

## Analysis of the Influence of Financial Literacy and Financial Attitudes on the Use of Electronic Payment Systems

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### Abstract

*This study is a quantitative research that aims to analyze the influence of financial literacy and financial attitudes on the use of electronic payment systems. In this study, active students of the Management study program of the Veteran National Development University of Jakarta in the 2023 academic year were used as the population and a sample of 100 respondents was taken using random sampling techniques. Data was collected by distributing questionnaires through google forms. The data analysis technique used is the Partial Least Square (PLS) analysis method with Smart PLS 4.0 software. The results of the study show that financial literacy has an effect on the use of electronic payment systems and financial attitudes have an effect on the use of electronic payment systems.*

**Keywords:** *Financial Literacy, Financial Attitude, Electronic Payment System*

### 1. Introduction

Globalization makes technological developments increasingly rapid which will later trigger changes in the use of technology in daily activities. This began to form during the Covid-19 pandemic where all activities were carried out digitally including business activities or often referred to as e-business. One form of e-business activity is an electronic payment system which is a digital or electronic-based payment method that connects sellers and buyers. According to Teoh (2013) defines electronic payments or e-payments as the exchange of funds carried out through electronic communication channels.

The development of e-payment in Indonesia is getting more sophisticated with the emergence of various features that make online transactions run faster, more effective, and certainly cashless. E-payment can be accessed via smartphone and that is why it is one of the advantages of e-payment compared to making transactions using cash. One of the spikes in the increase in the use of e-payment occurred after the expansion of online motorcycle taxi companies, namely Gojek and Grab, which implemented a cashless payment system.

Although the development of electronic payment applications is quite large in Indonesia, people have not used them optimally. Based on data (Bank Indonesia, 2022), it explains that during 2012 the volume of electronic money shopping transactions reached 100.63 million transactions with a total transaction value of around 1.98 trillion. A significant increase began in 2018, namely with a transaction volume of 2.9 billion times with a total transaction value of 47.2 trillion. When the Covid-19 pandemic began to occur in Indonesia, precisely in 2020, the value of electronic money shopping transactions increased significantly again, namely 41.16% compared to the previous year. However, there was a decrease in transaction volume throughout the January-July 2022 period to 3.87 billion transactions and a shopping transaction value of IDR 222.9 trillion. This shows that the use of electronic money in Indonesia cannot be said to be stable or increasing significantly every year.

When compared to several ASEAN countries, Indonesia is still relatively low in using electronic payment systems. Based on data (International Monetary Fund, 2022) it shows that the use of electronic payment systems in Indonesia compared to several ASEAN countries is still lagging behind, although it is still better than Vietnam. It can be assumed that there are

problems in adapting the application of electronic payment systems in Indonesia.

Technological advances such as the emergence of electronic payment systems will change the lifestyle of society. Therefore, financial intelligence is needed, namely how someone is able to plan and manage their finances in order to face all events in the future. To have financial well-being, someone needs to have skills and knowledge about how they make effective decisions in using their money, the process to gain these skills is financial literacy. According to the Financial Services Authority (OJK) in POJK Number 26 of 2016, financial literacy can be defined as knowledge, skills, beliefs that influence a person's financial attitudes and behavior in improving the quality of decision making and financial management to achieve prosperity.

Based on the 2019 financial literacy and inclusion survey published by OJK, the financial services sector of financial technology or fintech obtained the second lowest percentage of 10.90%. This also shows that financial literacy around electronic payment systems is still low in Indonesia.

To increase the use of fintech in Indonesia, a good financial management attitude is needed to influence a person's financial decisions. Financial attitude is a concept of information and emotion about learning and the results of a tendency to act positively (Yuningsih et al., 2017). With a person's financial attitude, it will create openness to the use of electronic financial services. Based on the phenomena that have been explained, the author considers it important to conduct research on the use of electronic payment systems as seen from financial literacy and financial attitudes. In this study, the author will select active students of the undergraduate management study program at the National Veteran Development University, Jakarta, in the 2023 academic year. This aims to see whether the research subjects already know and use electronic payment systems. Based on the background above, a study was conducted with the title "Analysis of the Influence of Financial Literacy and Financial Attitudes on the Use of Electronic Payment Systems".

## **2. Literature Review**

### ***Theory of Planned Behavior***

According to Ajzen and Fishben in (Lukman & Winata, 2017), the theory of planned behavior (TPB) examines that the behavior shown by individuals arises because of the intention or desire to behave.

### **Financial Literacy**

Research conducted by Rahma Dinda Atika & Suci Rohayati (2017) assumes that financial literacy is a very useful way to change behavior from not understanding finance to being smart, for example by how someone uses their income to save, invest, insure and meet their life needs.

Financial literacy is the ability to differentiate financial options, discuss money and financial issues without discomfort, plan for the future, and respond competently to life events that affect daily financial decisions, including events in the economy in general (Amanita Novi Yushita, 2017).

### **Adoption of Electronic Payments**

Over the past two decades, an increase in the prevalence of the internet has been witnessed as the education and business sectors have started investing in information systems

(Salloum & Emran, 2018). The adoption and use of electronic payment systems is an important issue that still needs further research. A number of research studies have been conducted to examine the factors influencing the adoption of electronic payment systems through the use of different theories/models, one of which is the Technology Acceptance Model (TAM).

*Technology Acceptance Model*(TAM) was developed and initially proposed by Fred Davis and Richard Bagozzi in 1989 and became a model of information system use and acceptance behavior. TAM has been widely used and adopted in a wide variety of information system applications: e-mail, spreadsheets, microcomputer use, group support systems, and expert systems. These applications are mainly focused on the influence of perceived usefulness, attitude toward use, behavioral intention, and usage behavior (Lin et al., 2016).

### **Electronic Payment System**

Electronic payment system (EPS) can be defined as any payment system that facilitates secure electronic commerce transactions between organizations or individuals (Lim et al., nd). According to Wardiana (2002) electronic payment system is a modern banking service with the use of technology that can improve performance and allow all kinds of transaction activities to be carried out quickly, precisely, and accurately, so that it can increase productivity.

### **Financial Attitude**

Financial Attitude is the use of financial concepts to generate and preserve value through the best decision making and resource management (Anthony et al., 2011). According to Bakar and Bakar (2020) that financial attitude is a strong predictor of financial problems and preventive measures from being trapped in financial problems. Financial Attitude can be an important predictor in determining behavioral intentions because their way of thinking and perception will affect financial behavior.

## **3. Research Methodology**

### **Determination of Population and Sample**

The population in this study was all active students of the undergraduate management study program, Faculty of Economics and Business, Veteran National Development University, Jakarta, academic year 2023, totaling 1020 people. The sample in this study were active students of the undergraduate management study program at the Veteran National Development University, Jakarta in the 2023 academic year. The sampling technique used was random sampling, where each element of the sample had an equal chance of being selected as a sample. The results of the Solvin calculation show the number 91,071 to be used as respondents and will be rounded up to 100 to minimize errors in the questionnaire results.

The technique in collecting data in this study is a questionnaire that will be given through a Google form. The Google form will contain questions about financial literacy, financial attitudes, and the use of electronic payment systems. This study applies quantitative research methods, which can be interpreted as research that focuses on numerical data analysis and data processing with statistical methods. The data that has been collected in Microsoft Excel will be processed using SmartPLS 4.0 software. Data analysis was conducted by applying descriptive analysis techniques. According to the explanation by Ferdinan (2014, p. 229),

descriptive data analysis aims to provide an empirical description or explanation of the data that has been collected in the study.

#### **4. Discussion**

The t-value of 5.263 > table 1.661 and the P values (significance) of 0.000 < 0.05 indicate that  $H_0$  is rejected and  $H_a$  is accepted. Therefore, it is determined that financial literacy has an influence and is significant to the electronic payment system. The findings of this study illustrate the individual's understanding of financial literacy which in turn impacts their use of electronic payment systems. Because financial literacy is fully understood and carried out by active students of the undergraduate management study program at the National Veteran Development University, Jakarta, in the 2023 academic year. This study revealed that most active students of the undergraduate management study program at the National Veteran Development University, Jakarta, in the 2023 academic year are accustomed to investing and managing their financial future, according to the highest index value of the questionnaire answers to the financial literacy variable question (setting aside income for savings) with an index percentage of 80%. This shows that a high level of education influences a good understanding of finance. Therefore, financial literacy implies that the more someone understands how to manage their finances, the more often they will use electronic payment systems. This is because individuals who have good financial literacy make them choose options that are more beneficial to their finances when making transactions. This study strengthens previous research conducted by (Foster et al., 2022; Li et al., 2020; Lo Prete, 2022; Morgan et al., 2019), all of which concluded that financial literacy influences the use of fintech including electronic payment systems.

The t-value of 5.663 > table 1.661 and the P values (significance) of 0.000 < 0.5 indicate that  $H_0$  is rejected and  $H_a$  is accepted. Therefore, it is determined that financial attitudes influence and are significant to the electronic payment system. The findings of this study illustrate the individual's understanding of financial attitudes which in turn impact their use of electronic payment systems. This is because active students of the undergraduate management study program at the Veteran National Development University, Jakarta are accustomed to being more careful in making transactions, according to the highest index value on the financial attitude variable questionnaire question (before I buy something, I consider carefully whether I can buy it) with a total index value of 82.8%. Electronic payment systems are a good option for them to transact because they are in accordance with their financial attitudes. This study aims to complement the results of previous studies conducted by (Napitupulu et al., 2021; Pradiningtyas & Lukiasuti, 2019; Rohmanto & Susanti, 2021). With the financial attitude possessed by a person, it will create openness to the use of electronic financial services that are in accordance with the financial management of each individual.

#### **5. Conclusion**

Researchers have studied the influence of financial literacy and financial attitudes on the use of electronic payment systems on active students of the undergraduate management study program at the National Veteran Development University, Jakarta, in the 2023 academic year through this research. According to the results of data processing, analysis, and discussion that have been carried out, the conclusions are as follows:

1. Financial Literacy Affects Electronic Payment Systems

## 2. Financial Attitudes Affect Electronic Payment Systems

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