Effect of Financial Literacy and Fintech Payment of Financial Management Behavior with Internal Locus of Control as Moderator

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Abstract

This study examines private university students in West Jakarta which aims to determine the effect of financial literacy and fintech payments on financial management behavior with internal locus of control as a moderator variable. The dependent variables used are financial literacy and fintech payments. The analysis of this study used multiple linear regression with SPSS 27 (Statistical Package for Social Science). The results of this study indicate that: (a) financial literacy influences financial management behavior; (b) fintech payments affect financial management behavior; (c) internal locus of control strengthens the relationship between financial literacy and financial management behavior; (d) the internal locus of control strengthens the relationship between fintech payments and financial management behavior.

Keywords: financial literacy, fintech payments, financial management behavior, locus of control

Introduction

Financial Management Behavior is the basic ability of a person to be able to manage day-to-day finances effectively based on planning, managing, budgeting, controlling, checking and storing. The emergence of financial management behavior is the impact of a person's great desire to fulfill his life needs in accordance with the level of income earned. This increase in demand is also motivated by the ease of managing finances, especially the use of technology as a tool for conducting economic transactions (Kholilah & Irmani, 2013).

Basically managing the financial sector or financial management behavior in the midst of technological advances is very important to achieve financial prosperity. However, according to Yanuar (2020), people, especially the younger generation, currently have a minimal level of concern for financial management behavior. Based on the results of a survey conducted by the Katadata Insight Center (KIC) in 2021, the financial condition of generation Y (millennials) and generation Z deteriorated by 33.1% at the end of 2021. This condition was affected by declining business income, termination of employment (PHK) , increased health expenditures,

salary cuts, loss-making investments and a lack of understanding of millennials and generation Z in managing finances.

Generation Y (millennial) and generation Z are the more fortunate generations because they have knowledge about the shift in technology from traditional to modern technology. However, in reality there are still many millennial and generation Z people who are unable to manage their finances due to a lack of understanding regarding the use of modern technological assistance such as fintech payments and a lack of understanding of financial literacy. According to the results of a survey conducted by OJK, millennials have a low level of financial literacy, this is in line with the Indonesia Millennial Report in 2019 which shows that only 2% of millennials in Indonesia have investments (Aziz, 2021).

Both financial literacy and fintech payments in the scope of implementing financial management behavior are also influenced by locus of control. Locus of control is a psychological concept that refers to an individual's beliefs about the degree to which they have control over their lives and decisions. According to Rotter (1966) locus of control can be seen from two types, namely internal locus of control and external locus of control. Individuals with an internal locus of control believe they have control over their lives and decisions. Meanwhile, individuals with an external locus of control tend to feel that their lives and decisions are determined by external factors, such as fate, luck, or the influence of other people.

Based on research conducted by Suwastika & Adnyana (2018), it shows that locus of control strengthens the relationship between financial literacy and financial management behavior. According to Hidayah & Martani (2019) it shows that locus of control strengthens the relationship between fintech payments and financial management behavior. Based on research conducted by Mukti et al., (2022) fintech payments and financial literacy have a positive effect on financial management behavior, whereas according to research conducted by Selian (2020) fintech has no significant effect on financial management behavior.

Other research, according to Hidayah & Martani (2019) fintech has a positive and significant relationship to financial management behavior through internal locus of control, but there is no significant effect on external locus of control. According to research conducted by Sari & Yuningsih (2020), locus of control does not have a moderating effect on the relationship between financial literacy and financial management behavior.

Referring to previous research, there is an inconsistent influence between fintech payments on financial management behavior in that research conducted by Hidayah & Martani (2019) fintech has a positive effect on financial management behavior, whereas according to Selian (2020) fintech has no effect on financial management behavior. In addition, there are limitations to research that uses internal locus of control variables as variables that strengthen these variables. For this reason, researchers are trying to refine previous research on financial literacy and fintech payments to re-examine how they affect financial management behavior by using internal locus of control as a moderating variable.

Literature review

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Theory of Planned Behavior(TPB)

Theory of Planned Behavior (TPB) has a perspective based on beliefs that can influence someone to take certain actions. The theory of planned behavior can be used to describe behavior that requires planning. There are three main factors in the Theory of Planned Behavior (TPB) that can influence human behavior, namely attitudes, subjective norms and perceived behavioral control (Ajzen, 1991). It can be concluded that these three factors are interrelated and can influence human behavior.

Financial Management Behavior

Financial management behavior (financial management behavior) is a person's ability to manage daily financial funds, through planning, budgeting, checking, managing, controlling, searching and storing. Financial behavior, according to Anugrah (2018), is related to a person's responsibility in managing their finances, including in terms of financial planning and management. According to Kholilah & Irmani (2013), financial management behavior indicators consist of four components, namely consumption, cash-flow management, saving and investment and credit management. According to Dian (2005), there are 2 factors that can influence financial behavior, namely learning in universities and family financial education.

Financial Literacy

*Financial literacy*is a need that is owned by every need that is owned by every individual that is mandatory in order to create good financial management in order to avoid financial problems. According to Lusardi & Mitchell (2014), financial literacy refers to the knowledge and skills of individuals in managing their personal finances effectively. There are several factors that affect the level of financial literacy, such as education, financial experience, social environment, and age. According to Herjiono & Damamik (2016), financial literacy indicators consist of four components, namely personal financial knowledge, savings and loans, insurance, investment.

Financial Payments

*Fintech payments*or m-payment is a process in which two parties exchange the financial value of a product or service using a mobile device. According to Darmayanti & Musdholifah (2019), in general digital-based financial services that are currently developing in Indonesia can be divided into several types, namely digital wallets (e-wallets), mobile banking, payment gateways, peer-to-peer landing and crowdfunding. According to Amihsah et al., (2020) there are several factors that influence the use of fintech, namely trust in technology, ease of use, transaction costs, security and privacy and ease of access. According to Kim et al., (2016) the financial payment indicator consists of four components, namely personal mobility, relative usability, ease of use and service credibility.

Internal Locus of Control

Locus of control is a level where individuals will believe that they are the determinants of their own destiny. This statement is supported by Alfitami & Rustia (2017) who define locus of control as someone who has the power to decide the success of his life. According to Weiner et al., (1971) there is an attribution of locus of control using a 4-factor model, namely ability, effort, level of task difficulty and luck. Of these 4 factors can be divided into two components, namely (ability and effort) describes personal factors, the second (task difficulty and luck) is a description of environmental factors. Internal indicators of locus of control according to Mien & Thao (2015) consist of three components, namely control over personal life,

Research Method

This study uses a quantitative approach to the type of research in this study is a correlational approach. The data obtained is primary data obtained from distributing questionnaires from the Google form. This study has three types of research, namely variablesindependent variable which is the variable that causes the dependent variable to occur. The dependent variable is a variable that is influenced by the independent variables. Moderating Variables (moderate variables) are variables that can strengthen or weaken the influence of the independent variables on the dependent variable.

The population used in this study isStudent at a private university in West Jakarta. The sampling technique in this study was probability sampling using cluster random sampling. In this study, the researchers focused on taking a sample of students who were at a new university in West Jakarta in the period 2015 to 2018. These universities include Media Nusantara Citra University with a total of 42 students in 2020, the PLN Institute of Technology with a total of 244 students in 2020 and Dian Nusantara University with a total of 924 students in 2020, from the three universities there are 1,210 students which will be divided according to proportion. The number of students is calculated using the Isaac & Michael formula in order to get a sample and then divided into 56% 30% and 14% according to the number of students.

Results and Discussion

Data analysis was performed using the SPSS 27 program. The aaa-analysis method used in this study included.

Results

1. Descriptive Statistical Test

The results of managing data on financial literacy, financial payments, financial management behavior and internal locus of control are in the table below:

Table 1.1 Descriptive Statistical Analysis of Research Variables

	N	Minimum	Maximum	Means	std. Deviation

FL	293	1.25	4.00	3.2466	.52667
FP	293	1.25	4.00	3.2159	.55605
FMB	293	1.25	4.00	3.2406	.55452
ILoC	293	1.33	4.00	3.2906	.57797

Source: Data processed with SPSS 27 (2023)

From the descriptive analysis table above it is explained that the number of samples in this study was 293 respondents. Based on the table above, it can be concluded that respondents have a minimum value of financial literacy (FL) variable of 1.25 with a maximum total of 4.00 and a mean of 3.2466 and a standard deviation of 0.52667. The minimum value for the fintech payment (FP) variable is 1.25 with a maximum total of 4.00 and a mean of 3.2159 and a standard deviation of 0.55605. The minimum value of the variable financial management behavior (FMB) is 1.25 with a maximum total of 4.00 and a mean of 3.2406 and a standard deviation of 0.55452. The minimum value of the internal variable locus of control (ILoC) is 1.33 with a maximum total of 4.00 and a mean of 3.2906 and a standard deviation of 0.57797.

2. Statistical Test t (t-Test) / Difference Test

The results of the different test test to see financial literacy, financial payment on financial management behavior with internal locus of control as a moderating variable are shown in the following table:

Table 1.2 Paired Sample Test t Test Model 1

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	Q	Sig.
1	(Constant)	8.104	,909		8,919	,000
	FL	, 191	.060	, 186	3,199	,002
	FP	,126	.060	,123	2,111	.036

Source: Data processed with SPSS 27

1. The Financial Literacy (FL) variable has a significant value of 0.002, the value is <0.05 of the significant value, with a coefficient value of 0.191 having a positive direction of influence, meaning that financial literacy (FL) has an effect on financial management behavior (FMB), so the first hypothesis is accepted. The higher the financial literacy (FL), the higher the financial management behavior (FMB). So it can be concluded that H1: Financial Literacy Influences Financial Management Behaviorproven.
2. The Fintech Payment (FP) variable has a significant value of 0.036, the value is <0.05 of the significant value, with a coefficient value of 0.126 which has a positive direction of influence, meaning that Fintech Payment (FP) has an effect on financial management behavior (FMB), so the first hypothesis is accepted. The higher the Fintech Payment (FP), the higher the financial management behavior (FMB). So it can be concluded that H2: Fintech Payment Has an Influence on Financial Management Behaviorproven.

Table 1.3 Paired Sample Test t Test Model 2

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	.826	.162		5.113	.000
	FL	.189	.186	.180	2020	039
	FP	.747	.178	.749	4,191	.000
	FLxILoC	.178	057	.932	3.105	002
	FPxILoC	.122	057	.646	2,141	.033

Source: Data processed with SPSS 27

3. The Internal Locus of Control (IloC) variable has a significant value of 0.002, the value is <0.05 of the significant value, with a B value of 0.178 has a positive direction strengthening the financial literacy (FL) variable, meaning that the Internal Locus of Control (IloC) strengthens the relationship Financial Literacy (FL) on financial management behavior (FMB), then the first hypothesis is accepted. The higher the Internal Locus of Control (IloC), the higher the influence of financial literacy (FL) on financial management behavior (FMB). So it can be concluded that **H3: Internal Locus of Control Strengthens the Influence of Financial Literacy Against Financial Management Behavior** accepted.

4. The Internal Locus of Control (IloC) variable has a significant value of 0.033, the value is <0.05 of the significant value, with a B value of 0.122 having a positive direction strengthening the fintech payment (FP) variable, meaning that the Internal Locus of Control (IloC) strengthens the relationship between fintech payments (FP) and financial management behavior (FMB), so the first hypothesis is accepted. The higher the Internal Locus of Control (IloC), the higher the effect of fintech payments (FP) on financial management behavior (FMB). So it can be concluded that **H4: Internal Locus of Control Strengthens Fintech Payment Influence Against Financial Management Behavior** accepted.

3. F test

Table 1.4 Model 1 F test

ANOVAa

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	51,929	2	25,965	198,899	.000b
	residual	37,857	290	.131		
	Total	89,787	292			

Source: Data processed with SPSS 27 (2023)

Based on the table above, it shows that the results of the F statistical test show an F value with a significant level of 0.000. Because the significance level is much smaller than the value of 0.05, it can be said that all independent variables affect the dependent variable or it can be interpreted that the model is feasible to use.

Discussion

1. Financial Literacy (FL) Variable

The results of this study support the first hypothesis that the Financial Literacy (FL) variable has an influence on financial management behavior (FMB). This can be seen in variable 1.1 which shows that Financial Literacy (FL) has a significance value of 0.002, which means it is smaller than the significance of 0.05. So it can be concluded that the higher the level of student literacy, the higher the level of financial management behavior (FMB).

2. Fintech Payment (FP) Variable

The results of this study support the second hypothesis that the Fintech Payment (FP) variable has an influence on financial management behavior (FMB). This can be seen in variable 1.1 which shows that Fintech Payment (FP) has a significance value of 0.036, which means it is smaller than the significance of 0.05. So it can be concluded that the higher the level of use of fintech payments among students, the higher the level of financial management behavior (FMB).

3. Internal Locus of Control (IloC) Variables

The results of this study support the third hypothesis that the Internal Locus of Control (IloC) variable strengthens the relationship between financial literacy and financial management behavior (FMB). This can be seen in table 1.2 which shows that the Internal Locus of Control (IloC) has a significance value of 0.002, which means it is smaller than a significance value of 0.05. So it can be concluded that the higher the Internal Locus of Control (IloC), the higher the influence of financial literacy (FL) on financial management behavior (FMB).

4. Internal Locus of Control (IloC) Variables

The results of this study support the third hypothesis that the Internal Locus of Control (IloC) variable strengthens the relationship between fintech payments and financial management behavior (FMB). This can be seen in table 1.2 which shows that the Internal Locus of Control (IloC) has a significance value of 0.033, which means it is smaller than the significance value of 0.05. So it can be concluded that the higher the Internal Locus of Control (IloC), the higher the effect of fintech payments (FP) on financial management behavior (FMB).

Conclusion

Based on the results of the analysis that has been carried out in this study, it can be concluded that financial literacy and fintech payments have an effect on financial management behavior. This shows that the higher the level of student literacy and the level of use of fintech applications can improve financial management behavior. The internal locus of control

strengthens the relationship between financial literacy and financial management behavior, followed by an internal locus of control that strengthens the relationship between fintech payments and financial management behavior. This shows that the higher the level of internal locus of control, the higher the level of financial literacy and fintech payments on financial management behavior.

Declaration of conflicting interests

This research was conducted by highlighting the importance of financial literacy and the use of fintech payments to create financial management behavior at private universities in West Jakarta. efforts to increase financial literacy and fintech payments, increase understanding of financial management behavior among private university students in West Jakarta.

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