The Influence Of Financial Literacy, *Fintech Payment*, And *Locus Of Control* On The Financial Management Behavior Of The Millennial Generation At Bina Widya Pekanbaru

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A R T I C L E I N F O

A B S T R A C T

The purpose of this study is to determine whether the influence of financial literacy, fintech payment and locus of control on the financial management behavior of the millennial generation in Bina Widya, Pekanbaru Riau. Data collection techniques using questionnaires. The population in this study is the entire millennial generation community in Bina Widya. In this study, a sample of 96 respondents used purposive sampling techniques. The data analysis used is quantitative with multiple linear regression method. Based on partial tests, from this test it can be seen that the financial literacy variables have a significant effect on financial management behavior, while the fintech payment variable has a significant effect on financial management behavior and the locus of control variable has a significant effect on financial management behavior. All independent variables have a combined contribution of 55.2% to the dependent variable. Meanwhile, 44.8% were influenced by other variables that were not studied in this study.

INTRODUCTION

Financial management is an important activity in daily life, both individuals, organizations, and the state with the aim of achieving welfare. To achieve this welfare, the right steps are needed in managing and controlling finances in order to meet the needs of life. As the country with the fourth largest population in the world (Arieza, 2023), Indonesia has great potential in global economic development, but its people are required to be able to manage finances rationally and effectively in order to have a prosperous life. The practice of financial management in Indonesia is one of the concentrations of many organizations very seriously (Mien and Thao, 2015).

Financial management behavior in the millennial generation is one of the important discussions, because it is part of the economic driver. This is because the millennial generation is currently at a productive age and has a variety of jobs and even has a large income. However, one of the problems of the millennial generation is an unhealthy and excessive lifestyle. According to 51% of millennial finances are used for consumptive activities, savings are only 10.7% and investment is only 2%. As a result of this consumptive behavior, the millennial generation tends to fail in managing finances.(Utomo, 2019)

Based on data (Ojk.go.id, 2023)It shows that 62% of funding fintech accounts are owned by customers aged 19-34 years. This means that the use of fintech funding is dominated by the Zilenial Generation (Z) and the Millennial Generation (M). Therefore, it is not surprising that Gen Z and Millennials are considered to be in debt. This is due to technological advances that offer a lot of conveniences such as: fintech, co-funding, e-commerce applications, ticket ordering and food ordering. In fact, the application offers paylater services that tend to trigger the high consumptive debt of the millennial generation. So that the millennial generation tends to fail in managing finances. Therefore, a good financial understanding is needed, especially for the millennial generation.

A good understanding of financial issues is known as financial literacy. Financial literacy can provide an in-depth understanding of how to manage finances and increase opportunities in achieving financial freedom (Asuransi, 2017), Financial literacy is knowledge, skills, and beliefs, which influence attitudes and behaviors to improve the quality of decision-making and financial management in order to achieve prosperity (OJK, 2017). Financial literacy is also a contributing factor to financial decisions. In fact, the level of financial literacy possessed by the community is also able to support the economic growth of a country (Brillianti & Kautsar, 2020).

In addition to financial literacy, another factor that can affect financial management behavior is the Locus Of Control. According to (Farmitha, Wahyudi and Desmintari 2021) The Locus Of Control was known in 1966 by Rotter, an expert on social learning, expectations, or attitudes about the relationship between a person's behavior and its consequences. If a person has good self-control, then his financial management behavior will also be good, because with good control, a person can estimate needs so that they can make wise decisions (Pradiningtyas, Tifani Enno; Lukiastuti, Fitri;, 2019).

LITERATURE REVIEW

Planned Theory of Behavior (TPB)

Planned Theory of Behavior (TPB) is a development of the theory of reasoned

action (TRA) that was developed by Ajzen and Martin in 1975. (Ajzen, 1991) Explains that individual behavior is influenced by intentions formed from attitudes, subjective norms, and perceptions of behavior. In the context of finance, this theory explains how a person's beliefs and self-control influence decisions in managing their finances.

Financial Management Behavior

(Dew & Xiao, 2011) Explaining financial management behavior describes a person's ability to manage expenses, savings, investments, and debt management. This behavior is an indicator of the extent to which a person can make wise financial decisions to achieve economic prosperity. Financial management behavior is a person's expertise that is closely related to budgeting, checking, planning, managing, disbursing, controlling and storing daily finances (Fadli et al., 2020).

Financial Literacy

(OJK, 2016) defines financial literacy as a combination of knowledge, skills, and beliefs that affect attitudes and behaviors so as to encourage a person to make more appropriate financial decisions. Individuals who have high financial literacy are generally more rational in managing income and expenses. There are several studies that state that financial literacy affects financial management behavior (Scott, 2020; Faramitha, Wahyudi, & Desmintari, 2021)

H1: It is suspected that financial literacy has an effect on the financial behavior of the millennial generation.

Fintech Payment

In the Bank Indonesia Regulation (2017), financial technology is an innovation in technology-based financial services to improve transaction efficiency. Fintech Payment services such as GoPay, OVO, and DANA provide convenience in transactions, but also have the potential to increase consumptive behavior (Umah, 2019). Previous research has shown that fintech payments have an effect on financial management behavior (Muchammad Yudha Erlangga and Astrie Krisnawati: 2020)

H2: It is suspected that fintech payments affect the financial behavior of the millennial generation.

Locus of Control

Rotter (1996) distinguishes the loci of control into two types: Internal and External. Individuals with an internal locus of control believe that the results obtained are a consequence of personal efforts, while individuals with an external locus of control assume that the results are determined by external factors such as fate (Pradiningtyas & Lukiastuti, 2019). Previous research has shown that financial knowledge has no direct influence on financial behavior, but the locus of control does have an influence (Muhidia, 2019). Research (Rachmiyantono, 2019) states that financial management behavior is influenced by the locus of control.

H3: It is suspected that locus of control affects the financial behavior of the millennial generation.
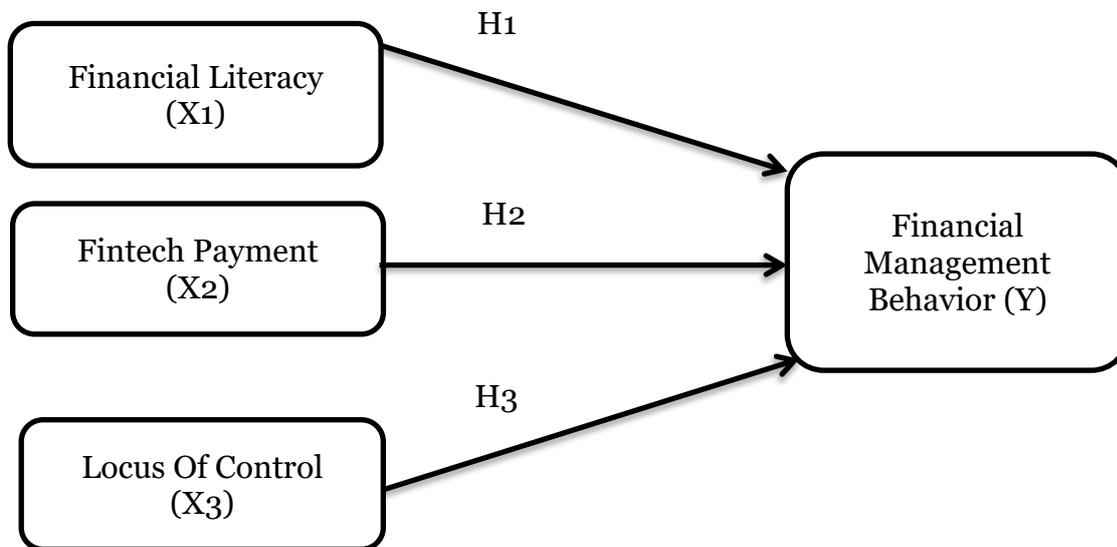
Figure 1 : Research Model

METHODOLOGY

The research population is the entire millennial generation who live in Bina Widya District, Pekanbaru. The sampling technique of 96 respondents used the purposive sampling method, namely the determination of the sample with certain considerations. Namely: People in Bina Widya sub-district (Millennial Generation with birth years 1981-1996 with the following proportions as a sample with.source: research data.

Table 1: Sample Proportions

N	Village	Population	Percent	Sample
1	Simpang Baru	18.450	23,96%	23
2	Tobek Gadang	18.997	23,96%	23
3	Pomegranate	22.872	31,25%	30
4	Bina Widya	9.972	10,41%	10
5	Sibam River	7.787	10,41%	10
	Quantity	78.078	100%	96

Sources: Research Data

The data collection technique in this study used a questionnaire. Furthermore, the instrument was tested with validity tests (category R count > from the R table), and reliability (Cronbach alpha > 0.50 (reliable), <0.50 (not reliable). After that, the classical assumption test (normality, multicollinearity, heteroscedasticity), which aims to test whether or not the distributed regression model is normal, has a perfect relationship between the free variables in the regression, as well as to test whether in the regression model there is a variant inequality from residual 1 observation to another observation.

Then multiple linear regression analysis was carried out to determine the influence

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of financial literacy, fintech payment and locus of control on financial management behavior.

Next, a hypothesis test (T statistical test) is carried out with the criteria if:

1. If $t_{count} > t_{table}$, or sig < 0.05, then there is an influence of variable X on variable Y.

2. If $t_{count} < t_{table}$, or sig > 0.05, then there is not influence of variable X on variable Y.

Then a determination coefficient test (R) was carried out which functions to determine the percentage of influence given by the variables of financial literacy, fintech and locus on management behavior

RESULTS AND DISCUSSION

The results of research on the millennial generation (born in 1998-1996) at Bina Widya Pekanbaru, are explained as follows:

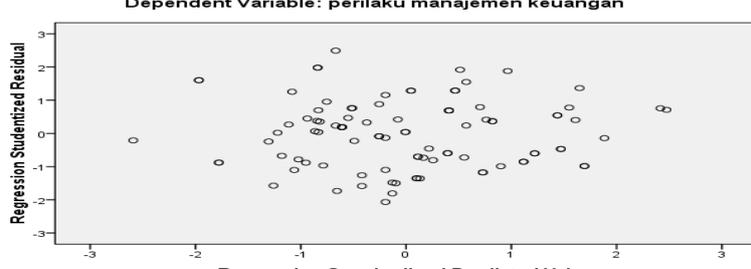Table 2 : Validity Test and Reliability Test Recapitulation

Variable	Statement	Valid			Reliable		
		Corrected item total *Collages*	r-table	Ket	Cronbach Alpha Results	Cronbach Alpha	Ket
Financial Literacy (X1)	X1.1	0,658	0,200	Valid	0,541	0,50	Reliable
	X1.2	0,230					
	X1.3	0,694					
	X1.4	0,601					
	X1.5	0,775					
Fintech Payment (X2)	X2.1	0,808	0,200	Valid	0,812	0,50	Reliable
	X2.2	0,784					
	X2.3	0,669					
	X2.4	0,669					
	X2.5	0,575					
	X2.6	0,714					
	X2.7	0,768					
Locus of Control (X3)	X3.1	0,851	0,200	Valid	0,873	0,50	Reliable
	X3.2	0,851					
	X3.3	0,891					
	X3.4	0,830					
Financial Management Behavior (Y)	Y.1	0,405	0,200	Valid	0,702	0,50	Reliable
	Y.2	0,723					
	Y.3	0,709					
	Y.4	0,433					
	Y.5	0,363					
	Y.6	0,457					
	Y.7	0,577					
	Y.8	0,541					
	Y.9	0,656					

Source: Research Data

Based on the results of the study, it can be seen that all statement items used to measure the variables of Financial Literacy (XI), Fintech Payment (X2), and Locus of Control (X3) as well as financial management behavior (Y) have met the criteria for

validity and reliability tests, so that they can be used as a measuring tool in this study.

Table 3 : Recapitulation of the Classical Assumption Test

Classic Assumption Test				Results / Conclusion
Remarks		One-Sample Kolmogrov-Smirnov Test		
			Unstandardized Residual	
Normality	N		96	0.434 > 0.05 Meeting the Assumption of Normality
	Normal Parameters	Red Std. Deviation	.0000000 3.08364488	
	Most Extreme Differences	Absolute Positive Negative	.089 .089 -.055	
	Kolmogorov-Smirnov Z		.871	
	Asymp. Sig. (2-tailed)		.434	
Multicolline arity		Collinearity Statistics		All variables do not occur Multicollinearity because the VIF value is less than 10 and the tolerance value is above 0.1
	Models	Tolerance	VIVID	
	Constant			
	Financial Literacy	.666	1.501	
	Fintech Payment	.663	1.508	
	Locus Of Control	.994	3.006	
Heterosced asticity Test				There is the formation of certain patterns and grouped points on the Scatterplot, which means that Heteroskedaticity occurs.

Source : *Source*: Research Data

Furthermore, the results of multiple linear regression tests are presented to determine the influence of financial literacy (X1), Fintech Payment (X2) and Locus Of Control (X3) on Financial Management Behavior (Y) as follows:

Table 4: Compute T Test

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.699	3.200		1.469	.145
Financial Literacy	.971	.142	.583	6.821	.000
Fintech Payment	.178	.086	.178	2.077	.041
Locus of Control	.362	.119	.213	3.051	.003

Source: Research Data

1. **The Effect of Financial Literacy (X1) on Financial Management Behavior (Y)**

The higher the individual's financial literacy, the better their financial management behavior will be. So that it is easier to achieve economic prosperity. Based on the results of the research through a partial test (t test), the results of t calculation were 6,821 > t table 1,986 and significant 0.000 < 0.05. So it can be concluded that financial literacy has a significant direct influence on the financial management behavior of the millennial generation in Bina Widya. In fact, the respondents in this study have saved in banks and are able to avoid fraud, because they have good financial knowledge.

2. **The Influence** *of Fintech Payment* (X2) on Financial Management Behavior (Y)

Based on the results of the study through a partial test (t test), the results of t calculation were 2,077> t table 1,986 and significant 0.041 < 0.05. So it can be concluded that Fintech Payment has a significant direct influence on the financial management behavior of the millennial generation in Bina Widya. In this study, information was also obtained that the respondents in this study have felt the convenience and benefits of using fintech.

3. **The Influence** *of Locus of Control* (X3) on Financial Management Behavior (Y)

Based on the results of the study through a partial test (t-test), the results of t calculation were 3,051 > t table 1,986 and significant 0.003 < 0.05. So it can be concluded that *the locus of control* has a significant direct influence on the financial management behavior of the millennial generation. In this study, it was also found that the respondents of this study had the ability to make financial decisions and could control their financial condition.

Table 5: Determination Coefficient Test

Model Summaryb

Models	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743a	.552	.538	2.23660

Sources: Researcher's Processed Data

Based on the results of the determination test table above, it can be seen that:

1. The correlation coefficient (R) of 0.743 means that there is a strong relationship between free and bound variables.

2. The determination coefficient of 0.552 means three variables: Financial literacy, fintech payment, and locus of control affect the variables of financial management behavior by 55.2%, the remaining 44.8% are influenced by variables outside the model.

CONCLUSION

So it can be concluded that the results of the free variable and the bound variable are:

1. Financial literacy has a significant influence on the financial management behavior of the millennial generation at Bina Widya. The ability of individuals to understand financial concepts and manage their finances independently, is one of the things that makes financial literacy have a full effect on financial management behavior.

2. *Fintech Payment* has a significant influence on the financial management behavior of the millennial generation in Bina Widya. Based on the results of the research, it was found that what makes fintech payments have a full effect on financial management behavior is the ease of using Fintech Payment.

3. Locus *of control* has a significant influence on the financial management behavior of the millennial generation in Bina Widya. If a person has a good locus of control, then it can be said that one can be responsible for his or her financial management behavior.

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