

## The Effect of Financial Literacy, Performance Expectancy, Effort Expectancy, and Money Saving to Use Decision Financial Technology in the Millennial Generation in North Bekasi

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### ABSTRACT

This study was used to The Effect of Financial Literacy, Performance Expectancy, Effort Expectancy, and Money Saving To Use Decision Financial Technology In The Millennial Generation in North Bekasi. This research is quantitative research where the object used is an employee in a use decision financial technology millennial generation in north Bekasi. This research was conducted using a non-probability sampling technique with a purposive sampling method. The number of samples used in this study was 152 respondents. The design used in this study is hypothesis testing using a structural equation model (SEM) - SmartPLS 4.0. The results of this study provide an explanation that the financial literacy variable affects the use of decision financial technology, performance expectancy affects the use of decision financial technology, effort expectancy affects the use of decision financial technology, and money saving affects the use of decision financial technology.

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## **INTRODUCTION**

The rapid pace of Indonesia's significant technology greatly affects business activities. Some businesses that use traditional systems are turning digital. Changes in activities from traditional systems to digital systems have facilitated all current community activities. This can be seen from the emergence of the business revolution in the 4.0 era, which has made all jobs in both manufacturing and services enter an era where everything is easier, more efficient, more effective and more economical in terms of the application of technology. The development of information technology develops in the technology sector and also in the economic sector. New behaviour patterns and lifestyles make the use of financial technology increasingly desirable. Financial Technology (Fintech) makes financial services easier and more developed. The current development of fintech has featured many application innovations in financial services, such as payment instruments, loan tools and others (Sugiarti, 2019)

The use of fintech has reached the people of North Bekasi. The number of people living in North Bekasi is 412,174, according to data from the Bekasi City BPS (Central Statistics Agency) for 2020. Then out of the total population of North Bekasi, it is not certain that all of the people use fintech. Millennials who use fintech are sampled in this study. Based on the results of a pre-survey I conducted in North Bekasi, only 17% used peer-to-peer, and 96% used payment gateways. The large percentage of the use of payment gateways among the millennial generation in North Bekasi is due to financial Literacy or financial knowledge in using online-based payments, which has become a hot topic among all circles of society. The spread of this online-based financial knowledge has made the millennial generation community in North Bekasi interested in using payment gateways, then the benefits are also very many, including the promos offered in the payment gateway application that make the millennial generation move to follow it, then from every payment is not a difficult thing for them to buy their needs. Using a payment gateway can be handled as best as possible, and it really makes it easier for the millennial generation not many millennial generations in North Bekasi know of a peer-to-peer system or use to fulfil their daily needs compared to using a payment gateway.

One of the knowledge that people must have is financial knowledge, namely the expertise to manage personal financial assets. Insight into finance and skills to manage personal finances is very important (Nurdin, 2019). For people who implement modern and sophisticated fintech to make their lives easier, there are factors that are caused by an interest in using fintech, one of which is performance expectancy, namely users who can understand the growth in digital financial technology today (Mustaqim & Aryadita, 2018) Judging from the many benefits obtained such as lower prices, better services, providing new innovations and people's living standards are increasing. For people who use fintech, the next factor namely effort expectancy, is the convenience of users to use digital financial technology. The easier and more convenient it is to utilize digital financial technology, the more public interest will be in using fintech. The

community believes that by applying the system, all difficulties will be freed from it. It means that the system must be easy to use.

## **THEORETICAL REVIEW**

### *Financial Literacy*

Financial Literacy is knowledge, skills, and beliefs that influence attitudes and behaviour to improve the quality of decision-making and financial management in order to achieve prosperity (Halim & Astuti, 2015).

### *Performance Expectancy*

Performance expectancy is the extent to which an individual believes that using the system will help him to achieve gains in certain jobs or activities (Mahande, 2016)

### *Effort Expectancy*

Effort expectancy is defined as the level of ease associated with using the system. Business expectations relate to (perceived ease of use) from TAM, and how to relieve an individual by using the system (Suwandi & Azis, 2018).

### *Money Saving*

According to (Xu et al., 2019), money saving or saving money is common for e-commerce companies to implement marketing strategies such as discounts, cashback, first orders and price reductions that will attract consumers' attention to using mobile applications. With the reduction of consumer costs, it can be a distinctive feature in the use of digital applications that have been shown to negatively affect consumer intentions in using digital applications.

### *Use Decision*

According to (Arta & Azizah, 2020) the decision to use is a consumer decision about what, when, where and how to use it. The decision to use can also be interpreted as selecting from two or more existing alternatives and choosing one of them. Several previous studies have confirmed the relationship between ease of use of fintech and financial Literacy, where (Nurdin, 2019) concluded that ease of use of fintech has a positive effect on financial Literacy, then some other literature confirms that financial Literacy and interest in using fintech have a positive effect and significant (Hasif & Ahmad, 2019). According to previous research has confirmed the relationship between fintech performance expectancy and use decision, where (Sivathanu, 2019) concluded that performance expectancy has an effect on fintech use decision, but several other kinds of literature confirm that fintech performance expectancy and use decision have no effect (Ispriandina & Sutisna, 2019)

Several previous studies have confirmed the relationship between fintech effort expectancy and use decision, where (Aljabaru & Sari, 2020) concluded that effort expectancy has an effect on fintech use decision, but some other literature confirms that fintech effort expectancy and use decision do not have an influence (Ispriandina & Sutisna, 2019). Research conducted by (Xu et al., 2019) states that

money-saving has a positive effect on use decisions. For the community, one of the main factors in decision-making is money. Based on the arguments above, several hypotheses are drawn as follows:

H1. Financial Literacy has an Effect on To Use Decision Financial Technology On Millennial Generation in North Bekasi.

H2. Performance Expectancy has an Effect on To Use Decision Financial Technology On Millennial Generation North Bekasi.

H3. Effort Expectancy has an Effect on To Use Decision Financial Technology On Millennial Generation North Bekasi.

H4. Money Saving has an Effect on To Use Decision Financial Technology On Millennial Generation North Bekasi.

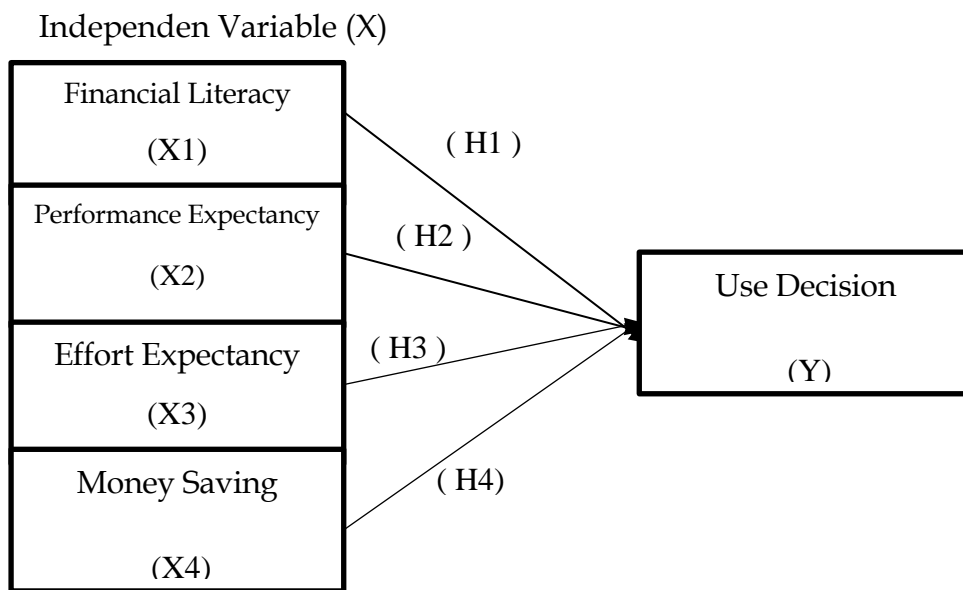


Figure 1. Conceptual Framework

## METHODOLOGY

This research is research using quantitative methods. The quantitative method is a data analysis using a statistical approach, calculating correlations, regression, difference testing, and path analysis (Rianto et al., 2022). Quantitative research is also a measurement of data through numbers to answer existing research problems. The population in this study is Use Decision Financial Technology On Millennial Generation In North Bekasi. This study refers to the opinion (Hair et al., 2019) in determining the sample where the number of indicators is multiplied by the number 5-10. In this study, there are 20 indicators, so the calculation is 20x5. Based on the results of the calculation, the minimum number of samples in this study was 100 respondents. The measurement of variables in this study uses a Likert scale of 1 - 5 adopted from research (Nursal et al., 2022). Strongly disagree = 1, disagree = 2, neutral / doubtful = 3, agree = 4 and strongly agree = 5. This study uses the SmartPls analysis tool to test the feasibility of the data and draw conclusions about the hypothesis. The outer

model test and the inner model test are the analytical tools that will be used in this study.

## RESULTS

### Result of Outer Model Test

Test results in this study used the results of the outer model test. Based on the results of the validity test, all statement items meet the requirements  $> 0.7$  and there are several items from the statement that must be eliminated because they do not meet the validity requirements.

Table 1. SmartPls 2022 Data Processing

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Literacy	0.788	0.800	0.862	0.610
Performance Expectancy	0.873	0.912	0.911	0.720
Effort Expectancy	0.905	0.910	0.934	0.780
Money Saving	0.887	0.925	0.928	0.812
Use Decision	0.903	0.922	0.928	0.722

Results Based on the reliability test results above, it can be concluded that Cronbach's alpha value for each financial literacy variable is 0.788, Performance Expectancy is 0.873, Effort Expectancy is 0.905, the money-saving variable is 0.887, and use decision 0.903. This means that the value is above 0.7, so it can be stated that the data used in this study is suitable for use in the next stage.

### Results of Hypothesis - Inner model

The results of hypothesis testing in this study indicate a relationship between the independent and dependent variables indicated by the following path model:

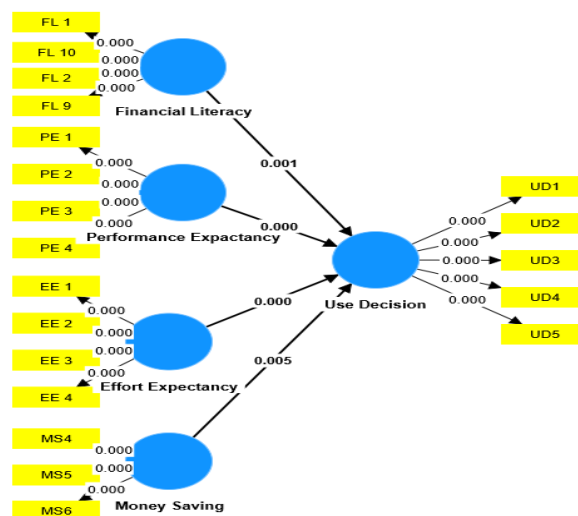


Figure 2. SmartPls 2022 Data Processing

Table 2. SmartPls 2022 Data Processing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (  O/STDEV  )	P Values
Financial Literacy -> Use Decision	0.193	0.195	0.059	3.296	0.001
Performance Expectancy -> Use Decision	1.406	1.383	0.184	7.640	0.000
Effort Expectancy -> Use Decision	0.754	0.731	0.181	4.180	0.000
Money Saving -> Use Decision	0.124	0.116	0.044	2.830	0.005

Based on the results of the inner test above, it can be concluded that the has an effect of Financial Literacy to Use Decision Financial Technology On the Millennial Generation In North Bekasi with a p-value of 0.001, which means it is smaller than the significance level of 0.05 ( $0.001 < 0.05$ ) so that it is concluded that there has an influence between Financial Literacy on Use Decision Financial Technology On Millennial Generation In North Bekasi., so the results of this study prove that hypothesis 1 (H1) is received. The results of the inner test in this study also found that the performance expectancy variable has an effect on Use Decision Financial Technology For Millennial Generation In North Bekasi.

Because the p-value of 0.000 is smaller than the 0.05 significance level where ( $0.000 < 0.05$ ) means the hypothesis (H2) received. The results of the inner test in this study also found that effort expectancy has an effect on Use Decision Financial Technology In Millennial Generation In North Bekasi. Because the p-value was 0.000 smaller than the 0.05 significance level where ( $0.000 < 0.05$ ) means the hypothesis (H3) received. The results of the inner test in this study also found that the money-saving variable has an effect on Use Decision Financial Technology Among Millennial Generation In North Bekasi. because the p-value of 0.005 is smaller than the 0.05 significance level where ( $0.005 < 0.05$ ) means the hypothesis (H4) received.

## DISCUSSIONS

The results of the study, which show that financial Literacy has a positive and significant effect on the use of financial technology decisions, are also supported by research (Nurdin, 2019). Decisions in managing finances. If 75 do not have or lack knowledge in finance, then there is also a lack of optimal decision-making in managing their finances, so problems can occur in their finances. The results of the study, which show that performance expectancy has a positive and significant effect on the use decision of financial technology, are also supported by research (Sivathanu, 2019). (Sivathanu, 2019) states that there is an influence because the digital payment system offers convenience and performance benefits for consumers making transactions daily. The benefits provided are cheaper, easier and faster service. If the use of fintech provides many benefits, there will be more decisions to use fintech.

The results of the study showing that effort expectancy has a positive and significant effect on the use intention of financial technology are also supported by research (Aljabaru & Sari, 2020). (Ricardo de Sena et al., 2016) states that there is a positive influence because the higher the level of ease of use of fintech in transactions, such as applications using good security or transacting using pins or passwords and saving using pins will increase interest in using fintech because fintech users will feel comfortable and safe. Hypothesis 4 is accepted, which means that there is an influence between money saving and fintech use decisions. This research is in line with previous research conducted by (Xu et al., 2019). This happens because in order to increase the decision to use the community, there are conveniences that can be provided by fintech for the needs of the community.

## CONCLUSIONS AND RECOMMENDATIONS

This study was used to The Effect of Financial Literacy, Performance Expectancy, Effort Expectancy, and Money Saving To Use Decision Financial Technology In The Millennial Generation in North Bekasi. This research is quantitative research where the object used is an employee in a use decision financial technology millennial generation in north Bekasi. This research was conducted using a non-probability sampling technique with a purposive sampling method. The number of samples used in this study was 152 respondents. The design used in this study is hypothesis testing using a structural equation model (SEM) - SmartPLS 4.0. The results of this study provide an explanation that the financial literacy variable affects the use of decision financial technology, performance expectancy affects the use of decision financial technology, effort expectancy affects the use of decision financial technology, and money saving affects the use of decision financial technology.

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H4. Money Saving has an Effect on To Use Decision Financial Technology On Millennial Generation North Bekasi.

#### **FURTHER STUDY**

The results of this study researchers hope this research can be useful for the wider community. Given the limitations of the authors in researching, further researchers are expected to be able to add other independent variables such as price, consumer loyalty, product innovation, brand trust, consumer characteristics and many more that can explain the influence on use intention that were not examined in this study.



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