



**ORIGINAL ARTICLE**

## **Financial Literacy and Use of Financial Technology Payment for Consumptive Behavior**

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### **ABSTRACT**

The low knowledge of students' financial literacy so that they do not have awareness in managing finances which makes students behave consumptively, so the purpose of this study was to determine the effect of financial literacy and the use of financial technology payments on consumptive behavior of students at the Faculty of Economics and Business, Muhammadiyah University of North Sumatra. The approach used in this research is a quantitative research approach and uses primary data, the sample in this study is 100 respondents using quota sampling technique. The data analysis technique used is Structural Equation Modeling (SEM) Part Least Square (PLS). The results of the study show that financial literacy and financial technology payments have a significant effect on consumptive behavior among students of the Faculty of Economics and Business, Muhammadiyah University, North Sumatra.

**Keywords:** Financial Literacy, Financial Technology Payment , Consumptive Behavior

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## INTRODUCTION

Financial literacy is knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management in order to achieve prosperity (OJK, 2021) . Financial literacy is not only about knowledge and understanding of financial information, but also about the ability to apply financial knowledge, for example, in financial decisions and financial behavior (S Ester & Soejono, 2020) .

Consumptive behavior is the tendency to buy or consume goods that are not really needed excessively and are not based on rational considerations where individuals are more concerned with desire factors than needs (Dikria & Umi Mintarti, 2016) .

Financial literacy influences consumptive behavior, this is proven by research conducted by Sari et al (2021) entitled " The Effect Of Financial Literature and Self Control On Consumption Behavior ( Study On Students Of The Faculty Of Economics And Business Muhammadiyah University Sumatra Utara)", found that the results of the study showed that partially there was a significant effect of the Financial Literacy variable on the Consumptive Behavior of Students of the Faculty of Economics and Business Muhammadiyah University of North Sumatra.

Based on the results of previous research conducted by Santosa et al (2018) with the title "The Influence of Financial Literacy on Consumptive Behavior of Students of the STIE Yapan Surabaya Accounting Study Program", found that financial literacy has a significant negative effect on consumptive behavior. The point is that if financial literacy increases, consumptive behavior will decrease, and vice versa

Financial Technology (Fintech) is an innovation in the financial services industry that utilizes the use of technology . Fintech products are usually in the form of a system built to run a specific financial transaction mechanism (OJK, 2016) . Financial technology payments are the result of an innovative development in the financial services industry by making payments using money in non-physical or digital forms such as the use of e-wallets and e-money so that transactions become more practical and efficient.

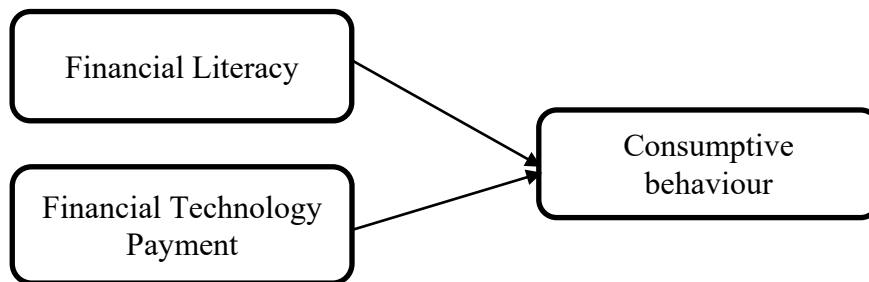
The act of buying goods with emotional considerations or what is termed (consumptive behavior) is buying behavior that is more dominated by desires beyond needs and only to fulfill desires ( Gumulya & Widiastuti, 2013) .

Financial Technology influences consumptive behavior, this is in line with research conducted by Dewi et al (2021) who found that the use of e-money has a significant direct effect on consumptive behavior. Then Sudiro's previous research (2022) proved that electronic money has a significant effect on consumptive behavior. The point is that if the interest in using electronic money increases, then the consumptive behavior will also be higher.

Financial literacy is a person's knowledge of finances that influences a person in managing their finances and making wise financial decisions and seeing the consequences in order to achieve prosperity. Financial literacy is closely related to financial management where the higher a person's level of financial literacy, the better that person's financial management ( Gunawan et al., 2020) .

Financial technology ( Fintech ) is an innovative development in the financial services industry that no longer uses money in physical form but money in digital form so that transactions become more practical and efficient. So, financial technology payments are the result of an innovative development in the financial services industry by making payments using money in non-physical or digital forms such as the use of e-wallets and e-money so that transactions become more practical and efficient. Financial transactions can be easily carried out using financial technology ( Putri & Christiana, 2021) .

Consumptive behavior is an act of someone's behavioral tendency to buy something excessively without being based on rational considerations where a person is more concerned with his desires than the need to achieve satisfaction. Individuals who cannot control their behavior in terms of shopping where the behavior is excessive and irrational and prioritize wants over needs can be interpreted as consumptive actions ( Astuti , 2013) .From some of the previous explanations it is known that there are factors that influence current student consumptive behavior including financial literacy and financial technology payments ( fintech payments ). Financial literacy can influence student consumptive behavior so that financial literacy is used as a basic reference for students so that students can manage finances and avoid financial problems. Financial problems can arise if there is an error in financial management. Financial Technology Payment ( fintech payment ) influences student consumptive behavior at this time because practical and efficient use allows students to be more comfortable in transactions and students tend to consume excessively so that they behave consumptively.



**Figure 1.** Research conceptual framework

Based on the literature review and conceptual framework, the hypothesis of this study can be: There is an effect of financial literacy on consumptive behavior in students. There is an effect of financial technology payments on consumer behavior among students., There is an influence of financial literacy and financial technology payments on consumer behavior in students.

## **METHOD**

This study consists of three variables, namely financial literacy (X1), financial technology payment (X2) as an independent or exogenous variable ( Independent ), and consumptive behavior (Y) as a dependent or endogenous variable ( Dependent ). Of the three variables, operational definitions can be derived from these variables.

Consumptive behavior (Y) is an act of someone's behavioral tendency to buy something excessively without being based on rational considerations where a person is more concerned with his desires than the need to achieve mere satisfaction. Financial literacy is a person's knowledge of finances that influences a person in managing their finances and making wise financial decisions and seeing the consequences in order to achieve prosperity. Financial technology payment is an innovative development in the financial services industry that no longer uses money in physical form but money in digital form so that transactions become more practical and efficient.

**Table 1.** Variables and Indicators Behavior Consumptive

No	Construct	Indicator	Source
1	Behavior Consumptive	1. Buying products because of the lure of gifts. 2. Bought the product because the packaging is attractive. 3. Buying products to maintain self-appearance and prestige. 4. Buying products on price considerations (not on the basis of benefits or uses). 5. Buying a product is just keeping a status symbol. 6. Using the product because of the element of conformity to the advertised model. 7. The emergence of the judgment that buying products at high prices will lead to high self-confidence. 8. Tried more than two similar products (different brands).	(Fitriyani et al., 2013)
2	Financial literacy	1. Basic knowledge of financial management . 2. Credit management. 3. Savings and investment management. 4. Risk management.	Chen & Volpe , (2019) Utomo & Kaujan, ( 2019
3	Financial technology payments	1. Economic Benefits. 2. convenience. 3. Financial Risk. 4. Continuance Intention.	Firmansyah et al., (2021)

The population and sample in this study were Semester 8 Faculty Students Economy And Business University Muhammadiyah Sumatera North with a minimum GPA of 3.00 (three) because semester 8 students already have broader financial knowledge and their behavior in managing finances tends to be more neutral and students who use financial technology payments. While the sample used was 100 students with the Quota Sampling technique. Data was collected through a structured questionnaire to ask respondents' perceptions of variables. Data analysis techniques use Structural Equatorial Modeling (SEM) – Part Least Square (PLS).

**RESULTS AND DISCUSSION**

The results of distributing questionnaires to respondents are as follows:

**Table 2.** Characteristics of Respondents

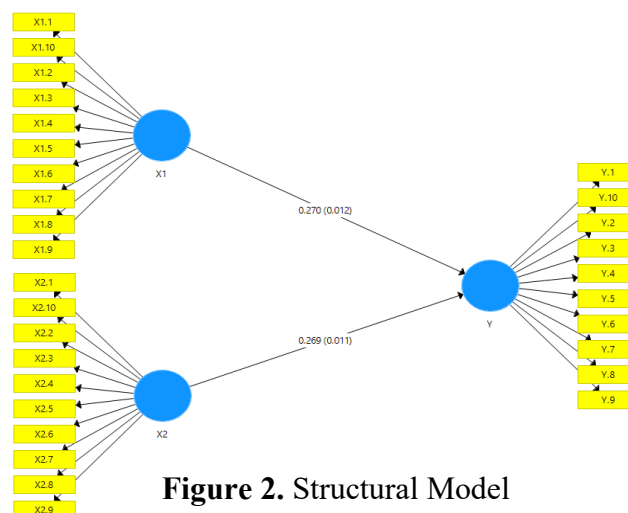
	Characteristics	Frequency	Percentage
Gender	Man	25	25%
	Woman	75	75%
	Total	100	100%
Study program	Management	94	94%
	Accountancy	6	6%
	Total	100	100%

	Characteristics	Frequency	Percentage
Semester	Eight (8)	100	100%
	Six (6)	0	0%
	Total	100	100%
GPA	More than three (> 3.00)	100	100%
	Less than three (< 3.00)	0	0%
	Total	100	100%

From table 1, it can be seen an overview of the characteristics of respondents based on gender, the majority of respondents in this study were dominated by 75 female respondents (75%) and 25 male respondents (25%), thus it can be concluded that financial literacy possessed by students to managing finances based on filling out questionnaires is dominated by female gender. That is, the description of students who have consumptive behavior at the Faculty of Economics and Business, Muhammadiyah University, in particular, are female students. The characteristics of the majority of respondents in this study were dominated by the management study program 94 respondents (94%) and the accounting study program 6 respondents (6%). Thus it can be concluded that the financial literacy of students based on filling out questionnaires is dominated by management study programs. . This means that the description of students who use financial technology payments at the Faculty of Economics and Business, Muhammadiyah University, in particular, are students of the management study program. The characteristics of the respondents in this study were the eighth semester (8), namely as many as 100 respondents (100%). This means that students' knowledge of broader finance and student behavior in managing finances tends to be more neutral, namely students in the eighth semester (8). The characteristics of the respondents in this study were students who had a GPA of more than three (> 3.00), namely 100 respondents (100%). That is, the understanding of financial literacy and financial technology in the Faculty of Economics and Business, University of Muhammadiyah, in particular, is students who have a GPA of more than three (> 3.00) because learning is more thorough and the use of financial technology media is higher on the needs of respondents in consumption behavior.

**Hypothesis test**

Testing this hypothesis uses multiple linear regression effect analysis to see the magnitude of the influence between research variables whether the relationship built is a positive or negative relationship so that it can be interpreted into an equation model.



**Figure 2. Structural Model**

**Table 3.** Hypothesis Test Results

	Original Sample	P-Values
Consumptive Behavior Financial Literacy→	0.270	0.012
Financial Technology Payment → Consumptive behavior	0.269	0.011

Thus, it can be concluded based on the values in the table above the results of the Direct Effect test are as follows: Variable X1 (Financial Literacy) on variable Y (Consumptive Behavior) path coefficient = 0.270 and P-Values = 0.012, meaning that the effect of variable X1 (Financial Literacy) on variable Y (Consumptive Behavior) is positive and significant. Variable X2 ( Financial Technology Payment ) on variable Y (Consumptive Behavior) path coefficient = 0.269 and P-Values = 0.011, meaning that the effect of variable X2 ( Financial Technology Payment ) on variable Y (Consumptive Behavior) is positive and significant.

### Discussion

Financial literacy is not only about knowledge and understanding of financial information, but also about the ability to apply financial knowledge, for example, in financial decisions and financial behavior (S Ester & Soejono, 2020) . Consumptive behavior is the tendency to buy or consume goods that are not really needed excessively and are not based on rational considerations where individuals are more concerned with desire factors than needs (Dikria & Umi Mintarti, 2016) . Based on the theory according to Santosa et al (2018) found that financial literacy has a significant negative effect on consumptive behavior. The point is that if financial literacy increases, consumptive behavior will decrease, and vice versa.

This is in line with the respondents' answers where students know financial management knowledge, can manage debt/credit finance, have savings and investments, can consider financial risks, understand the importance of financial literacy, avoid debt so as not to have burdens in the future, save regularly, ways to save money safely include saving money in a bank, knowing the importance of routinely checking expenses, and understanding payments using financial technology payments . This shows that financial literacy can affect consumptive behavior in students of the Faculty of Economics and Business, Muhammadiyah University of North Sumatra, where the level of financial literacy owned by students is not good so that students are less able to distinguish the needs and desires needed so that students tend to behave consumptively.

The results of this study are in line with the results of previous research conducted by Sari et al (2021) , whose research results show that partially there is a significant effect of the Financial Literacy variable on the Consumptive Behavior of Students at the Faculty of Economics and Business, Muhammadiyah University, North Sumatra.

Financial technology payments can affect consumptive behavior in students of the Faculty of Economics and Business, Muhammadiyah University of North Sumatra, where financial technology payments are easy to use and efficient and can be used anywhere, making it easier for students to make transactions so that students tend to behave consumptively. The act of buying goods with emotional considerations or what is termed (consumptive behavior) is buying behavior that is more dominated by desires beyond needs and only to fulfill desires ( Gumulya & Widiastuti, 2013) . Based on the theory according to Sudiro (2022) found that financial technology or electronic money has a

significant effect on consumptive behavior. The point is that if the interest in using electronic money increases, then the consumptive behavior will also be higher.

This is in line with the respondents' answers where students feel that using financial technology payments can save administrative money, using financial technology payments is easier with fast service, using financial technology payments has a smaller risk of fraud, will continue to use financial technology payments in the future, financial technology payment has a variety of useful financial services, financial technology payment has good convenience for its users, financial technology payment can reduce the risk of loss in terms of transaction costs, can recommend someone to use financial technology payment, using financial technology payment has convenience in terms of transact, behave more consumptively and prefer to transact using financial technology payments because it is easier to transact.

The results of this study are in line with the results of previous research conducted by Dewi et al (2021), whose research results show that the use of e-money has a significant direct effect on consumptive behavior.

Financial literacy (X1) and financial technology payment (X2) have a positive and significant effect on consumptive behavior (Y). This shows that the higher the use of financial technology payments, the higher the consumptive behavior of students of the Faculty of Economics and Business, Muhammadiyah University, North Sumatra. So it can be concluded that financial literacy and the use of financial technology payments together have a significant effect on consumptive behavior among students of the Faculty of Economics and Business, Muhammadiyah University, North Sumatra. This shows that financial literacy and the use of financial technology payments together can influence consumptive behavior in students of the Faculty of Economics and Business, Muhammadiyah University of North Sumatra, where with good financial literacy students will be encouraged to make the right decisions in their activities. financial management, savings, investment, and consumption. Financial literacy is closely related to financial management where the higher a person's level of financial literacy, the better that person's financial management will be (Gunawan et al., 2020). Financial technology payments are the result of an innovative development in the financial services industry by making payments using money in non-physical or digital forms such as the use of e-wallets and e-money so that transactions become more practical and efficient. Financial transactions can be easily carried out using fintech (Putri & Christiana, 2021).

This is in line with the respondents' answers where students buy products because of the lure of gifts, buy products because the packaging is attractive, buy products based on brands to maintain self-appearance and prestige, buy products on price considerations, buy products to make them look cooler in the eyes of others, buy product because the advertising model is attractive, buying a product that is more expensive can lead to self-confidence, trying two or more similar products with different brands, feeling the price of a product is very important because it can reflect product quality, buying products using financial technology payments when transact because of the lure of prizes and cashback.

Financial literacy can influence student consumptive behavior so that financial literacy is used as a basic reference for students so that students can manage finances and avoid financial problems. Financial problems can arise if there is an error in financial management. Financial Technology Payment (fintech payment) influences student consumptive behavior at this time because practical and efficient use allows students to be more comfortable in transactions and students tend to consume excessively so that they behave consumptively.

behavior is an act of someone's behavioral tendency to buy something excessively without being based on rational considerations where a person is more concerned with his desires than the need to achieve his satisfaction alone. Individuals who cannot control their behavior in terms of shopping where the behavior is excessive and irrational and prioritizes wants over needs can be interpreted as consumptive actions (Astuti, 2013) .

## CONCLUSION

Students can maintain financial literacy by utilizing learning on campus, reading books on financial management, as well as increasing skills in managing finances and applying them in everyday life and maintaining their emotions in using money wisely by differentiating needs from wants in everyday life and maintaining regular saving behavior. Then students take advantage of existing financial technology by saving and can also start investing savings funds and act wisely in order to create strong financial resilience.

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