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The Influence of Financial Literacy and Financial Self-Efficacy on Risk Credit Behaviour Using Shopee Paylater Among Students at Faculty of Economics and Social Sciences at UIN Suska Riau

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ABSTRACT

This research aims to examine the influence of financial literacy and financial selfefficacy on the risk credit behavior of Shopee PayLater usage among students of the Faculty of Economics and Social Sciences at UIN Suska Riau. The method used in this research is quantitative. The sample determination used purposive sampling technique with an unknown population size, calculated using Cochran's formula, resulting in a sample size of 96 people. Data collection was conducted through questionnaires distributed to respondents in the form of a Google Form. The results showed that, partially, financial literacy and financial self-efficacy have a significant positive effect on the risk credit behavior of Shopee PayLater usage among students of the Faculty of Economics and Social Sciences at UIN Suska Riau. The influence of financial literacy and financial self-efficacy on the risk credit behavior of Shopee PayLater usage among students of the Faculty of Economics and Social Sciences at UIN Suska Riau is 67.2%, with the remaining 32.8% influenced by other variables not examined in this study.

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Introduction

Technological advancements have brought many innovations in the digital era, one of which is financial technology (fintech). In Indonesia, fintech has been the driving force of the digital economy since 2017, especially in supporting startup funding (Pratika et al., 2021). Fintech transforms financial transactions into more modern and practical ones, with one significant innovation being the PayLater payment system (Kredivo, 2021). PayLater allows buyers to defer payments when purchasing items, paying a certain amount along with interest every month (Sekar Putih Djarot, OJK).

The popularity of PayLater has surged, especially on e-commerce platforms. For instance, Shopee introduced the Shopee PayLater (SPayLater) feature, allowing users to make purchases and pay for them over time with a minimum interest rate of 2.95% (Kredivo, 2021). Despite offering convenience, the unwise use of PayLater can lead to risk credit behavior, which is the use of credit that may harm an individual's financial stability (Xiao et al., 2011; Lyons, 2008).

Millennials, particularly students, are more vulnerable to risk credit behavior. The Financial Services Authority (OJK) notes that the age group 19-34 years dominates online loan defaults in Indonesia (OJK, 2023). The lack of financial literacy and the ability to manage finances (financial self-efficacy) are major factors influencing this behavior (Noor et al., 2020). Financial literacy describes an individual's understanding of financial products, while financial self-efficacy is the confidence in making financial decisions and managing financial situations (Noor et al., 2020).

This study aims to explore the influence of financial literacy and financial self-efficacy on risk credit behavior in using Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau. The choice of students as research subjects is based on the assumption that they have a deeper understanding of financial aspects and are more accessible for research participation. Surveys will be conducted using questionnaires distributed via social media.

By understanding the relationship between financial literacy, financial self-efficacy, and risk credit behavior, this research is expected to provide insights on how students can use the PayLater system more wisely and reduce the risk of unhealthy credit behavior. This research also aims to contribute to the literature on this topic, which is still lacking in

Indonesia, especially among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

Literature Review

a. Risk Credit Behavior

Risk credit behavior refers to credit usage patterns that can endanger an individual's financial stability. This includes behaviors such as delaying credit payments, maximizing credit limits, and making incomplete credit payments. According to Lyons (2008), risk credit behavior often leads to substantial debt accumulation with high interest, making it difficult for individuals to manage and repay their obligations. Research by Xiao et al. (2011) identifies two dimensions of risky credit behavior: risky payment behavior and risky borrowing behavior. Risky payment behavior involves actions that lead to penalties or sanctions due to late or inaccurate payments, while risky borrowing behavior includes practices that increase the likelihood of default, such as taking on more credit than they can repay. The consequences of risk credit behavior can be severe, affecting not only financial health but also emotional and psychological well-being (Amit et al., 2020).

b. Financial Literacy

Financial literacy refers to the knowledge and understanding of financial concepts and risks, as well as the ability to apply that knowledge to make effective and informed financial decisions. According to Lusardi and Mitchell (2011), financial literacy encompasses various skills such as budgeting, saving, investing, and debt management. The importance of financial literacy has increased recently due to the growing complexity of financial products and services and the shift of individual responsibility for financial security, especially in retirement planning.

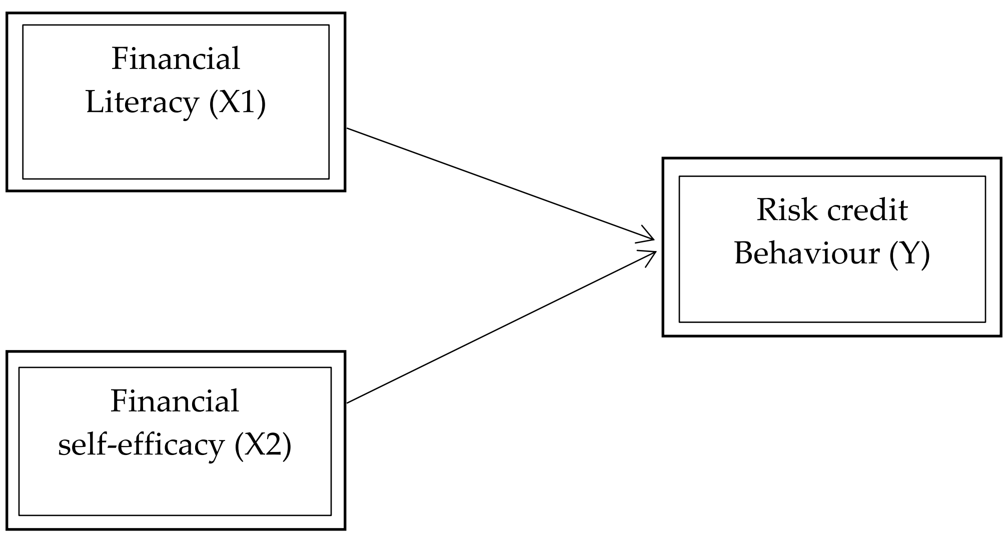
Studies show that higher levels of financial literacy are associated with better financial outcomes. For example, individuals with higher financial literacy are more likely to engage in good financial behaviors such as regular saving and investing, using credit wisely, and managing debt effectively. Financial literacy also helps individuals better understand the terms and conditions of financial products, enabling them to avoid high-cost loans and other predatory borrowing forms.

c. Financial Self-Efficacy

Financial self-efficacy refers to an individual's belief in their ability to manage financial resources and make appropriate financial decisions. This concept is rooted in Bandura's self-efficacy theory (1977), which states that individuals who believe in their ability to perform certain tasks are more likely to engage in those tasks and persist in the face of difficulties. Financial self-efficacy affects how individuals face financial challenges, their resilience in overcoming financial setbacks, and their overall financial well-being.

Studies show that financial self-efficacy is an important determinant of financial behavior. For example, individuals with high financial self-efficacy are more likely to engage in budgeting, saving, and investing activities. They are also more likely to seek financial education and advice, further enhancing their financial knowledge and skills (Lown, 2011). Moreover, financial self-efficacy has been found to mitigate the adverse effects of financial stress and improve long-term financial outcomes (Farrell, 2016).

d. Conceptual Framework



e. Hypotheses

This study tests two hypotheses:

H1: Financial literacy has a positive effect on the risk credit behavior of using Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

H2: Financial self-efficacy has a positive effect on the risk credit behavior of using Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

Research Method

The type of research used in this study is associative research with a quantitative approach. This study aims to test the influence of financial literacy and financial self-efficacy on the risk credit behavior of using Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau. The type of data used in this study is primary data from the questionnaire responses distributed to respondents in the form of Google Forms and secondary data obtained from various literature supporting the analysis. The sample was determined using a purposive sampling technique with an unknown total population. The sample size was calculated using Cochran's formula (Sugiyono, 2017:88), resulting in a total of 96 respondents. In this study, data processing was carried out using SPSS version 23.

The operationalization of variables in this study is as follows:

Table 1
Operational Definition of Variables

Variable	Definition	Indicator
Financial Literacy (X1)	Financial literaracy is the process of acquiring knowledge and understanding of economic concepts and risks, along with the ability, motivation, and self-confidence to apply that knowledge in making effective decisions in various financial situations	1. Understanding interest rates 2. Understanding debt 3. Understanding the use of PayLater 4. Understanding the impact of late PayLater bill payment 5. Understanding the costs of using PayLater ***(Lusardi & Mitchell, 2011, Luqman et al, 2012)***
Financial Self-Efficacy(X2)	Financial self-efficacy can be defined as an individual's confidence in their ability to access and use financial products and	1. Ability to manage expenses when using the PayLater feature

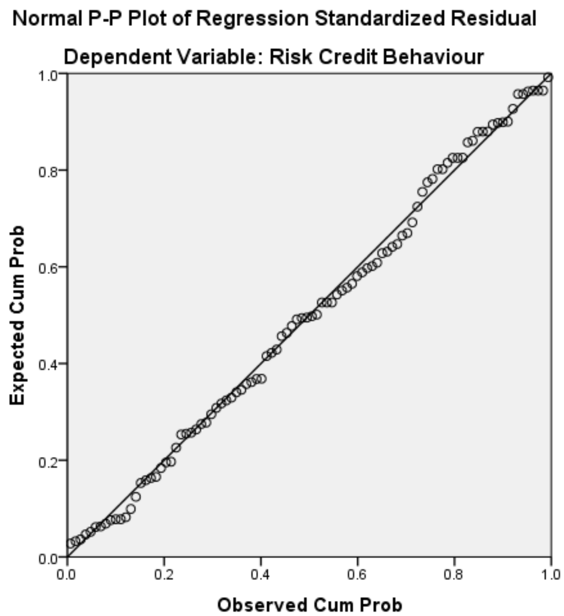
Variable	Definition	Indicator
	services, make financial decisions, and manage complex financial situations (Noor et al., 2020)	2. Confidence in avoiding excessive expenses when using the PayLater feature 3. Confidence in not becoming wasteful when using the PayLater feature 4. Confidence in consistently limiting expenses when using the PayLater feature 5. Ability to consider possible consequences of excessive expenses when using the PayLater feature ***Sotiropoulos & d'Astous (2013)***
Risk Credit Behaviour (Y)	Risk credit behaviour	1. Risky paying behaviour • Compliance with timely PayLater installment payments • Ability to manage PayLater bills 2. Risk borrowing PayLater • Purpose of using PayLater • Tendency to buy non-essential items • Considering the price when using PayLater ***(Liu & Zhang, 2021)***

Results and Discussion

Test Results

Normality Test

The normality test is used to determine whether the disturbance or residual variables in the regression model have a normal distribution. The test is conducted using the graphical method. The graphical method used in this study involves observing the normal probability plot. The basis for decision-making through this analysis is as follows: if the data points spread around the diagonal line and follow the direction of the diagonal line, or if the histogram graph shows a normal distribution pattern, then the data is considered to be normally distributed. If the data points spread far from the diagonal line and do not follow the diagonal line, or if the histogram graph does not show a normal distribution pattern, then the data is not considered to be normally distributed.



Source: SPSS for Windows output version 23

Image 1
Noemality Test with P-Plot

Based on the normality test results using the normal plot graph and histogram, it can be concluded that the normal plot graph shows points scattered around the diagonal line, and the spread follows that of the normal graph line, while the histogram forms a bell shape. This indicates that the regression model meets the assumption of normality.

Multicollinearity Test

Multicollinearity test is necessary when there are more than one independent variables in the regression model. To detect multicollinearity issues in the regression model, one can examine Tolerance and VIF (Variance Inflation Factor). Values considered not indicating multicollinearity issues are Tolerance > 0.10 and VIF < 10.

Table 2
Multicollinearity Test
Coefficients[a]

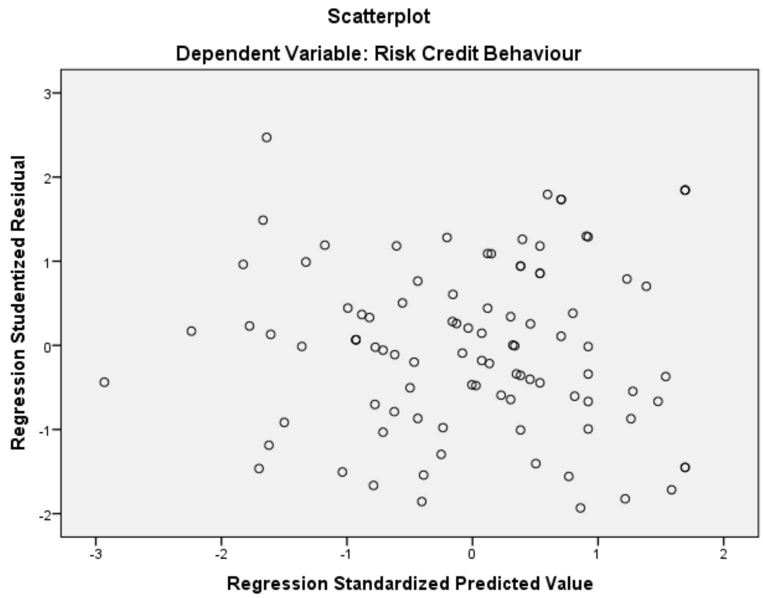
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.888	1.587		4.971	.000		
	Financial Literacy	.271	.081	.333	3.336	.001	.815	1.227
	Financial Self-Efficacy	.189	.075	.253	2.537	.013	.815	1.227

Source: SPSS for Windows output version 23

The table above shows the results of the multicollinearity test where the values are taken from the coefficients table, and all tolerance values are > 0.10, and all VIF values are < 10. Thus, the regression model formed does not exhibit multicollinearity.

Heteroskedasticity Test

Heteroskedasticity test is used to evaluate whether there is a difference in variation among observations in a regression model. Heteroskedasticity testing often utilizes scatterplots.



Source: SPSS for Windows output version 23

Image 3

Heteroskedasticity Test with Scatterplot

In a good regression model, heteroskedasticity usually does not occur. The presence of heteroskedasticity can be identified through specific patterns in the scatterplot graph. From the provided graph, the points are randomly scattered both above and below the number 0 on the Y-axis. Therefore, it can be concluded that there is no heteroskedasticity in the regression model in this study.

Discussion

The Influence of Financial Literacy on Risk Credit Behavior

Good financial literacy is essential for achieving financial well-being. Individuals with a high level of financial understanding generally make better financial decisions (Ulumudiniati & Asandimitra, 2022). Cude et al. (2020) state that financial literacy affects risky credit behavior. Understanding loan interest, as an indicator of financial literacy, helps individuals avoid late bill payments.

Table 3
Partial Hypothesis Test (t-test)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.888	1.587		4.971	.000
Financial Literacy	.271	.081	.333	3.336	.001
Financial Self-Efficacy	.189	.075	.253	2.537	.013

Source: SPSS for Windows output version 23

The results of the study support the first hypothesis that financial literacy has a partial influence on risk credit behavior. This is indicated by the regression coefficient value of X1, where t_calculated is 3.336 > t_table 1.985, with a significance value of 0.001 < 0.05. Thus, the research hypothesis is accepted, indicating a positive and significant influence of the financial literacy variable on risk credit behavior in the use of Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

The Influence of Financial Self-Efficacy on Risk Credit Behavior

To avoid detrimental financial decisions such as risk credit behavior, individuals need to have confidence in their financial abilities (Surya & Evelyn, 2023). Research shows that individuals who are confident in their financial capabilities tend to make financial and consumption decisions more rationally and cautiously (Liu & Zhang, 2021). Financial confidence helps individuals avoid risky credit behavior.

Based on Table 3, the results of the study support the second hypothesis that financial self-efficacy has a partial influence on risk credit behavior. This can be seen from the t-test results where the value of X2 t_calculated is 2.537 > t_table 1.985 with a significance value of 0.013 < 0.05. Based on the t-test criteria, the research hypothesis is accepted, meaning there is a positive and significant influence of the financial self-efficacy variable on risk credit behavior in the use of Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

The Influence of Financial Literacy and Financial Self-Efficacy on Risk Credit Behavior

Financial literacy and financial self-efficacy play important roles in reducing risk credit behavior. Individuals with high financial literacy are better able to understand the use of credit and avoid risks. Similarly, individuals with strong financial self-efficacy are more confident in managing credit and are less likely to engage in risky behavior. Research shows a positive relationship between financial literacy, financial self-efficacy, and prudent financial behavior. Ariyanti (2019) found that financial literacy reduces the likelihood of risk credit behavior and enhances financial decisions through self-efficacy. Improving financial literacy and financial self-efficacy helps individuals make better financial decisions, manage credit more effectively, and achieve financial stability and well-being.

Table 4
Simultaneous Hypothesis Test (F-test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	293.172	2	146.586	15.243	.000[b]
	Residual	894.318	93	9.616		
	Total	1187.490	95			

Source: SPSS for Windows output version 23

From the F-test conducted above, it is known that F_calculated (15.243) > F_table (3.09) or Sig 0.000 < 0.05. Based on the F-test criteria, H0 is rejected, and Ha is accepted, meaning there is a simultaneous influence of financial literacy and financial self-efficacy on risk credit behavior in the use of Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau.

Table 5
Multiple Linear Regression Analysis
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.888	1.587		4.971	.000
Financial Literacy	.271	.081	.333	3.336	.001
Financial Self-Efficacy	.189	.075	.253	2.537	.013

Source: SPSS for Windows output version 23

Based on the results from the output above, the multiple regression equation is obtained as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

$$Y = (7{,}888) + 0{,}271\ X_1 + 0{,}189\ X_2 + e$$

1) The constant (α) of 7.888 indicates that if financial literacy and financial self-efficacy are together unchanged or zero, the magnitude of risk credit behavior is 7.888.
2) The regression coefficient for financial literacy is 0.271. The positive value of the regression coefficient indicates a direct relationship between the financial literacy variable and risk credit behavior. This means that if the financial literacy variable increases by one unit, risk credit behavior will increase by 0.271, assuming other variable coefficients remain constant.
3) The regression coefficient for financial self-efficacy is 0.189. The positive value of the regression coefficient indicates a direct relationship between the financial self-efficacy variable and risk credit behavior. This means that if the financial self-efficacy variable increases by one unit, risk credit

behavior will increase by 0.189, assuming other variable coefficients remain constant.

4) The standard error (e) is a random variable with a probability distribution that represents all factors influencing Y but not included in the equation.

Table 6
Coefficient of Determination Test (R^2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820[a]	.672	.665	1.240

Source: SPSS for Windows output version 23

From the table above, it can be seen that the coefficient of determination (R Square) is 0.672, which means that financial literacy and financial self-efficacy are able to explain 67.2% of the risk credit behavior in the use of Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau. The remaining 32.8% is explained by other factors not examined in this study.

Conclusion

Based on the research results, it can be concluded that financial literacy has a positive effect on risk credit behavior in the use of Shopee PayLater among students of the Faculty of Economics and Social Sciences at UIN Suska Riau, with a significance value of 0.001 < 0.05. This means that the higher an individual's financial understanding, the better their credit risk behavior, thus reducing the likelihood of engaging in risky credit behavior. Financial self-efficacy has a positive effect on risk credit behavior in the use of Shopee PayLater among these students, with a significance value of 0.013 < 0.05. This implies that individuals who have confidence in their ability to use financial services or products will have better credit risk management, allowing them to identify risky credit behavior as poor financial decisions and prevent them.

Based on the above conclusions, several additional suggestions are expected to be beneficial for researchers and future research topics. Future researchers are encouraged to add other variables not included in this study and to expand their research and theoretical studies to make the research results more accurate and achieve significant outcomes.

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