



# Financial Technology Use On Students' Consumer Behavior

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## ABSTRACT

This study aims to examine the relationship between the use of financial technology and student consumer behavior. The current investigation is classified as a quantitative descriptive study. A representative sample of the existing population of 35 respondents was selected to provide data through observation, interviews, and questionnaire distribution. Data analysis was conducted using a straightforward linear regression analysis methodology. The results of the study show that student consumer behavior is significantly influenced by the existence of financial technology. According to the observed effects, the level of student involvement in consumption will increase in direct correlation with the ease and adoption of financial technology, especially the use e-wallet.

**Keywords:** Financial Technology, Consumptive Behavior, E Wallet

## 1. INTRODUCTION

The advancement of information and communication technology has thoroughly influenced its users. Technology is a type of modern media that allows consumers to access digital information quickly and easily for various purposes, including sending messages, reading or sharing information, making work easier, and making payment and purchase transactions easier by utilizing technology. Given the pervasive impact of technology on many facets of life, particularly the financial sector, it is anticipated that society will increasingly acquire financial literacy. The financial sector currently offers many attractive financial products to meet the needs of society (Ayuningtyas & Irawan, 2021).

The digital economy facilitates contemporary technical and economic advancements. The financial crisis and technological disruption have given rise to breakthroughs in financial technology that are now spreading throughout the world (Wardani et al., 2021). One of the many functions of technology is to make it easier for people to use the resources they need. Finance is one of the economic sectors. Realizing the important role played by technology and finance, an innovation was born, namely financial technology (Fintech). Principally, fintech is the integration of technology with financial services (Irdiana et al., 2022).

The technological and financial sector are crucial contributors to the Indonesian economy, thereby necessitating ongoing innovation to adapt to societal changes. Thank to the progress of technology, everything seems more convenient. On one side, the present digital age has spawned many payment mechanisms and financial service products that facilitate online purchase. In terms of payments, non-cash payments are the main development trend (Leong & Sung, 2018).

The increase in the number of financial technology users is increasing along with the increasing functions and uses offered. More efficient transactions without the need to provide cash because payments can be made using e-wallet (Gunawan, 2023). Payment procedures have been simplified as a result of advancements in financial technology. Digital transactions have replaced the traditional use of currency as a medium of exchange in society as a result of this advancement. The newer generation, in particular, is currently intrigued in electronic payment systems. Individuals have diminished the quantity of currency they maintain in their purses. In essence, by utilizing electronic money, people can prevent losing money because the money is tracked in the user's card balance or phone account (Satoto & Putra, 2021).

The popularity of non-cash payment options among Indonesians may be attributed to numerous aspects, such as the perceived efficacy, convenience, and trust associated with them. Financial technology provides services that are similar to those of banks, such as loan, money collection, and investment. However, the incorporation of technology has facilitated the improvement of operational efficiency. This prediction suggests that financial technology industry will see significant growth (Beyene Fanta & Makina, 2019).

The advantages and practicality offered by e-money can have an impact on expanding users. E-money provides a number of benefits, including relatively low costs, strong ecosystem support, and high security. A product has the potential to be widely used by the public in the future if the product provides advantages and ease of use (Abdullah et al., 2018). Business people may find it easier to transact online with this financial service innovation than having to meet in person. This is done so that financial technology transactions are increasingly widespread and spur public interest in using financial technology.

A person's habits and lifestyle can change rapidly in the future, resulting in wasteful lifestyles and compulsive behavior, which ultimately leads to consumer behavior (Desembrianita et al., 2020). Consumer purchases are heavily influenced by cultural, social, personal and psychological characteristics (Zeb et al., 2011). Consumptive behavior is also not uncommon among students. The millennial generation tends to be wasteful due to the influence of digital culture and the internet (Lang et al., 2019). This fast-paced era of globalization requires understanding and expertise in careful and cautious financial management. Everyone must be able and knowledgeable enough to manage their money and assets (Farida et al., 2021). The introduction of electronic or non-cash payment instruments will make society more consumptive, which will lead to impulsive shopping behavior where people buy goods without planning (Iberahim et al., 2019).

Electronic wallets or digital wallets such as DANA, Ovo, Gopay, link aja, Shopee pay, and others are one type of non-cash payment method. This digital wallet has advantages and disadvantages. These advantages include ease of use, security, and flexibility in terms of when and where transactions can be made. The disadvantage is that these various conveniences actually increase consumer behavior so that users are less controlled when shopping. If someone does not manage their purchases, then the possibility of making impulsive purchases will be greater.

The student millennial generation is actively engaged in consumer behavior and, due to their significant demographic size and economic impact, this phenomena has garnered public interest. According to the Indonesia Millennial Report, only about 10.7% and 2% of the millennial generation's income is saved and invested, with more than half, or 51.1%, used for expenses. As a result, in order to control their spending and create a more secure and sustainable financial future, members of the millennial generation, especially students, need to understand financial behavior better. The younger generation will benefit from learning the value of self-control and good money management by avoiding the traps of consumer behavior.

In the research, (Wardani et al., 2021) found people can easily adopt financial technology because the effort required is minimal and there are facilitating resources. Furthermore, research conducted by (Gunawan, 2023) shows The development of financial technology is changing student consumption patterns. Therefore, researchers are interested in conducting a case study on the impact of financial technology on the consumer behavior of students at the Faculty of Economics and Business, Hasanuddin University Makassar.

**2. METHODS**

This research is a type of descriptive quantitative research. The data collection method uses a questionnaire with a Likert scale ranging from 1 to 5. The questionnaire was distributed to 35 e-wallet user respondents who were students from the Faculty of Economics and Business, Hasanuddin University, Makassar.

Validity testing and reliability testing are the two primary categories of instrument testing. Additionally, uncomplicated linear regression analysis is employed in data analysis to determine the correlation between dependent and independent variables. The following is a research framework needed to support and provide systematic research results to provide quality research data:

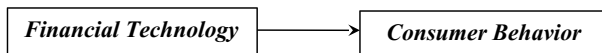


Figure 1. Framework of Thought

The operational definition of the variables is described in the following table:

Table 1. Operational Definition of Research Variables

No	Variables	Operational Definition	Indicator
1	Financial Technology	OJK defines Financial Technology (Fintech) as a technological innovation within the financial services sector.	- Perceived Usefulness - Perceived Ease Of Use
2	Consumer Behavior	Consumptive behavior is behavior	- -Impulsive

that prioritizes lifestyle and satisfaction rather than needs.	purchasing - Wasteful buying - Non rational buying
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### 3. RESULT

Before further analysis is carried out, the instrument testing process is first carried out. The testing tools used are validity and reliability tests. This instrument examination includes validity and reliability assessments. Upon completion of the test, all question items were deemed valid and dependable, making them suitable for further use.

#### 1. Simple Regression Analysis

The results of a simple regression analysis, which was conducted using SPSS, are presented below.

Table 2. Simple Linear Regression Test Results

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.042	4.684		4.279	.000
	Financial Technology	.708	.121	.713	5.841	.000

a. Dependent Variable: Perilaku Konsumtif

Source: SPSS Data Processing Results, 2023

$$Y = 20.042 + 0,708 X$$

- a. The consumer behavior is 20.042 if variable X is either nonexistent or considered fixed, as the intercept/constant or point of intersection of the aforementioned equation is 20.042.
- b. The beta value of 0.708 suggests that the use of financial technology (X) has a positive impact on student consumer behavior (Y). This figure indicates the magnitude of consumer behavior for each use of financial technology

#### 2. Coefficient of Determination Test (R<sup>2</sup>)

The results of the coefficient of determination test, which was conducted using SPSS, are presented in the following table:

Table 3. Results of the Determination Coefficient Test

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713 <sup>a</sup>	.508	.493	1.785

a. Predictors: (Constant), Financial Technology

b. Dependent Variable: Perilaku Konsumtif

The table shows that the correlation coefficient (R) for the financial technology variable is 0.713. The correlation coefficient of 0.713 or 71.3%, this shows the relationship between financial technology and student consumption behavior. The determination coefficient (R

square) of 0.508 shows that the relationship between financial technology has a relationship of 50.8% to student consumptive behavior, while the remaining 49.2% is associated with elements outside the scope of the research variables.

#### 4. DISCUSSION

According to the findings of the analysis, the consumer behaviour of students at the Faculty of Economics and Business, Hasanuddin University, Makassar is significantly and positively influenced by financial technology. The influence shown indicates that student consumer behavior will increase directly in proportion to the utility and use of financial technology, in this case the use of e-wallets.

This finding is in line with (Tompodung et al., 2020) online shopping and e-wallet usage affect consumer impulsive purchases. Other findings by (Sima et al., 2020) found that the development of digitalization affects consumer behavior, especially in terms of shopping. Moreover, (Sundjaja & Tina, 2019) discovered that the number of consumers is increased by the convenience provided by financial technology.

Technological advances bring convenience in all aspects. In the current era of globalization, this also contributes to a country's economic growth. The industrial world has prepared all of society's requirements. People will be more interested in being able to consume anything when everything they need is available, whether in the form of goods or services.

Today's society tends to be consumptive because, in the contemporary period like today, the structure of their consumer behavior has shifted from simply fulfilling primary needs to fulfilling secondary, tertiary, and even complementary needs. Students are the main target market for the use of the latest technology, including popular e-wallets owned by millennial and Z generations. Students will find it easier to spend their money thanks to the availability of e-wallets, which are currently popular and offer benefits, convenience, and effectiveness in payment transactions. The decision to utilise e-wallets is positively influenced by marketing, utility, and convenience. A lifestyle based on mass production of products is a factor in the development of this consumerist tendency. Individuals who exhibit this pattern of consumerist behavior speak of wasteful behavior, which describes behavior that is less economically profitable (Lang et al., 2019).

Throughout the history of financial technology growth, individuals have sought more transparent and democratic funding options that allow them to add greater value to each transaction. Furthermore, new applications and higher security requirements for online transactions have resulted from increasing customer demand for access to their bank accounts to manage their investments and the ease of online transactions (Prawirasasra, 2018). New product development will be driven by changes in consumer behavior. Older clients are usually less considered when making decisions. On the other hand, new clients will act differently if their paradigm changes in expectations of receiving solutions tailored to their investment goals and needs. As a result of these changes, businesses must adapt their business models to be customer-centric, with goods and services that meet user expectations and, where possible, are delivered through digital channels.

Financial technology emergence signifies a new epoch in financial services for banks, as they assume a crucial function as financial mediators for customers and in the everyday operations of individuals globally. According to (Darmansyah et al., 2020), FinTech has profoundly transformed the manner in which consumers engage in financial transactions. Given the ability for individuals to get financial services from any location and at any time, provided they have an internet connection, technology is progressively being employed in the financial services sector. The advantages consist of: enhanced bank efficiency resulting from reduced opportunity costs and improved client satisfaction. Financial technology mitigates risk, enhances accessibility, flexibility, and transparency, and boosts shareholder income. The exponential expansion in the adoption of financial technology may be attributed to the continuous rise in the population of individuals linked to mobile services.

## 5. CONCLUSION

Findings indicate that financial technology positively and significantly influences student consumer behaviour at Hasanuddin University's Faculty of Economics and Business in Makassar. The observed impact suggests that the behavioural patterns of students would exhibit a direct correlation with the level of usefulness and adoption of financial technology, namely the use of e-wallets. The financial services sector is progressively incorporating technology due to the ability of individuals to conveniently access financial services from any location and at any time, provided they have an internet connection. Among the advantages are enhanced e-wallet efficiency resulting from reduced opportunity costs and improved customer satisfaction.

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