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Analysis Of The Influence Of Financial Literacy, Risk Perceptions, And Lifestyle On Transaction Decisions Through Fintech Payment Paylater On Students In The City Of Semarang

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Abstract

Indonesia is one of the countries that has great potential for the growth of fintech transactions as evidenced by the various new products emerging and supported by the large number of internet users in Indonesia, where the younger generation occupies the highest portion of fintech users. One of the biggest contributors to growth is fintech payment paylaters found in e-commerce transactions. Students, as generation Z who were born and grew up surrounded by technology, are a generation that is very adaptive in adopting paylater products. However, the decision to pay using paylater requires adequate financial literacy, an understanding of the transaction risks, and what needs to be taken into account is the lifestyle of today's students which could potentially harm their collectability at SLIK OJK if not carefully considered and taken into account.

This research uses a descriptive quantitative study that uses an online survey method via Google Form to students in the city of Semarang who have made transactions using PayLater. The results of this research show that there is an influence of Financial Literacy, Risk Perception and Lifestyle together on the decision to make transactions via fintech payment paylater among students in Semarang City. However, partially, only lifestyle variables influence the decision to make transactions using fintech payment paylaters.

Keywords: Lifestyle, Transaction Decisions, Financial Literacy, Risk Perception

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INTRODUCTION

The development of the financial world today provides people with many choices in making financial decisions. Various new technology-based financial products require people to understand them more deeply if they want to use them because apart from having a series of benefits, of course there are risks inherent in the digital financial system. One of the digital financial products that is starting to spread is Financial Technology (Fintech) based products.

According to Bank Indonesia Regulation Number 19/12/PBI/2017, Fintech is the use of financial system technology that produces new products, services, technology and/or business models and can have an impact on monetary stability, financial system stability, efficiency, smoothness, security, and reliability of the payment system. Fintech has advantages in the field of innovation. Fintech promises to reshape the financial industry by cutting costs, improving the quality of financial services, and creating a more diverse and stable financial landscape (Lee, 2018).

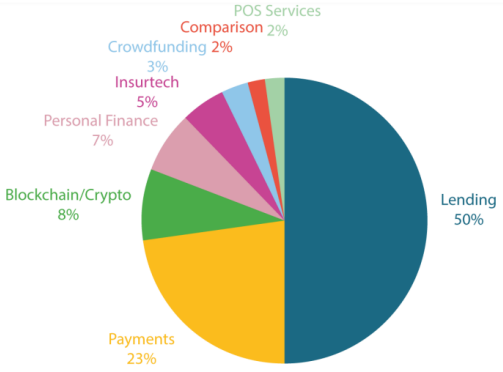


Figure 1. Development of Fintech in Indonesia
(Fintech News Indonesia from desk research, 2020)

The country of Indonesia has great potential for the growth of Fintech transactions which can be proven by the many new products that have emerged and are supported by the large number of internet users in Indonesia. The Fintech industry in Indonesia is dominated by the Lending sector at 50%, Payment at 23%, and the rest is filled by other sectors (DSResearch, 2020). This shows that currently the payments sector is in second place in controlling the Fintech market in Indonesia. One of the interesting ideas from Fintech Payment is the implementation of a pay later system (Pratika, 2020). Implementation of paylater, namely consumers can buy. the desired product without making a payment first, where payment can be made in

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installments and paid in full at the maturity of the loan. This paylater system is often found in e-commerce transactions.

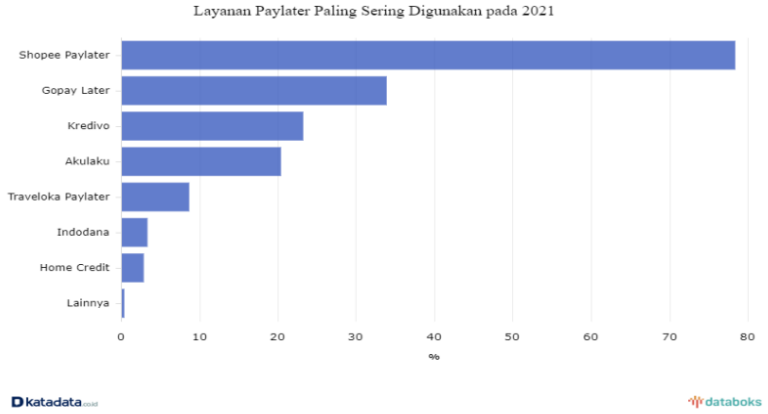


Figure 2. Most Frequently Used Paylater Services in 2021
(Databox, 2021)

The millennial generation, born in an era where internet access is easy, will make it easier for young people to understand finances quickly so they can apply them in their daily lives. For this reason, financial literacy is a very important thing to be implemented by the millennial generation, where they grow and develop debt and receivable habits that include a luxurious lifestyle and the ease of getting credit online.

Financial behavior tries to explain and increase understanding of a person's reasoning patterns, including the emotional processes involved and the extent to which they influence the decision-making process (Ricciardi, 2000). Understanding finance can also be called financial literacy. Financial literacy is the level of knowledge, skills, beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity (Financial Services Authority, 2016). Someone who has an understanding of financial literacy can make that person more careful in managing finances and able to adjust their purchases to the goods and services they will buy (Manik & Bukhori, 2019). Based on the framework of the Organization for Economic Cooperation and Development (OECD, 2016), measuring financial literacy can use three main components, namely: 1) Knowledge, 2) Behavior, 3) Attitude.

Previous research by (Silalahi, 2020) The results of this research stated that students as the millennial generation could improve their financial literacy quite well. However, they can also have a tendency to behave consumptive when shopping

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online. Another research by (Qurotaa'ayun & Krisnawati, 2019) found that generation Z (GenZ) is still at a moderate level of financial literacy, namely GenZ cannot apply it well regarding daily financial management. Using Paylater as a Fintech payment product can also be influenced by risks. Risk is an uncertainty that may cause losses to users (Nizar, 2020). This risk is certainly felt by every user (Nizar, 2020). The initial risk that users feel is the risk of crime or cyber risk. This crime can threaten every transaction carried out by consumers, even the security of each user's personal data is also not immune from the threat of this crime (Aini, 2020). Personal data leaks and data misuse can harm users. Fintech business is a business with trust between users and developers, where if there is a data leak, data falsification, data misuse, etc., it is the same as destroying trust between users and developers or vice versa (Wildan, 2019).

Apart from that, a factor that can easily influence a person's consumption behavior is lifestyle (Kotler, 2016). Lifestyle is a characteristic of a person's life that can be shown in their activities, interests and opinions which reflect that person when interacting with the surrounding environment (Kotler, 2016). Being in their late teens, GenZ will have high curiosity and be oriented towards trends and social demands which can make their consumption patterns excessive. In GenZ, consumptive behavior in using paylaters can be observed through consumption patterns to fulfill their lifestyle. (Rosyid & Lina, 2018) states that there are three aspects of consumer behavior, namely: 1) impulsive buying, 2) excessive buying, 3) irrational buying.

The trend of using paylater is growing, especially among GenZ. The more millennials like to transact using paylater, the greater the possibility of consumer behavior. The use of paylater accompanied by a good level of financial literacy will prevent consumptive behavior and other financial problems in GenZ. Apart from that, a factor that can easily influence a person's consumption behavior is lifestyle (Kotler P., 1997). People, especially GenZ, tend to follow current trends or lifestyles in developed countries. With the modern and up to date era, a person's lifestyle needs become the main thing (Jati, 2015, p. 111). A modern lifestyle coupled with a lack of understanding about managing finances makes it difficult for GenZ to control their finances. The impact of Gen Z's consumptive behavior is that they tend to fail in managing their finances. Failure to manage finances using the Paylater feature can cause someone to be in debt, which can harm their collectibility with the OJK SLIK.

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Several expert opinions and the phenomena that occur underlie this research, where researchers try to record the use of paylater in e-commerce transactions, and several factors that influence it.

OBJECTIVES

Based on the problems above, the objectives of this research are as follows:

1. Analyzing the influence of financial literacy on transaction decisions via fintech payment paylater among students in the city of Semarang
2. Analyzing the influence of risk perception on transaction decisions via fintech payment paylater among students in the city of Semarang
3. Analyzing the influence of lifestyle on transaction decisions via fintech payment paylater among students in the city of Semarang

DISCUSSION

1. Respondent Characteristics

This research took a sample of 100 student respondents in Semarang City who filled out the questionnaire via the Google Form link. The following are the characteristics of respondents obtained in the research.

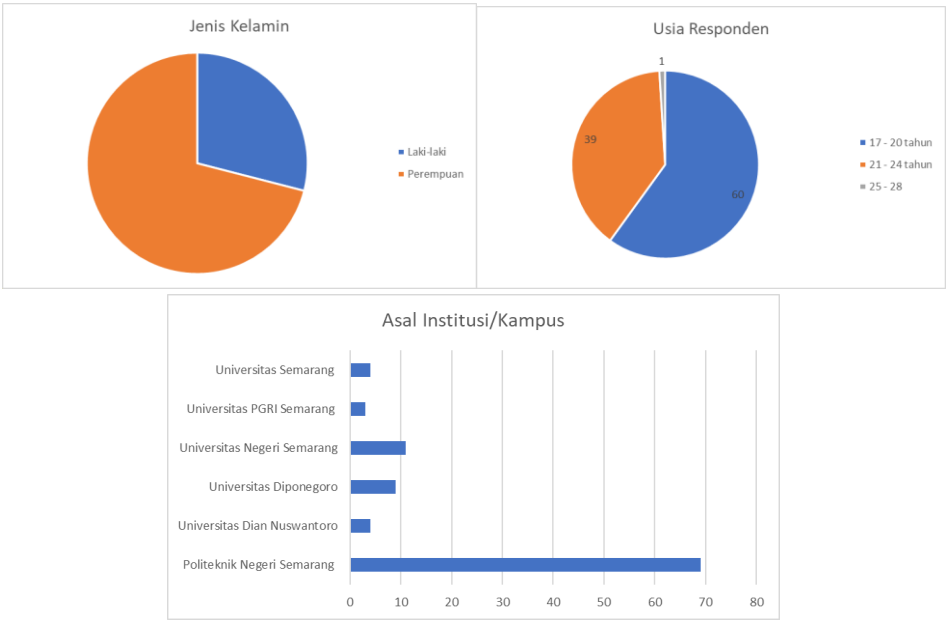


Figure 3. Characteristics of Respondents (Processed primary data, 2023)

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Based on the picture above, 71% of respondents were female, and 29% were male. Meanwhile, based on age, the majority of respondents were 17.20 years old (60%) with 69% of institutional origins coming from the Semarang State Polytechnic.

2. Variable Description

2.1 Financial Literacy Variable (X1)

In terms of financial literacy indicators, all respondents understood financial technology, or fintech, products in the form of e-wallets and paylaters. However, an understanding of risk factors still needs to be instilled. All respondents have e-wallet products from several providers.

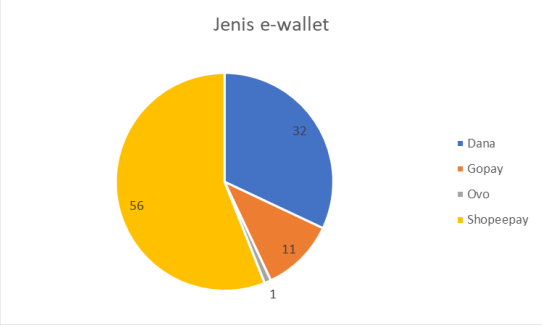


Figure 4. Producte-wallet owned by the respondent

Through open questions regarding financial literacy, most students provided input which was summarized by researchers, as follows:

1. Paylater advertisements that appear both on television and social media should be accompanied by attached consequences such as fees, fines, etc. So it's not just the benefits.
2. The complaint channel and process for resolving paylater payment responsibilities are made easier and user friendly.
3. There is regular socialization from both OJK and paylater providers regarding details of the use and risks of each product.
4. It would be better if there is filtering or filtering when registering paylaters, for example you can only register if someone has a pay slip. So, groups of people who do not have income cannot register for a PayLater account.

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2.2 Risk Perception Variable (X2)

Respondents' answers regarding risk perceptions through open questions were as follows:

1. Students know that late payments will have collection consequences from debt collectors.
2. Some students know that the consequence of arrears in paylater payments is that they are included in the OJK's SLIK records, but there are also students who don't know this.
3. Students are still confused about dealing with pay later bills and have not been able to provide funding solutions to cover fines and bills that are late in payment, because they do not have a steady income.

2.3 Lifestyle Variables (X3)

In the lifestyle variable, the following image shows several PayLater products commonly used by students along with the average expenditure for shopping on the marketplace using PayLater.

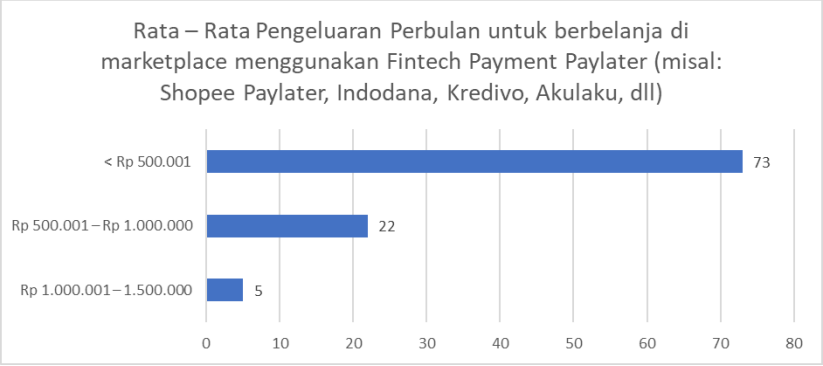


Figure 5. AverageAverage Shopping Expenditure Using Paylater

On the open question regarding lifestyle, the following is a summary of the answers from respondents which are considered to represent the respondents' answers.

1. Students consider goods purchased using paylater to be goods that are really needed
2. Purchasing goods related to lifestyle is more about fashion and make-up that follow trends, but still choose products that are considered not too expensive.
3. The use of paylater is considered as a way out to buy necessary items when pocket money is deemed insufficient to buy them with cash

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3. The Influence of Financial Literacy, Risk Perception, and Lifestyle on Transaction Decisions via Fintech Payment Paylater among Students in Semarang City

The results of the tests carried out show that the independent variable has an influence on the dependent variable. Based on the results of the F test significance value of 0.033, which is less than alpha, namely 0.05, then Ho is rejected, meaning there is an influence of Financial Literacy, Risk Perception and Lifestyle on the Decision to Make Transactions via Fintech Payment Paylater among students in Semarang City. Meanwhile, based on the t test, the results showed that only lifestyle variables had a positive and significant influence on the decision to make a transaction using fintech payment paylater.

Lifestyle is an attempt to make oneself exist in a certain way and be different from other groups. In line with Mien & Thao (2015) today's young generation grows and develops in a debt culture that is influenced by expensive lifestyles and easy credit facilities. The millennial generation tends to have a very high lifestyle because at this age the millennial generation often wants to try things that are unfamiliar or have never been done, especially products and services.

In this case, the millennial generation feels they have to follow trends or current developments that are completely up to date. This can be seen in clothing, items used, food or drinks consumed. According to (Pontania, 2016) there are several types of lifestyle, namely independent lifestyle, modern lifestyle, healthy lifestyle, hedonic lifestyle, frugal lifestyle, free lifestyle.

The results of this research are in line with Nuri Annisa Fitri and Hisbullah Basri (2021) who found the phenomenon that lifestyle influences the consumption behavior of the millennial generation in the pandemic era.

CONCLUSION

Based on the results of the research that has been carried out, the author obtained several conclusions including:

1. Based on the characteristics of the respondents, 71% of respondents were female, and 29% were male. Meanwhile, based on age, the majority of respondents were 17.20 years old (60%) with 69% of institutional origin coming from the Semarang State Polytechnic. In terms of using paylater products, 51% of students in the city of Semarang use Shopee paylater, and on average they shop at the marketplace using

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paylater as much as 73% of respondents spend five hundred thousand rupiah per month.

2. Based on the results of the F test significance value of 0.033, which is less than alpha, namely 0.05, then Ho is rejected, meaning there is an influence of Financial Literacy, Risk Perception and Lifestyle on the Decision to Make Transactions via Fintech Payment Paylater among students in Semarang City. However, partially, only lifestyle variables influence the decision to make transactions using fintech paylater.
3. The three independent variables, namely financial literacy, risk perception and lifestyle, are able to explain student behavior in making transaction decisions using fintech payment paylaters in the student group at 8.6%, while the other 91.4% can be explained by other variables outside the regression model.

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