

The Influence of Financial Literacy and Adoption of Fintech Digital Payment on Financial Management Behavior of Bengkulu City MSME

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INFO ARTIKEL	ABSTRAK
<p>Diterima DD Month 20XX Disetujui DD Month 20XX Diterbitkan DD Month 20XX</p> <p>Kata Kunci: <i>Financial literacy, Fintech Adoption, Financial Technology, Financial Management Behavior</i></p> <p>https://doi.org/10.24036/jkmk.xxxxxxxx</p>	<p>The primary goal of this research is to assess the influence of Financial Literacy and the Adoption of Financial Technology on Financial Management Behavior of Bengkulu City MSME. The population in this study were Bengkulu City MSMEs, totaling 44,472 SMEs. The study included a total of 180 MSMEs in Bengkulu city as samples. The sampling technique was carried out using a purposive sampling method. Collecting data using a questionnaire with a Likert scale. Data analysis used SmartPLS 4 software. The results of the study showed that (1) there was a positive and significant influence between financial literacy and the financial management behavior of Bengkulu City MSME. (2) There is a positive and significant influence between the Adoption of Fintech Digital Payment and the financial management behavior of Bengkulu City MSME.</p>

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INTRODUCTION

MSME are trading businesses managed by individuals or groups that refer to productive economic businesses. MSME is a sector that is recognized as a support for the country's economy which can even survive during an economic crisis. Based on information provided by the Coordinating Ministry for Economic Affairs of Indonesia (2022) the contribution of MSMEs to GDP reaches 60.5%, and to employment is 97% of the total absorption of the national workforce. This proves that MSMEs have a positive influence on the Indonesian economy.

Financial management is a very important activity for MSMEs in managing the business. By carrying out financial management, MSMEs can find out the financial condition of their business in a certain period and as a basis for making the best decisions in the financial aspect. However, financial management is often considered as a problem that is ignored by MSMEs (Pusporini, 2020). Even though MSMEs have a major contribution to the economy, MSMEs themselves experience difficulties or common problems that business actors have, namely the low awareness of business actors in managing their business finances. In line with the results of research by Safrianti & Puspita (2021) that there is still a lack of implementation of financial management by Bengkulu City SMEs, financial management is

still very simple, just by recording incoming and outgoing money. This indicates that MSME knowledge is still limited regarding financial management.

The first factor influencing financial management behavior is financial literacy. MSMEs equipped with strong financial literacy possess the ability to execute strategic measures for recognizing potential advantages and risks. They also have sufficient financial access and the capacity to adapt to shifts within the uncertain business environment. This enables them to make well-informed decisions leading to precise solutions (Sanistasya et al. 2019). According to findings from the 2022 National Financial Literacy and Inclusion Survey (SNLIK) conducted by OJK, the financial literacy index of the Indonesian population stands at 49.68 percent. This reflects an improvement from 2019, during which the index was only 38.03 percent. In contrast to the level of financial literacy in Bengkulu Province, which is at a percentage of 30.39 percent, this figure is still below the national average.

The second factor influencing financial management behavior is fintech adoption. Fintech, also known as financial technology, represents a technological innovation within the realm of financial services (Wahyudi et al. 2020). According to Becker (2017) fintech is a financial management tool that can affect a person's personal finances which has the potential to affect the behavior of its users. One's success in managing finances can be seen from the individual's financial behavior. MSMEs need to utilize and use digital financial services that are available but based on a low financial literacy index, meaning that most do not have knowledge or financial literacy of these financial services. This is corroborated by the findings of the study conducted by Safrianti and Puspita (2021) that MSME considers financial management difficult, so it is only limited to recording incoming and outgoing money and they do not understand the principles of financial management. This indicates that not all MSMEs understand the benefits or uses of financial technology.

LITERATURE REVIEW

Financial Management Behavior

Financial behavior is connected to an individual's financial responsibilities regarding the management of their finances. Good financial behavior habits arise with rational decisions in managing finances, financial management that is carried out properly will not fall into behavior in fulfilling desires that are out of control. The cause of financial management behavior is due to a high desire to meet life's needs according to the income received or in accordance with the money owned (Arifa & Setiyani, 2020). Individuals with responsible financial behavior tend to be effective in using money and use it effectively and efficiently for the welfare of life.

Financial Literacy

As stated by the Financial Services Authority (2016), financial literacy encompasses knowledge, skills, and beliefs that influence attitudes and behaviors aimed at enhancing the quality of decision-making and financial management to achieve well-being. Financial literacy can help individuals avoid financial problems, especially those that occur as a result of financial mismanagement. Having high financial literacy can understand financial conditions and financial concepts and convert that knowledge appropriately into behavior (Welly et al, 2016).

Financial Technology

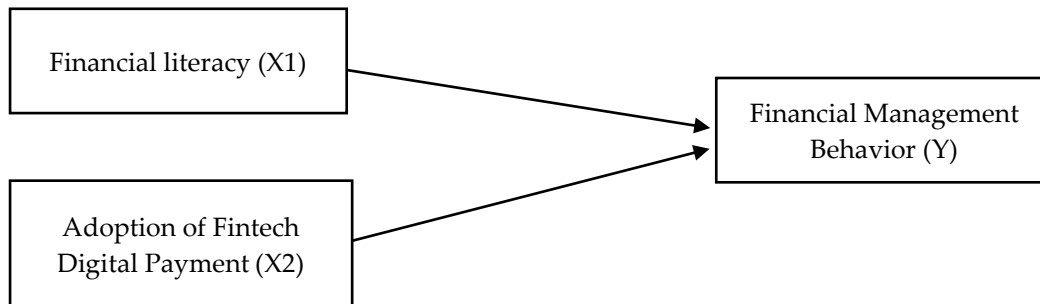
According to OJK (2016) Financial Technology is defined as innovation in the service industry and financial services by maximizing technology to increase its effectiveness and efficiency. Financial Technology, often abbreviated as FinTech, encompasses novel solutions that showcase ingenuity in applications, products, or business models within the financial services sector, all of which leverage

technology (Chuen & Low, 2018). According to Becker (2017) Fintech represents a financial management instrument that has the potential to impact an individual's personal financial situation, which has the potential to affect the behavior of its users.

H1: Financial literacy influences the financial management behavior of Bengkulu City MSME

H2: Adoption of Fintech Digital Payment influences the financial management behavior of Bengkulu City MSME

Conceptual Framework



METHOD

The type of research used is quantitative research with causal associative methods. The population in this study are MSMEs in Bengkulu City, totaling 44,472 SMEs (Kominfo and Statistics Office of Bengkulu Province, 2019). The study included a total of 180 MSMEs in Bengkulu city as samples. The sampling technique used was purposive sampling. The type of data used is primary data. The data collection method in this study was an offline questionnaire. The instrument used in this study was a questionnaire prepared using a Likert scale. Data analysis using SmartPLS 4.

RESULTS AND DISCUSSION

Descriptive analysis results

1. Characteristics of Respondents Based on Gender

No	Gender	Amount	Percentage
1	Man	61	33.89%
2	Woman	119	66.11%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Based on the table above, it shows that there are 61 male respondents with a percentage of 33.89%. Then respondents with female sex totaled 119 people with a percentage of 66.11%. So it can be concluded that based on gender, females constituted the majority of participants in this study.

2. Characteristics of Respondents Based on age

No	Age	Amount	Percentage
1	20-30 years	68	37.78%
2	31-40 years	51	28.33%
3	41-50 years	38	21.11%
4	> 50 years	23	12.78%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Derived from the displayed table, it shows that the most respondents in this study were respondents aged 20-30 years with a total of 68 people. Meanwhile, according to the lowest proportion, namely respondents aged > 50 years. Therefore, it can be inferred that the majority of participants in this study fell within the age range of 20 to 30 years.

3. Characteristics of Respondents Based on education level

No	Education	Amount	Percentage
1	Elementary school	3	1,67%
2	Junior high school	12	6,67%
3	Senior high school	130	72,22%
4	Diploma	6	3,33%
5	Bachelor	29	16,11%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Based on the table shows that the most respondents in this research were respondents with high school/vocational high school education background, totaling 130 people. Meanwhile, according to the lowest proportion, namely respondents with elementary education background, totaling 3 people. So it can be concluded that in this study respondents with high school/vocational high school education were dominated.

4. Characteristics of Respondents Based on business age

No	Business Age	Amount	Percentage
1	3-10 years	135	75%
2	11-20 years	34	18,89%
3	21-30 years	11	6,11%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Based on the table shows that the highest proportion of business age is 3-10 years with a total of 135 businesses. Then for the lowest proportion, namely 21-30 years, there were 11 businesses. It can be concluded that the age of the business in this study was dominated by the age of 3-10 years.

5. Characteristics of Respondents Based on annual sales results

No	Annual Sales Results	Amount	Percentage
1	Rp. 24.000.000 – 200.000.000	127	70,56%
2	Rp. 201.000.000 – 400.000.000	40	22,22%
3	Rp. 401.000.000 – 600.000.000	6	3,33%
4	Rp. 601.000.000 – 800.000.000	4	2,22%
5	> Rp. 800.000.000	3	1,67%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Derived from the displayed table, it shows that the annual sales results from MSMEs in this study have the highest proportion, namely the annual sales results of Rp. 24,000,000 – Rp. 200,000,000 as many as 127 MSMEs with a percentage of 70,56%. Then for the lowest proportion, namely > Rp. 800,000,000 with a total of 3 MSMEs. So it can be concluded that MSMEs in this study were dominated by sales results in Rp. 24,000,000 – Rp. 200,000,000

6. Characteristics of respondents based on the number of employees

No	Number of employees	Amount	Percentage
1	1-5 people	174	96,67%
2	6-10 people	5	2,78%

3	> 10 people	1	0.56%
Amount		180	100%

Source: Primary data, 2023 (Processed)

Based on the table shows that the number of MSME employees in this study which has the highest proportion is the number of employees 1-5 people as many as 175 MSME. Then for the lowest proportion, namely the number of employees > 10 people. So it can be concluded that MSMEs in this study were dominated by MSMEs with 1-5 employees.

Results of data analysis (PLS Output)

1. Average variance extracted (AVE)

Variable	Average variance extracted (AVE)
Adoption of Fintech Digital Payment	0,633
Financial Literacy	0,640
Financial Management Behavior	0,652

Sumber: Output Smart PLS 4 (2023)

Based on the table shows that the AVE value of all variables has fulfilled the required rule of thumb, namely AVE more than 0.5. Therefore, it can be deduced that every variable examined in this study exhibits a satisfactory level of validity, and each variable can be affirmed to have met the criteria for the convergent validity test.

2. Output Cross Loadings

Variable	Financial Literacy (X1)	Adoption of Fintech Digital Payment (X2)	Perilaku Pengelolaan Keuangan (Y)
FL1	0,809	0,438	0,284
FL5	0,784	0,333	0,297
FL6	0,835	0,426	0,417
FL7	0,827	0,420	0,303
FL8	0,777	0,346	0,232
FL9	0,781	0,357	0,291
FL10	0,769	0,349	0,269
FL11	0,827	0,397	0,356
FL13	0,787	0,324	0,226
FT1	0,383	0,805	0,433
FT2	0,341	0,789	0,420
FT4	0,405	0,795	0,477
FT5	0,375	0,807	0,493
FT6	0,318	0,790	0,356
FT7	0,340	0,791	0,411
FT9	0,378	0,799	0,438
FT10	0,431	0,801	0,346
FT11	0,434	0,804	0,513
FT12	0,489	0,804	0,454
FT13	0,363	0,800	0,367
FT14	0,296	0,777	0,394

FT16	0,324	0,782	0,442
FT17	0,441	0,796	0,528
FT18	0,368	0,812	0,469
FT19	0,325	0,780	0,431
PK1	0,295	0,461	0,827
PK2	0,287	0,404	0,804
PK3	0,242	0,468	0,830
PK4	0,311	0,474	0,805
PK5	0,376	0,496	0,804
PK6	0,295	0,413	0,803
PK9	0,277	0,463	0,810
PK10	0,269	0,428	0,784
PK11	0,258	0,407	0,783
PK12	0,345	0,440	0,816
PK13	0,384	0,447	0,826
PK14	0,349	0,459	0,793

Sumber: Output Smart PLS 4 (2023)

The table illustrates that there exists a strong discriminant validity of the output cross loading values, because the value of the indicator correlation to the variable is higher than the correlation value of other variables. The Financial Management Behavior Variable comprises 12 items, all of which exhibit higher values compared to indicators of other variables. The Financial Literacy variable consists of 9 items, all demonstrating higher values than indicators of other variables. Similarly, the Financial Technology Adoption Variable encompasses 16 items, all with higher values than indicators of other variables. So that all variables have fulfilled the discriminant validity test.

3. Cronbach alpha dan Composite reliability

Variabel	Cronbach's alpha	Composite reliability
Adoption of Fintech Digital Payment	0,961	0,963
Financial Literacy	0,930	0,943
Financial Management Behavior	0,951	0,952

Sumber: Output Smart PLS 4 (2023)

Based on the table above, it shows that the value of composite reliability and Cronbach's alpha for each variable is greater than 0.7. Referring to the rule of thumb where both composite reliability and Cronbach's alpha values are greater than 0.7 (>0.7), it can be concluded that all variables within the study are deemed reliable. (Hair et al., 2018).

4. R-square

Variabel	R-square
Financial Management Behavior	0,327

Sumber: Output Smart PLS 4 (2023)

Based on the table, it shows that the R-square value of the Financial Management Behavior variable is 0.327, this result shows that 32.7% of the financial management behavior variable can be influenced by financial literacy and financial technology adoption and related to the rest indicating that there are still other variables outside of these variables that can influence financial management behavior.

Uji Hipotesis

Variable	Path Coefficient				
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Financial Literacy -> Financial Management Behavior	0.154	0.163	0.075	2.045	0.041
Adoption of Fintech Digital Payment -> Financial Management Behavior	0.482	0.486	0.066	7,247	0.000

Source: Smart PLS Output 4 (2023)

1) Testing the first hypothesis: The Effect of Financial Literacy on Financial Management Behavior

Based on the table, it shows that the results of testing the hypothesis of the relationship between financial literacy and financial management behavior show an original sample value of 0.154 (positive), meaning that the financial literacy variable has a positive effect of 0.154 on financial management behavior. Then the p-value is 0.041 which is smaller than 0.05 and the t-statistic value is 2.045. Hence, it can be deduced that financial literacy exerts a positive and statistically significant impact on financial management behavior, thereby validating the acceptance of the hypothesis.

2) Testing the second hypothesis: Effect of Adoption of Fintech Digital Payment on Financial Management Behavior

Based on the table, it shows that the results of testing the hypothesis of the relationship between the Adoption of financial technology variable and Financial Management Behavior show an original sample value of 0.482 (positive), meaning that the Adoption of financial technology variable has a positive effect of 0.482 on financial management behavior. Then the p-value is 0.000 which is less than 0.05 and the t-statistic value is 7.247. Thus it can be concluded that the adoption of financial technology has a positive and significant effect on financial management behavior, which means the hypothesis is accepted.

DISCUSSION

The influence of Financial Literacy on Financial Management Behavior

Based on the results of the analysis using PLS for financial literacy variables have a significant and positive effect on MSME financial management behavior. This is evidenced by the results of research from hypothesis testing with a t count of 2.045, where the value is greater than the t-table value (1.96). As for the direction of the relationship between variables, it can be seen in the original sample, which is as much as 0.154, so the direction of the relationship between financial literacy and financial management behavior is positive. In this case, it means that there is a significant influence between financial literacy on MSME financial management behavior.

The test results on the first hypothesis are in line with the theory of Reasoned Action. Theory of Reasoned Action states that the intention to perform certain behaviors is influenced by two main factors, namely attitudes towards behavior and social influences (subjective norms). One of the background factors that influence the main factor is the information factor which consists of experience,

knowledge, and media exposure. In this case, financial literacy is included in the information factor, namely knowledge. Knowledge is the reason or background factor for someone to intend to do a behavior. The results of this study are reinforced by research conducted by (Sari et al, 2020; Andriyani and Sulistyowati, 2021; Amelia, 2022; Kurniawan, 2022) which shows that financial literacy has a positive and significant effect on financial management behavior intending to carry out a behavior.

The influence of Digital Payment Fintech Adoption on Financial Management Behavior

Based on the results of the analysis using PLS for the variable Adoption of financial technology has a significant and positive effect on MSME financial management behavior. This is evidenced by the results of research from hypothesis testing with a t count of 7,247 which is greater than the t-table value (1.96). As for the direction of the relationship between variables, it can be seen in the original sample, which is as much as 0.482, so the direction of the relationship between the Adoption of financial technology variable and financial management behavior is positive. In this case, it means that there is a significant influence between the adoption of financial technology on the behavior of MSME financial management.

The test results on the second hypothesis are in line with the Theory of Reasoned Action. In this case, financial technology is included in the information factor, namely knowledge, where knowledge related to financial technology is included in the background factors that influence a person's intentions or become a reason for someone to carry out a behavior. Knowledge is the reason or background factor for someone to intend to do a behavior. The test results on the second hypothesis are also in line with the Technology Acceptance Model (TAM) theory. TAM is a theory that explains a person's interest in behaving by using a technology. Based on the TAM theory, a person's interest in adopting technology is factored in by two beliefs, namely perceived usefulness and perceived ease of use.

The results of this study are reinforced by research conducted by (Humaidi et al. 2020; Husaini et al. 2022; Agarwal & Chua, 2020) which states that the financial technology variable has a significant effect on financial management behavior.

CONCLUSION

From the analysis and discussion presented in the previous section, the following conclusions can be ascertained:

1. There is a positive and significant influence between financial literacy on the behavior of the financial management of MSME in Bengkulu City. This means that the higher the level of financial literacy owned by SMEs, the better their financial management.
2. There is a positive and significant influence between the adoption of fintech digital payment on the financial management behavior of Bengkulu City's MSMEs. This means that the adoption of fintech digital payment by MSMEs can improve financial management behavior.

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