

Financial Literation And Other Factors Affecting Interests In The Use Of Electronic Money

Hasa Nurrohim Kurniawan Putra, Shinta Heru Satoto

Universitas Pembangunan Nasional Veteran Yogyakarta

Email address hasa.nurrohim@gmail.com; Email address shintaherusatoto@gmail.com

Abstract

This study aims to examine the influence of the variables of financial literacy, financial capability, perceived ease of use, and perceived usefulness on interest in using electronic money. The study was conducted in the Yogyakarta community and collected as many as 103 respondents. The results showed that financial capacity and perceived convenience have a positive effect on the interest in using electronic money in the people of Yogyakarta. Meanwhile, financial literacy and perceived benefits do not affect the interest in using electronic money in Yogyakarta society

Keywords: : financial literacy, financial capacity, perception, consumer behavior, electronic money



This is an open access article under the CC-BY-NC license.

I. INTRODUCTION

Technological advances today greatly support community activities in various sectors. The use of technology makes it easier for users to carry out their activities, develop their business, and in the learning process. One area that is experiencing rapid technological development is finance. Technology in finance or often called fintech (financial technology), is one of the implementations of the use of information technology related to finance (Alimirruchi, 2017). Bank Indonesia (2016) classifies financial technology into four categories, one of which is a payment, settlement, and clearing services. Financial technology in this category function to allow users to make payments online quickly in the supervision of Bank Indonesia. This service is regulated in Bank Indonesia Regulation Number 18/40 / PBI / 2016 concerning the Implementation of Payment Transaction Processing. This regulation aims to continue to support the creation of a smooth, safe, efficient, and reliable payment system by prioritizing the fulfillment of the principles of prudence and adequate risk management (Hutabarat, 2018).

Electronic money (e-money) is a product of Bank Indonesia, which is part of the development of financial technology. The enforcement of electronic money was legal after Bank Indonesia issued Bank Indonesia regulation Number 20/6 / PBI / 2018 concerning Electronic Money. Electronic money is an alternative payment, such as purchasing flight tickets, hotels, tours, and so on, toll payments, payments to merchants that have used an electronic money payment system, and other non-cash payments.

Electronic money as a form of non-cash payment makes transactions easier to carry out and guarantees security and speed for users. Currently, there are two types of electronic money, namely

chip-based electronic money and server-based electronic money. Chip-based electronic money is generally in the form of cards, such as Flazz and Brizzi. Meanwhile, server-based electronic money is usually in the form of applications such as Go-Pay, OVO, and LinkAja. Basically, by using electronic money, the public can avoid the risk of losing money because the money they have is already recorded on the card or in the cellphone account balance notes. However, many people still think that electronic money has a big risk and has many weaknesses, so they prefer to make payments using physical money (Firdauzi, 2016).

In 2019, the use of electronic money in Indonesia experienced a significant increase of 55.92%. However, transactions using electronic money are still small compared to transactions using a currency that reached Rp 654.7 trillion in December 2019. According to Bank Indonesia data, the growth of electronic money issued by the Bank decreased by 7.9% in December 2019. January 2020, while currency in circulation increased by 6.4% in January 2020 (bi.go.id). This shows that there are still many people who are still not sure about the use of electronic money and still rely more on physical money in their payment transactions.

When the use of money becomes a measure of the level of success and creates a sense of distrust when a crisis occurs, this allows financial problems and increases financial dissatisfaction (Dowling, Corney, and Holes, 2009). With financial literacy, a person can know of what, how, where, why, and when to take financial action or just know a financial product. Financial literacy will give the skills to apply the knowledge that is owned in real life to achieve success and satisfaction. In this case, the use of electronic money would be wiser to use by someone who is educated enough in the financial field. For this reason, financial literacy is very important for someone because someone will be able to overcome financial problems and achieve prosperity by having high financial literacy.

Based on this phenomenon, the researcher intends to examine financial literacy factors in influencing the interest in using electronic money. This study also wants to further examine other factors such as financial capacity, perceived ease of use, and perceived usefulness, in influencing the intention to use electronic money. These factors are used because a person's understanding of the use of electronic money as an alternative to paying transactions with physical money is not only based on needs and benefits but also based on knowledge and abilities.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

II.1. Electronic Money

Electronic money (e-money) is a form of electronic communication that consumers can use as a means of payment (Al-Laham, Al-Tarawneh, and Abdallat, 2009). According to the explanation of Bank Indonesia (2013), electronic money has more advantages such as being able to store and record on cards or instruments, having owner authority, and being able to make transactions offline. In Indonesia, electronic money is regulated by Bank Indonesia with Bank Indonesia Regulation No. 11/12 / PBI / 2009 concerning Electronic Money. Bank Indonesia determines four elements that must be fulfilled by electronic money, namely: a) issued based on the value of money previously deposited to the issuer; b) the value of money is stored electronically on a media server or chip; c) is used as a means of payment to merchants who are not the issuers of electronic money, and d) the value of electronic money managed by the issuer is not a deposit as referred to in the law governing banking.

II.2. Financial Literacy and Interest in the Use of Electronic Money

Financial literacy is knowledge and understanding of financial concepts and risks as well as skills, motivation, confidence to apply this knowledge and understanding to make effective decisions in a

financial context, improving financial well-being, good welfare. Individuals and communities (OECD, 2016: 87). Houston (2010: 306-307) explains that financial literacy shows how well an individual can understand and use information related to finance. Financial literacy can also lead to resource components that can be used in financial activities to improve the quality of life expected from consumption, namely behaviors that can improve financial well-being.

H1: Financial literacy has a positive effect on interest in using electronic money

II.3. Financial Capability and Interest in Using Electronic Money

Financial ability is a person's ability to solve problems and manage their finances, both from salaries and pocket money, which will influence decisions in choosing and purchasing products (Firdauzi, 2016). Firdausi's research (2016) shows that financial ability has a positive effect on the ease of using electronic money. It can be assumed that if someone has sufficient financial capacity, it will make it easier to fill electronic money so that access to electronic money is not hampered

Hypothesis 2: Financial capability has a positive effect on interest in using electronic money interest in using electronic money

II.4. Perceived Usefulness and Interest in Using Electronic Money

Perceived usefulness is often associated with improving individual performance, either directly or indirectly, which will affect the opportunity to gain both material and non-material benefits (Tuilan et al., 2018). Tuilan et al. (2018) research shows that of the 13 informants who became respondents, electronic payments did not reduce their expenses; even the costs incurred resulted in waste. This is because they cannot exercise control over their desire to buy what they want. Meanwhile, seven informants stated that the use of electronic payments is very economical because of the discounts or discounts offered. Besides, the use of electronic payments makes financial transactions faster and more effective, where they no longer need to carry money with them when making transactions but only need to carry a card or make payments via a smartphone.

Hypothesis 3: Perceived usefulness has a positive effect on the use of electronic money

II.5. Perceived Ease of Use and Interest in Using Electronic Money

Research Teoh (2013), Tuilan et al. (2018), and Mentari, Setiawina, Budi, and Sudirman (2019) prove that perceived ease affects positive about the use of electronic money. Consumers consider using electronic money in making payments in places that provide the use of electronic money as a means of payment, such as mini markets, providing convenience in making payments, thus encouraging attitudes to use electronic money.

Hypothesis 4: Perceived ease of use has a positive effect on the interest in using electronic money.

III. RESEARCH METHODS

The population in this study are people who live in Yogyakarta. Sampling was done using nonrandom method sampling, namely, convenience sampling. In this research, the data collection method used is a questionnaire that will be distributed to the people of Yogyakarta using electronic money. In this study, the questionnaire will be distributed via a google form. The number of respondents who were collected was 103 respondents. The sample size in this study refers to Roscoe, who states that the proper sample size in the study is between 30 to 500.

Hypothesis testing is carried out using multiple linear analysis with the following equation:

$$Y = \alpha + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ e$$

Where: Y = interest in using electronic money, X1 = financial literacy, X2 = financial ability, X3 = perceived usefulness, X4= perceived ease of use

IV. RESEARCH RESULTS

Testing is done to prove the effect variable financial literacy, financial capacity, perceived usefulness, and perceived ease of use of interest using electronic money. The test results are shown in Table 1 below.

Table 1. Testing Results of the Effect of Financial Literacy, Financial Capability, Perceived Usefulness and Perceived Ease of Use on Interest Using Electronic Money

Model	Unstandardized Coefficient		Standardized Coefficients	T	Sig.
	Beta	Std Error	Beta		
Constanta	-.180	.386		-.466	.642
Financial Literacy	.098	.154	.115	1,567	.120
Financial Capability	.052	.150	.035	2,135	.112**
Perceived Usefulness	.118	.194	.161	1,643	.104
Perceived Ease of Use	.559	.106	.519	5,300	.000 *

* Significant at $\alpha = 0.05$

** Significant at $\alpha = 0.10$

The regression equation obtained from testing the first model is:

$$Y = - 0.180 + 0.154X_1+ 0.112X_2+ 0.194 X_3 + 0.559X_4$$

From this equation, it can be interpreted that the positive regression coefficient on variables X1, X2, X3, and X4 means that there is a positive influence between financial literacy, financial capability, perceived usefulness, and perceived ease of use of electronic money. This means that as financial literacy, financial capacity, perceived usefulness, and perceived ease of use increase, the interest in using electronic money will also increase. And vice versa. The results of hypothesis testing in table 1 show that the variable financial ability (sign t 0.035 < $\alpha = 0.10$) and perceived ease of use (sign t 0.000 < $\alpha = 0.05$) show a significant effect on the interest in using electronic money. Meanwhile, financial literacy (sign t 0.120 > $\alpha = 0.10$) and perceived usefulness (sign t 0.104 > $\alpha = 0.10$) did not show an effect on the interest in using electronic money

V. DISCUSSION

The results showed that there was no effect of financial literacy on the interest in using money electronics in the people of Yogyakarta. Financial literacy is a person's ability, which includes knowledge, skills, and beliefs that will influence a person's attitude and behavior in making decisions to manage finances to achieve prosperity. In this study, financial literacy, as measured by using indicators of knowledge of financial concepts, ability to manage, personal finance, and credit management (debt/loans), savings, and investment, were not able to influence the interest in using electronic money. This can be due to the use of electronic money that uses technology, which is quite easy for anyone to use. So, even though users do not have sufficient financial management

knowledge and skills, users can still use electronic money. The interest in using this is more likely to be the ease, benefits, and interest in the various facilities offered without the need for a basic understanding of finance. This study contradicts Awalina's (2019) research, which found that financial literacy has a positive effect on the interest in using server-based electronic money among students. According to Awalina, the higher a person's financial literacy, the greater a person will save money in the form of savings. A high level of financial literacy is a basic need for someone to avoid financial problems.

The positive effect of financial ability on the interest in using electronic money explains that the greater a person's financial ability, the more likely someone is to manage their finances and solve problems that may be faced in the financial sector. A person with good financial abilities will have no difficulty in replenishing electronic money, so there is no problem in terms of adequacy of electronic money balances. So, this ability will encourage someone to make transactions using electronic money. This research is in line with the research of Arsita (2015) and Firdauzi (2016), which proves that there is a positive effect of financial ability on the interest in using electronic money. According to Firdauzi, the greater a person's financial ability, the higher the interest in using electronic money, because the greater a person's financial ability, the more likely that person is to save it in savings.

Research results show that there is no effect of perceived usefulness on interest in using electronic money. This means that respondents think that the use of electronic money does not provide more benefits for its users. This can be caused by the lack of trust from users on the effectiveness, efficiency, and productivity of electronic money, where these benefits are deemed insufficient for user needs and are deemed unable to contribute more to user performance. According to Awalina (2019), a system will be used by users if the system is considered useful, whether the system is easy to use or not easy to use. Also, the emergence of other types of non-cash payments offered by various parties, such as debit or credit cards, and the presence of mobile banking provided by banks, have made users have options for making non-cash payments other than using electronic money. This research is in line with research, Ramadhan (2016) and Marcelina and Pratiwi (2018), which prove that perceived usefulness do not affect interest variables.

The positive effect of perceived ease of use on the interest in using electronic money shows that respondents believe that the use of electronic money provides convenience, is not inconvenient, and the use of technology in electronic money is considered not difficult to learn, easy to understand and operate (Wahyuni, 2019). As Consult (2002) states, perceived convenience leads to the ability of consumers to try innovations and easily evaluate their benefits. Electronic money offers an innovation in the form of easy transactions by utilizing existing technology such as the use of card scans on available barcodes. The use of electronic money is also related to improving one's performance, either directly or indirectly, which will have an impact on achieving benefits, both material and non-material (Davis, 1989). In other words, the use of electronic money makes it easier for users to carry out activities related to the payment transaction process so that they can support their performance and provide benefits both materially and non-materially. This research is in line with the research of Legris, Ingham, and Collette (2003), Teoh et al. (2013), which prove that convenience has a significant effect on consumer perceptions of using electronic money.

VI. CONCLUSION

This study proves the influence of financial capacity and perceived ease of use of electronic money in Yogyakarta. A person with good financial abilities will feel confident that he will not have difficulty replenishing electronic money balances so that interest in using electronic money is high.

In terms of perceived convenience, respondents believe that the use of electronic money provides convenience in their transaction processes, which in turn will help them improve their performance.

This study also proves that financial literacy and perceived usefulness do not show any influence on the interest in using electronic money in Yogyakarta. This shows that, without basic knowledge of financial concepts, good ability to manage personal finances, credit, savings, and investment, the use of technology makes it easy for anyone to use electronic money. The usage interest is more likely to be interested in the various facilities offered without the need for an understanding of the benefits and basic financial knowledge.

REFERENCE

- Adiyanti, Arista, I., 2015, The Influence of Financial Capability, Benefits, Ease of Use, Attraction, Promotion, and Trust on Interest in Using Electronic Money Services, Universitas Brawijaya Malang
- Ajzen, I. (1991). The theory of planned behavior. *Organizational behavior and human decision processes*, 50 (2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Awalina, M., 2019, The Effect of Perceptions of Usefulness, Ease and Financial Literacy on the Interest in Using Server-Based Electronic Money among Students in an Islamic Perspective, Islamic University Negeri Sunan Ampel Faculty of Economics and Islamic Business Surabaya
- Bank of Indonesia. (, 2006). Efforts to Increase the Use of Non-Cash Payment Instruments Through E-Money Development. *Working Paper*. Jakarta: Bank, Indonesia.
- Bangka, RJ, and Mimba, NPSH, 2016, The Effect of Perceived Usefulness and Perceived of Use on Internet Banking Interests with Attitude Toward Using as an Intervening Variable, *Udayana University Accounting E-journal*, vol 16.3, September, pp 2408-2434
- BMTuilan., SSPangemanan., MVJTielung., 2018, Analyzing Consumers' Perception Of The Use Of Electronic Payment In Manado, *Jurnal EMBA*, Vol. 6 No.4, 3653 - 3662
- Consult, AN, 2002, China Online Banking Study, Available: <https://estore.chinaonline.com/chinonlbanstu.html>. Accessed on June 18th, 2018.
- Davis, FD (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS quarterly*, 319-340. <https://doi.org/10.2307/249008>
- Dowling, NA, Tim, C., & Hiles, L., 2009, Financial Management Practices and Money Attitudes as Determinants of Financial Problems and Dissatisfaction in Young Male Australian Workers, *Journal of Financial Counseling and Planning*, Vol. 20, No. 2.
- Firdausi, I., 2016, The Influence of Financial Capability, Convenience, and Consumer Behavior on Interest in Using Electronic Money in Yogyakarta City, Faculty of Economics, Yogyakarta State University
- Ilic, Alexander, et al. , 2016, Individual Differences and Mobile Service Adoption: An Empirical Analysis.
- Legris, P., Ingham, J. and Collerette, P. 2003, "Why do people use information technology? A critical review of the technology acceptance model ", *Information and Management*, Vol 40, Issue 3. http://www.academia.edu/502931/Why_do_people_use_information_technology_A_critical_review_of_the_technology_acceptance_model, Accessed on March 17th, 2016. pp. 191-204.

- Marcelina, D., and Pratiwi, R., 2018, The Effect of Perceptions of Benefits, Perceptions of Convenience, Perceptions of Risk and Service Features on Interest in Using E-Money (Case Study of E-Money Users in Palembang City), *Journal of Accounting STIE*
- Mentari, NW, Setiawina, IND, Budhi, IMKS, & Sudirman, I. W, 2019, Influence Factor of Consumers Interest on Using E-Money, *International Journal of Social Sciences and Humanities*, Vol. 3 No. 2, 176 ~ 186
- NF., Zakaria, and MF, Sabir, 2013, Review of Financial Capability Studies, *International Journal of Humanities and Social Science*, Vol. 3 No. 9; May, 197 -203
- Nugroho, Najib, and Simanjuntak, 2018, Factors Affecting Consumer Interest In Electronic Money Usage With Theory Of Planned Behavior (TPB), *Journal of Consumer Sciences*, Vol. 03, No. 01, 15-27
- Ramadhan, Firman, A., Prasetyo, Adrian, B., and Irviana, Lala, 2016, Student Perceptions of Using E-Money, *Journal of Economics & Business Dynamics*, 2016
- Shahrabani, S., 2012, The Effect of Financial Literacy and Emotions on Intent to Control Personal Budget: A Study among Israeli College Students, *International Journal of Economics and Finance*, Vol. 4, No. 9, pp. 156-163
- Sholeh, Badrus, 2019, The Influence of Financial Literacy on Student Financial Behavior in the Economics Education Study Program of Pamulang University, *Journal of Education, Economics and Business*, Vol. 4, No. 2, pp. 57-67
- Teoh, WM, Chong, SC, Lin, B., and Chua, JW 2013. Factors Affecting Consumers' Perception of Electronic Payment: An Empirical Analysis. *Internet Research*, Vol. 23, Iss 4, 465 - 485.
- Wahyuni, Amalya, D., 2019, Analysis of Perceptions of Benefits, Perceptions of Ease, Perceptions of Security, and Environment Against Interest in Using E-Money in Y Generation (Case Study of the Surakarta Amalya Dwi Wahyuni Community, Department of Banking Sharia, Faculty of Islamic Business Economics, Surakarta State Islamic Institute
- www.bi.go.id