



THE EFFECT OF FINANCIAL LITERACY AND USE OF FINANCIAL TECHNOLOGY (FinTech) ON FINANCIAL BEHAVIOR

(Study of Micro, Small and Medium Enterprises, MSMEs in Bandung Regency)

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ARTICLE INFO

ABSTRACT

ISSN: 2798-2688

Research Aims: Analyzing the Influence of Financial Literacy and the Use of Financial Technology (FinTech) on Financial Behavior in Bandung Regency Micro, Small and Medium Enterprises (MSMEs).

Design/methodology/approach: This research uses a quantitative approach through correlational methods.

Research Findings: The research results found: 1). Financial literacy has a positive and significant effect on financial behavior variables. 2). The use of financial technology (FinTech) has a positive and significant effect on financial behavior variables. 3). Financial literacy and the use of financial technology (FinTech) positively and significantly affect the financial behavior of micro, small and medium enterprises (MSMEs) in Bandung Regency.

Theoretical Contribution/Originality: Further increase knowledge of financial management by actively participating in workshops or seminars related to financial management, insurance, investment and business fund management. And increasing financial technology (FinTech) knowledge by orienting to the latest news regarding technological developments in up-to-date financial products and services.

Keywords: Financial Literacy, Use of Financial Technology, Financial Behavior, MSME actors.

Introduction

The phenomenon of financial literacy and the explosion in the use of financial technology (FinTech) is being widely discussed. Financial literacy receives special attention due to the desire of a country to have a population that has good financial intelligence and quality. People who have a high level of financial literacy means they are financially literate, they will not be too vulnerable to financial fraud, otherwise people those with low financial literacy are referred to as financially illiterate people who will be easily influenced and trapped in financial fraud. It cannot be denied that

the ability to manage finances is very important, apart from achieving financial independence in the future, knowledge about managing finances can help to avoid Fraud, whether we admit it or not, there are still many people who are tempted by the promise of high profits, so it is very easy to get caught in fraud under the guise of fake investments. Use of financial technology or what is known as FinTech. Various financial services such as digital payments, financing, insurance, investment and others can now be accessed via digital devices such as smartphones. This provides a great opportunity to increase the financial literacy of society, including MSMEs.

There are many phenomena that arise in Indonesian society regarding poor financial management. So, to minimize bad financial behavior, every individual must have a good understanding of finances so that they can avoid financial problems that might occur [1]. The profitability of Micro, Small and Medium Enterprises (MSMEs) is very dependent on the financial decisions made by the owner starting from financing to working capital management and savings decisions. Given that Micro and small Businesses have a significant impact on economic activities in most countries, low financial skills or poor financial behavior may have an adverse effect on the future of the business. This irrational financial behavior means that business actors cannot carry out financial planning and financial control properly.

Quoting from the page (OJK, National Strategy for Indonesian Financial Literacy (SNLKI) 2021 - 2025) [2] The 2019 survey showed a financial literacy index of 38.03% and a financial inclusion index of 76.19%. This shows that Indonesian society in general does not yet properly understand the characteristics of various financial products and services offered by formal financial services institutions, even though financial literacy is an important skill in the context of community empowerment, protecting consumer individual welfare, and increasing financial inclusion.

The situation of MSMEs in Bandung Regency, quoting from the page [3] the low level of knowledge and use of technology means that micro, small and medium enterprises (MSMEs) in Bandung Regency must be immediately encouraged to go digital. A low level of financial literacy causes individuals and even community groups to fall into financial traps, for example they do not understand what the real uses of financial institutions are, they do not make good planning and management, poor implementation of financial management can make them less familiar with the concept -basic concepts such as financial management, investment, and risk management.

Based on the statement above, researchers are interested in further analysis which is outlined in scientific research entitled: "The Influence of financial literacy and

the use of financial technology (FinTech) on financial behavior among business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency."

Literature Review

Financial literacy is knowledge; Skills; and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management to achieve prosperity. Meanwhile, according to Mendari [4] argues that "financial literacy can be defined as knowledge or ability with the aim of achieving prosperity". This literacy is related to a person's ability to manage and empower and plan financial processes and goals. Financial literacy can also be said to be a person's ability to obtain, understand and evaluate relevant information for decision making by understanding the financial consequences that arise. Financial literacy is part of a person's mental intelligence which is related to how to find solutions to financial problems. Financial literacy is knowledge about finance and the ability to use this knowledge (apply it) to achieve prosperity. Based on these opinions, it can be concluded that financial literacy is a process that measures how well an individual's ability understands financial concepts and applies these concepts so that good financial management can be achieved. [5]

Financial technology (FinTech) is financial technology which refers to new solutions that demonstrate innovation in the development of applications, products or business models in the financial services industry that use technology. According to Word Bank in Rahmah [1] financial technology (FinTech)an industry consisting of companies that use technology to make financial systems and the delivery of financial services more efficient.

Financial behavior can also be interpreted as a person's ability to manage daily finances including planning, budgeting, auditing, managing, controlling, finding and storing funds for the future. Financial behavior is also related to a person's financial responsibility regarding how to manage their finances. Financial responsibility is the process of managing money and other assets in a way that is considered productive. Financial behavior is aimed at someone being able to be responsible for planning, budgeting, managing, arranging and saving their finances so that they can be used effectively and according to needs without causing problems for the individual themselves. Someone who is responsible for their financial behavior will use money effectively by budgeting, saving money and controlling expenses, making investments, and paying debts on time. [6]

The influence of financial literacy and the use of financial technology on financial behavior can be interpreted as an approach that emphasizes sustainability

and environmental responsibility in financial management. When discussing MSMEs in Bandung Regency, it is important to consider how financial literacy and the use of financial technology (fintech) can influence their financial behavior in a sustainable manner.

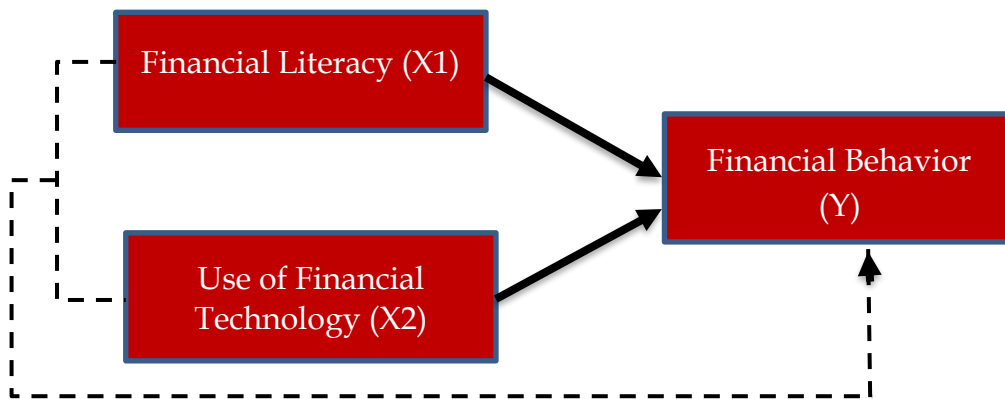


figure 1. conceptual framework

Hypothesis 1

Ho1 : There is no significant influence of financial literacy on behavior finance.

Ha1 : There is a significant influence of financial literacy on financial behavior.

Hypothesis 2

Ho2 : There is no influence financial technology significantly to behavior finance.

Ha2 : There is influence financial technology significantly on financial behavior.

Hypothesis 3

Ho3 : There is no influence of financial literacy and financial technology significantly on financial behavior.

Ha3 : There is an influence of financial literacy and financial technology significantly on financial behavior.

Method

The location of this research is in Bandung Regency with Micro, Small and Medium Enterprises (MSMEs) in Bandung Regency as the object of research with a population of 36,739 spread across 31 sub-districts. The sample was determined using the purposive sampling method with criterion 1). MSMEs that were still actively running their business in the research year, 2). Have an income below 300,000,000, 3). Have a minimum of more than 3 employees, 4). Registered with the Bandung UKM Cooperative service, to 234 MSMEs in Bandung Regency. In this research, researchers distributed questionnaires online via Google Form. Measurements in this research were carried out using a Likert scale with a range of 1-5. According to Sugiono [7] the Likert scale is used to measure the attitudes, opinions and perceptions of a person or group of people about research variables. The operational variables in this research are financial literacy as the independent variable, financial technology (FinTech) as the intervening variable and financial behavior as the dependent variable. The analytical tool used in this research is IBM SPSS (Statistical Package or Social Science).

Result and Discussion

Table 1. Reliability Test

Reliability of statistics			
Variable	Cronbach's Alpha	N of Items	Information
Financial Behavior (Y)	0.931	22	Reliable
Financial Literacy (X1)	0.930	24	Reliable
Use of Financial Technology (X2)	0.948	14	Reliable

If the Cronbach's Alpha value is $>$ critical value then it can be said that the variable is reliable. So it can be seen from the table above that all the variables are greater than 0.5, so it can be concluded that all the variables are reliable.

Table 2. Classic Assumption Test

N		234
Normal Parameters, b	Mean	.0000000
	Std. Deviation	.99078321
Most Extreme Differences	Absolute	,070
	Positive	,044
	Negative	,070
Statistical Tests		,070
Asymp. Sig. (2-tailed)		,200c,d

Based on the table above, the results of the one sample Kolmogorov Smirnov test show a significant result of 0.200 by comparing the significant condition value of 0.05. This indicates that the significant value of 0.200 is greater than the significant value of 0.05, so it can be concluded that the research data is normally distributed.

Table 3. Heteroscedasticity Assumption Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,868	3,457		1,119	,266
Financial Literacy	,043	.041	,119	1,038	,302
Use of Financial Technology (FinTech)	-.056	,055	-.116	-1,016	,312

Based on this table, the results of the heteroscedasticity assumption test analysis obtained a Sig value. (probability) in the independent variable (X1), namely the financial literacy of business actors, micro, small and medium (MSMEs) in Bandung Regency $0.302 > \alpha 0.05$ or 5%. Thus, the results of this analysis show that the residuals have a homogeneous variance or in this context are not heterogeneous, thereby avoiding heteroscedasticity.

Table 4. Multicollinearity Assumption Test

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	13,767	5,349		2,574	.011		
Financial Literacy	,589	,064	,641	9,189	,000	,704	1,421
Use of Financial Technology (FinTech)	,291	,085	,238	3,412	,001	,704	1,421

a. Dependent Variable: Financial Behavior

Based on this table, the results of the multicollinearity assumption test analysis show that the two variables have a Tolerance value of more than 0.05, which means there is no correlation between the variables. The VIF calculation results show the same thing, namely that there are variables that have a VIF value <0.05, which means there is no correlation. So it can be concluded that there is no multicollinearity between variables.

Table 4. Determination Analysis (R-Square)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676a	0.457	0.452	7,418

Based on the output table above, the results of the R-Square determination analysis obtained a value of 0.452 or (45.2%) meaning the large diversity of financial behavior variables (Y) with all independent variables namely financial literacy (X1) and use of financial technology (FinTech) (X2) namely 45.2%. Thus, the magnitude of the contribution or influence of the financial literacy (X1) and financial technology (FinTech) (X2) variables on the financial behavior variable (Y) is 45.2%. Meanwhile, the remaining 54.8% is the contribution of other variables not included in the model in this research.

Table 4. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	27,094	4,421		6,129	,000
1 Financial literacy	,399	,046	,474	8,621	,000
Use of financial technology	,393	,070	,308	5,614	,000

Based on this table, it shows that the t value of the independent variable financial literacy (X1) has a value of 8.621 > t table value of 2.344857. Meanwhile, the Sig value. (probability) has a value of 0.000 < alpha 0.05 or 5%, so it can be concluded that Ho1 is rejected and Ha1 is accepted. This means that the independent variable financial literacy (X1) has a significant effect on the dependent variable financial behavior (Y).

Next, the independent variable (X2) shows that the t value of the variable use of financial technology (FinTech) has a value of 5.614 > t table value of 2.344857. Meanwhile, the Sig value. (probability) has a value of 0.001 < alpha 0.05 or 5%, so it can be concluded that Ho2 is rejected and Ha2 is accepted. Thus, the independent variable financial technology (FinTech) has a significant effect on the dependent variable financial behavior.

T Test Results

This test is used to determine the significance of the influence of independent variables partially or individually in explaining the dependent variable.

Table 4. T Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	27,094	4,421		6,129	,000
Financial literacy	,399	,046	,474	8,621	,000
Use of financial technology	,393	,070	,308	5,614	,000

F Test Results

This test is used to test whether there is an influence between the independent variable and the simultaneous dependent variable.

Table 4. F Test Results

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10704.851	2	5352.426	97,259	,000b
Residual	12712.606	231	55,033		
Total	23417.457	233			

The Influence of Financial Literacy on Financial Behavior

Based on the results of the significance test, it was found that financial literacy had a positive and significant effect on financial behavior, as shown through research results, namely that the majority of business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency have general personal financial knowledge, the ability to manage finances, make accumulation decisions, budgeting finances,

saving part of long-term income, managing loans, understanding the urgency of insurance, financial protection, investment understanding, and fairly good investment skills. Therefore, in this research it can be said that the higher the level of financial literacy of business actors, micro, small and medium (MSME), the better the financial behavior of business actors, micro, small and medium (MSME). So it can be said that if a business actor has a low level of financial literacy, he will face financial problems in his life and business.

The results of this research are in line with the results of previous research conducted by Eka Nur Anisyah at al. [8], Hijir [9] And Fiika Zahra Haqiqi [10] found that a person's knowledge about finance has a positive effect on their financial behavior. The greater a person's knowledge and self-confidence, the better their financial behavior. Danyang states that financial literacy has a significant effect on financial behavior.

The Influence of Using Financial Technology (FinTech) on Financial Behavior

Based on the research results, it is known that the use of financial technology (FinTech) has a positive effect on the financial behavior of actors, businesses, micro, small and medium enterprises (MSMEs) in Bandung Regency. This is proven by a value of $5.614 > t_{table}$ value of 2.344857 . Meanwhile, the Sig value. (probability) is $0.001 < \alpha$ 0.05 or 5% , then H_{a2} is accepted. This means that the better the use, knowledge and accessibility of financial technology (FinTech), the better the financial behavior of business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency.

This research supports the research results Wiyono at al [11], Erly Nabila Siskawatia [12], Ferdiansyah [13], as well as Esa Mukti Aji [14], states that the variable use of financial technology (FinTech) influences financial behavior. This means that the benefits of using financial technology (FinTech) can encourage the interest of business actors, micro, small and medium (MSMEs), to use it in the financial practices carried out in their daily businesses. The more the benefits increase, the more the behavior of using financial technology (FinTech) in everyday life can develop. Apart from that, the use of financial technology (FinTech) can also play an important role in encouraging an even distribution of the level of welfare of the population, helping to meet domestic financing needs which are still very large, encouraging the distribution of national financing, which is still uneven, increasing national financial inclusion and can encourage the ability of the community. currently still low.

The Influence of Financial Literacy and Use of Financial Technology (FinTech) on Financial Behavior.

Based on the results of hypothesis testing carried out using multiple linear regression analysis, it shows that the level of financial literacy and use of financial technology (FinTech) among micro, small and medium enterprises (MSMEs) in Bandung Regency have a positive and significant effect on financial behavior. Interpretation of data analysis shows that the amount of contribution or influence of the financial literacy variable (X1) and the use of financial technology (FinTech) (X2) on the financial behavior variable (Y) is 0.452 or (45.2%) while the remaining 54.8% is a contribution other variables not included in the model in this study. An influence of 45.2% indicates that financial literacy and the use of financial technology (FinTech) on financial behavior among micro, small and medium enterprises (MSMEs) in Bandung Regency have a high influence.

In this research, the level of financial literacy and use of financial technology (FinTech) influences the financial behavior of business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency, which can be seen based on the results of the analysis regarding the description of the level of tendencies in each variable.

Conclusion

Based on the results of research regarding the influence of financial literacy and the use of financial technology (FinTech) on financial behavior among business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency, the following conclusions were obtained: The financial literacy variable (X1) has a significant positive effect on financial behavior (Y). So this means that the higher the level of financial literacy, the higher the level of financial behavior business actors, micro, small and medium (MSMEs) in Bandung Regency; And The variable use of financial technology (FinTech) has a significant positive effect on financial behavior (Y). So the better the use, knowledge and accessibility of financial technology (FinTech), the better the financial behavior (Y) of business actors, micro, small and medium enterprises (MSMEs) in Bandung Regency.

Suggestion

Based on the results of research and discussion on the influence of financial literacy and the use of financial technology (FinTech) on the financial behavior of micro, small and medium enterprises (MSMEs) in Bandung Regency, the following are obtained: 1). Increase knowledge of financial management by actively participating in

workshops or seminars related to financial management, insurance, investment and business fund management. 2). Increase your knowledge of financial technology (FinTech) by orienting yourself to the latest news regarding technological developments in up-to-date financial products and services.

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