Decision to Use Digital Payment Systems in Perspective of Behavioral Financial Theory

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Abstract

Digital payment is a payment method as a forerunner to innovation due to digitalization. Digitalization is driven by rapid technological developments, where these developments cause changes in people's mindsets and habits. The decision to use digital payments, within the Behavioral Financial Theory framework, is predicted to be influenced by financial literacy and inclusion. Behavioral Financial Theory studies individual behavior in understanding, analyzing, and managing finances to make the right decisions to avoid financial problems, including decisions about using digital payment systems. This study aims to determine the effect of financial literacy and inclusion on decisions to use digital payment systems in the perspective of behavioral financial theory. The study was conducted on active Business Administration Study Program Faculty of Social and Political Sciences University of Jember students in odd semester of the 2022/2023 academic year. Based on a quantitative approach, using multiple linear regression analysis method, the study results prove that financial inclusion influences the decision to use a digital payment system, while financial literacy does not. These results indicate that individual financial literacy raises awareness to behave in a way that maintains a stable, secure, and prosperous financial condition in managing their finances.

***Keywords**: behavioral financial, literacy and inclusion, digital payment*

INTRODUCTION

Behavioral Financial Theory studies individual behavior in understanding, analyzing, and managing finances to make the right decisions to avoid financial problems, including decisions about using digital payment systems. Every individual should have responsibility for their finances, which is reflected in behavior that demonstrates an individual's ability to manage their finances effectively and efficiently (Kholilah & Iramani, 2013; Amanah et al., 2016; Arsytania & Zaniarti, 2023; Puspita et al., 2023). The ability to manage finances within the framework of Behavioral Financial Theory is very important along with the development of digital payment systems. Digital payment is a financial transaction using electronic media, such as SMS banking, internet banking, mobile banking, and electronic wallets. All these activities can be carried out using electronic devices, such as smartphones. Digital payment is an innovation from the development of payment transactions from time to time. The development of information technology has made the idea of electronic money and digital transactions a reality and has begun to dominate financial transaction systems in various countries, one of which is Indonesia. Digital payment transactions in Indonesia include Go-Pay, OVO, LinkAja, Mandiri E-Cash, DANA, I-Saku, Sakuku, Doku, and others.

This study aims to determine the effect of financial literacy and inclusion on decisions to use digital payment systems in the perspective of behavioral financial theory. An understanding of financial literacy is needed for everyone to be able to manage finances well and avoid financial problems (Indahyani & Dewi, 2021; Ainiyah & Yuliana, 2022; Felantika, 2022). The goal of financial literacy is to improve financial well-being. In addition to understanding financial literacy, Otoritas Jasa Keuangan is also trying to increase awareness of the importance of financial inclusion. Several previous studies have shown that there is a strong relationship between financial literacy and an individual's ability to use financial products. This shows that financial literacy is one of the factors that influence the decision to use a digital payment system in financial transactions (Ramadanti et al., 2021; Fatmawati & Hayati, 2023). While the study of Giriani & Susanti (2018) shows that financial literacy has no effect on student behavior in a cashless society. Financial inclusion is defined as a condition that affordable, and quality financial products and services are available, accessible, and usable and available to everyone to improve their welfare. Study by Lasmini & Zulvia (2021), Fatmawati & Hayati (2023), and Syahrani & Pradesa (2023) proved that financial inclusion has a positive and significant relationship to financial technology.

METHOD

The population of this study is active students of the Faculty of Social and Political Sciences, University of Jember (FISIP UNEJ) Class of 2019-2022, a total of 3,671. Respondents were determined using the purposive sampling method with the provision that active students make financial transactions using the digital payment system, namely a total of 97. Data collection used a questionnaire, then the respondents' answers were measured using a Likert scale both for financial literacy variables, financial inclusion, and decisions to use a digital payment system. The collected data were then analyzed using multiple linear regression analysis, after the classical assumption test was performed.

Before the questionnaires were distributed, the instrument test was first carried out, namely the validity test and reliability test. The results of the instrument validity test with the Pearson correlation on the financial literacy questionnaire, financial inclusion, and the decision to use the digital payment system obtained an r count for each item that met the requirements, namely > 0.1996 so that 33 items were valid and could be continued. The results of the instrument reliability test with Cronbach Alpa on financial literacy questionnaires, financial inclusion, and decisions to use digital payment systems obtained Cronbach Alpa values that fulfilled the requirements, namely > 0.600 so that the variables used were reliable. The results of the distribution of questionnaires to active students of FISIP UNEJ class 2019-2022 totaling 97 respondents, obtained an overview of characteristics based on gender, class, age, study program, type of digital payment used, and number of transactions using digital payments for 1 month. A detailed description of the characteristics is as follows: 1) 76.3% of respondents are female; 2) 44.3% of respondents are students of class 2019; 3) 35.8% of respondents are students aged 21 years; 4) 41.2% of respondents are business administration students; 5) 46.5% of respondents use m-banking; and 6) 75.3% of respondents use digital payments for one month more than 3 times.

RESULTS AND DISCUSSION

Data analysis produces the following regression equation: $Y = 6.022 + 0.184x_1 + 0.729x_2 + e$. Explanation of the equation, namely: 1) the constant coefficient (Y), the constant value is 6,022, meaning that if the decision variable to use the digital payment system (Y) is not affected by the financial literacy and inclusion variables (values x_1 and x2 are 0) then the average size -the average decision to use a digital payment system (Y) is worth 6,022; 2) the financial literacy coefficient (x_1) the regression coefficient of the financial literacy variable (x_1) is positive, indicating that there is a positive relationship with the financial literacy variable (x_1), the equation shows a regression coefficient value of 0.184, meaning that for each additional financial literacy (x_1) one unit will increase the decision to use the digital payment system (Y) by 0.184; and 3) the financial inclusion coefficient (x_2) the regression coefficient for the financial inclusion variable (x_2) is positive, indicating a positive or unidirectional relationship between the financial inclusion variable (x_2) and the decision to use a digital payment system (Y), the regression coefficient for the financial inclusion variable (x_2) of 0.729, meaning that for every additional financial inclusion (x_2) of one unit it will lead to an increase in the decision to use the digital payment system (Y) of 0.729.

The results of multiple linear regression analysis are shown in Table 1 below.

Table 1. The results of multiple linear regression analysis

Variable	Value of Sig.	Explanation
Financial Literacy	0.111	H_1 is rejected
Financial Inclusion	0.000	H_2 is accepted
F test	0.000	significant
R square	0.578	57.8%

Based on Table 1, it can be explained that: 1) Hypothesis 1 (H_1) test shows that the significance value is 0.111 (0.111 > 0.05), meaning that H_1 is rejected, it can be concluded that financial literacy does not affect the decision to use a digital payment system; and 2) Hypothesis 2 (H_2) test shows that the significance value is 0.000 (0.000 <0.05), meaning that H_2 is accepted, it can be concluded that financial inclusion influences the decision to use a digital payment system. The results of the F test show a significance value of 0.000 (0.000 <0.005). It can be concluded that financial literacy and financial inclusion simultaneously influence the decision to use a digital payment system. Furthermore, the test results for the coefficient of determination (R^2) show a value of 0.578, meaning that 58.7% of the decision to use the digital payment system is influenced by independent variables consisting of financial literacy (X_1) and financial inclusion (X_2), while the remaining is 41.3% is influenced by other variables not examined in this study, such as benefits, promotion, perceived risk, and so on.

The Effect of Financial Literacy on the Decision to Use the Digital Payment System

Hypothesis 1 (H_1) test shows the result that financial literacy has no effect on the decision to use a digital payment system. Financial literacy is a person's ability to read, analyze, manage, and make decisions regarding basic finances, savings, investments, and insurance related to matters that become a reference in using non-cash payment instruments in daily activities. Financial literacy is very important for every individual, especially students (in this study) to be able to make decisions regarding good financial management and avoid various decisions that can be detrimental. However, the results of this study indicate that financial literacy has no effect on the decision to use a digital payment system. This indicates that the high level of student financial literacy does not affect the decision to use non-cash payment instruments. The results of this study support the results of the study by Giriani & Susanti (2018) which also shows that financial literacy has no effect on student behavior in a cashless society.

The Effect of Financial Inclusion on the Decision to Use the Digital Payment System

Hypothesis 2 (H_2) test shows the result that financial inclusion influences the decision to use a digital payment system. Financial inclusion is all efforts aimed at eliminating all forms of price and non-price barriers to public access in utilizing financial product services. Financial inclusion plays a role in economic growth, maintaining financial system stability, and reducing poverty and economic inequality. An indicator that can be used as a measure of a country's inclusive finance is the availability or access to measure the ability to use formal financial products in terms of physical affordability and price. The results of this study support the results of the study by Lasmini & Zulvia (2021), Fatmawati & Hayati (2023), and Syahrani & Pradesa (2023).

CONCLUSION

Based on the results of the study it was concluded that financial inclusion influences the decision to use a digital payment system, while financial literacy has no effect. These results indicate that individual financial literacy raises awareness to behave in a way that maintains a stable, secure, and prosperous financial condition in managing their finances.

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