high interest rates, discrepancies between the proposed and approved loan amounts, unauthorized dissemination of personal photos through communication applications to friends and family, and even threats delivered via telephone calls.

In the context of the Regional People’s Welfare Bureau of the Regional Secretariat of East Java Province, issues related to digital financial literacy can also be observed among its employees. Based on an interview conducted by the author with the personnel division of the People’s Welfare Bureau of the Regional Secretariat of East Java Province


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on January 30, 2025, employees with conservative lifestyles or those who are less open to technological change tend to experience difficulties in utilizing digital financial services, such as financial management applications and e-banking systems, to support their daily work activities.

The People's Welfare Bureau of the Regional Secretariat of East Java is a governmental work unit whose primary function is to formulate and coordinate regional policies related to improving public welfare. This function is implemented through programs in the fields of education, health, social affairs, religion, and community empowerment. Amid the rapid pace of digital transformation, the bureau also plays a role in supporting the improvement of digital literacy and financial literacy among the public, particularly to ensure that people are able to utilize technology wisely and avoid the risks associated with the misuse of digital financial services.

Phenomenon of low digital financial literacy across various segments of society has led to numerous cases involving the misuse of online lending applications, digital-based fraud, and difficulties in managing financial transactions through digital platforms. These issues are influenced by several factors affecting people's ability to understand digital finance, including psychographic factors, such as consumptive lifestyles and attitudes toward technology, as well as demographic factors, such as educational level and income. Therefore, a proper understanding of these two factors is essential for designing more effective policies and educational programs, enabling society to improve digital financial literacy and adapt more wisely to the dynamics of a technology-based economy

Financial behavior is closely related to how individuals manage and utilize their financial resources. Financial behavior refers to attitudes that emerge from an individual's ability to consider and plan ways of obtaining and allocating financial resources, enabling them to save money while accepting financial risks and aligning expenditures with their needs and available budget. According to Fiika et al. (2022), financial behavior is derived from various branches of knowledge. The first structure is psychology, which is used to analyze human behavior, thoughts, and psychological processes that may be influenced by physical conditions and external environmental factors. The second structure is finance, which concerns financial systems and the utilization of resource distribution. The final structure is sociology, which systematically examines human and group behavior by emphasizing the influence of social factors on societal attitudes and behavior.


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**Objectives**

This article intends

1. To examine and analyze the influence of psychographic factors on digital financial literacy.
2. To examine and analyze the influence of demographic factors on digital financial literacy.
3. To examine and analyze the influence of financial behavior on digital financial literacy.

## DISCUSSION

**Table 1. Outer Loading**

| | PSIKOGRAFIS (X1) | DEMOGRAFI (X2) | FINANCIAL BEHAVIOR (X3) | DIGITAL FINANCIAL LITERACY (Y) |
|---|---|---|---|---|
| **X1.1** | 0.837 | | | |
| **X1.2** | 0.886 | | | |
| **X1.3** | 0.877 | | | |
| **X1.4** | 0.860 | | | |
| **X2.1** | | 0.862 | | |
| **X2.2** | | 0.824 | | |
| **X2.3** | | 0.813 | | |
| **X2.4** | | 0.861 | | |
| **X3.1** | | | 0.917 | |
| **X3.2** | | | 0.861 | |
| **X3.3** | | | 0.837 | |
| **X3.4** | | | 0.886 | |
| **X3.5** | | | 0.860 | |
| **X3.6** | | | 0.813 | |
| **Y1.1** | | | | 0.862 |
| **Y1.2** | | | | 0.824 |
| **Y1.3** | | | | 0.947 |

Source:Smart PLS4



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Based on the outer loading results presented in the PLS model, all indicators for each variable in this study demonstrated values above 0.70. For the Psychographic variable (X1), indicators X1.1 to X1.4 showed outer loading values ranging from 0.837 to 0.886. Similarly, for the Demographic variable (X2), all indicators exhibited outer loading values between 0.813 and 0.862. Meanwhile, the Financial Behavior variable (X3) had outer loading values ranging from 0.813 to 0.917. For the dependent variable, Digital Financial Literacy (Y), all three indicators also demonstrated high outer loading values, ranging from 0.824 to 0.947. These results indicate that all indicators in this study satisfied the requirement for convergent validity, as each value exceeded the minimum threshold of 0.70. Therefore, it can be concluded that all indicators consistently represented their respective constructs and were appropriate for use in the subsequent stages of analysis.

**Table 2 Average Variance Extracted**

| | **Average variance extracted (AVE)** |
|---|---|
| PSIKOGRAFIS (X1) | 0.837 |
| DEMOGRAFI (X2) | 0.710 |
| FINANCIAL BEHAVIOR (X3) | 0.817 |
| DIGITAL FINANCIAL LITERACY (Y) | 0.852 |

Source: Smart PLS 4

The table above shows that the AVE root values and the correlations among the latent variables indicate that all variables are considered valid, as each variable has an AVE value greater than 0.50.

**Table 3 Composite Reliability**

| | **Cronbach's alpha** | **Composite reliability** |
|---|---|---|
| PSIKOGRAFIS (X1) | 0.852 | 0.791 |
| DEMOGRAFI (X2) | 0.720 | 0.730 |
| FINANCIAL BEHAVIOR (X3) | 0.817 | 0.847 |
| DIGITAL FINANCIAL LITERACY (Y) | 0.812 | 0.852 |

Source: Smart PLS 4



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The table above indicates that the composite reliability values for all variables are greater than 0.70, while the Cronbach's alpha values are greater than 0.60. Therefore, it can be concluded that all variables demonstrate a high level of reliability.

**Table 4 Coefficient of Determination ($R^2$)**

| | R-square | R-square adjusted |
|---|---|---|
| DIGITAL FINANCIAL LITERACY (Y) | 0.570 | 0.559 |

Source: Smart PLS 4

Based on the table above, the R-square ($R^2$) value obtained for the Digital Financial Literacy variable (Y) is 0.570. This value indicates that 57% of the variation or changes in Digital Financial Literacy can be explained by the three independent variables in this study, namely Psychographics (X1), Demographics (X2), and Financial Behavior (X3). Meanwhile, the remaining 43% is explained by other variables outside the scope of this research model that were not examined in this study. An $R^2$ value of 0.570 can be categorized as moderately strong, indicating that the model has good predictive capability in explaining the influence of the three independent variables on digital financial literacy among employees of the People's Welfare Bureau of the Regional Secretariat.

**Table 5 Hypothesis Result**

| | P values |
|---|---|
| **PSIKOGRAFIS (X1) -> DIGITAL FINANCIAL LITERACY (Y)** | 0.001 |
| **DEMOGRAFI (X2) -> DIGITAL FINANCIAL LITERACY (Y)** | 0.001 |
| **FINANCIAL BEHAVIOR (X3) -> DIGITAL FINANCIAL LITERACY (Y)** | 0.020 |

Source: Smart PLS 4

Psychographic variable obtained a P-value of 0.001. This value is below the significance threshold of 0.05, indicating that psychographic factors have a significant influence on digital financial literacy. Therefore, the hypothesis stating that "Psychographic Factors Influence Digital Financial Literacy" is accepted. These findings


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suggest that the psychographic characteristics of employees at the People's Welfare Bureau, such as lifestyle, attitudes toward technology, and interest in accessing digital financial information, contribute to improving their understanding and utilization of digital financial services. Employees who demonstrate a strong interest in digital learning and maintain an open attitude toward technological developments tend to possess higher levels of digital financial literacy.

Demographic variable has a P-value of 0.001. This value is lower than the significance level of 0.05, meaning that demographic factors have a significant influence on Digital Financial Literacy. Therefore, the hypothesis stating that "Demographic Factors Influence Digital Financial Literacy" is accepted in this study. These findings indicate that demographic aspects such as age, educational level, and income contribute to the level of digital financial literacy among employees of the People's Welfare Bureau of the Regional Secretariat of East Java. Higher levels of education and better socioeconomic conditions increase the likelihood that individuals possess the ability to access, understand, and manage digital financial services effectively.

Based on the testing results presented in Table 4.10, the Financial Behavior variable obtained a P-value of 0.020. This value is lower than the significance level of 0.05, indicating that Financial Behavior has a significant influence on Digital Financial Literacy. Therefore, the hypothesis stating that "Financial Behavior Influences Digital Financial Literacy" is accepted. These findings demonstrate that financial behavior, such as saving habits, expenditure management, and discipline in using digital financial instruments, plays an important role in improving digital financial literacy. Employees who exhibit well-managed financial behavior tend to be more active and efficient in accessing and utilizing digital-based financial services

## CONCLUSION

Digital financial literacy has become an essential competency in the modern digital era, particularly for employees who increasingly interact with digital financial services. Based on the findings of this study, psychographic factors, demographic characteristics, and financial behavior were found to have significant effects on digital financial literacy among employees of the People's Welfare Bureau of the Regional Secretariat of East Java Province. Psychographic factors, including individuals' interests, lifestyles, and attitudes toward technology, play an important role in enhancing their ability to understand and utilize digital financial services effectively. Furthermore, demographic characteristics such as age, educational level, and income contribute to differences in digital financial


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literacy levels among employees. The findings also indicate that positive financial behavior, reflected in financial planning, saving habits, expenditure management, and the use of digital payment instruments, significantly improves digital financial literacy.

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