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# THE INFLUENCE OF DIGITAL FINANCIAL LITERACY, PERCEPTION OF BENEFITS, AND INTEREST ON STUDENTS' HABIT IN CARRYING OUT DIGITAL PAYMENT TRANSACTIONS

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**Abstract**

*This study aims to examine the influence of three exogenous latent variables, namely digital financial literacy, perception of benefits, and interest in one endogenous latent variable, namely student habits in conducting digital payment transactions. the purpose of this study is to determine the influence of digital financial literacy, perceived benefits, and interest in student habits in conducting digital payment transactions with the following hypotheses: H1: Digital financial literacy has a positive effect on students' habits in conducting digital payment transactions.H2: The perception of benefits has a positive effect on students' habits in conducting digital payment transactions. H3: Interest has a positive effect on students' habits in making digital payment transactions.The sample of this study was students of the faculty of economics and business, Mulawarman University with a total of 154 respondents. Data was collected through questionnaires with simple random sampling techniques. The research data were analyzed using SmartPLS 4. The results of this study showed that the perception of benefits and interests had a significant positive effect on student habits, namely P value of 0.000 and 0.044, respectively. Meanwhile, digital financial literacy has a positive insignificant effect on student habits, namely the p value of 0.121.*

***Keywords:*** *Digital financial literacy, perceived benefits, interests, digital payments*

## 1. Introduction

The rapid development of financial technology is marked by the ease of digital transactions without being limited by space and time. This greatly facilitates the community, especially for those who are constrained by cash transactions. In addition, various benefits can be obtained with digital payment transactions. Currently, there are various digital payment applications that have been used by the public, including e-wallets, gopay, QRIS, OVO, etc. According to data from OJK in the article (Rahayu, 2022), the level of financial literacy, both non-digital and digital, in Indonesia is still low and below other ASEAN countries, such as Malaysia, Thailand and Singapore. Digital payment applications are most quickly adapted by young people because their ability in digital financial literacy is better than the previous generation. According to Tony and Desai (2020) in an article (Respati et al., 2023) explained that "DFL combines two concepts, namely financial literacy and digital platforms; therefore, DFL can be interpreted as financial literacy in digital financial technology". A research proves that financial literacy has a positive and significant effect on financial behavior in generation Z e-wallet users (Latifah & Wiyanto, 2023). This is in line with other studies that reveal that shopping habits can be influenced by the intensity of mobile payment use and financial literacy (Trianingsih & Mahyuni, 2023).

The perception of expediency is the extent to which a person believes that using a technology will improve its performance (Silaen & Prabawani, n.d.). By using digital payment applications, people get various benefits including easy and fast transactions, safe from the risk of loss, can be done anytime and anywhere. When a product has benefits and convenience when used in everyday life, it is likely that the product will be used by the community at large (Kurniawan, 2020). According to Rahmatsyah (2011) in Kurniawan (2020: 24), the perception of expediency as a subjective probability of potential users using a certain application to be useful and facilitate the performance of their work. A previous study proved

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that the perception of expediency affects the interest in using e-wallets (Siti Rodiah & Melati, 2020). This is supported by other studies that prove that the perception of benefits has a positive and significant effect on interest in using digital wallets (Atriani et al., 2020). In line with the article (Soegiastuti & Anggraeni, 2022) it proves that there is a positive and significant influence between the perception of benefits on the interest in using gopay as a digital payment.

Interest relates to behaviors or actions, but interest can change over time, the wider the time interval, the more likely it is to change one's interest. Simply put, interest in using e-payment is a desire to use e-payment services as a means of payment (Pringgadini & Basiya, 2022). Interest can also be defined as a tendency or interest in something relatively fixed to pay more attention and remember continuously followed by a sense of pleasure to get a satisfaction in the use of technology (Safitri & Diana, 2020). The intensity of mobile payment use is believed to affect changes in millennial spending habits (Trianingsih & Mahyuni, 2023). Most previous studies made the variable of interest as an endogenous (influential) variable. Among them, there is a study that proves that there is a significant influence between financial literacy owned by students and student financial behavior (Sholeh, 2019). One of the behaviors in question is to make digital payment transactions. As for this study, the variable of interest becomes an exogenous variable (affecting).

Habit is defined as a person's tendency to do something automatically based on previous experience. The more a person interacts in a certain period of time in using a technology, it will become routine to use the technology. Routines can be measured in the form of time periods such as daily, monthly and yearly (Aprillia & Rimenda, 2022). Previous research has proven that habits have a positive and significant effect on interest in using ShopeePay (Aprillia & Rimenda, 2022). Another article proves that the intensity of mobile payment use positively and significantly affects spending habits (Trianingsih & Mahyuni, 2023). As for this study, we will analyze what factors significantly affect the habit of using digital payment applications.

From several references to previous research, the purpose of this study is to determine the influence of digital financial literacy, perceived benefits, and interest in student habits in conducting digital payment transactions with the following hypotheses:
H1: Digital financial literacy has a positive effect on students' habits in conducting digital payment transactions.
H2: The perception of benefits has a positive effect on students' habits in conducting digital payment transactions.
H3: Interest has a positive effect on students' habits in making digital payment transactions.

Based on the relationship between variables and hypothesis development, the conceptual framework of this study is shown in the following figure:

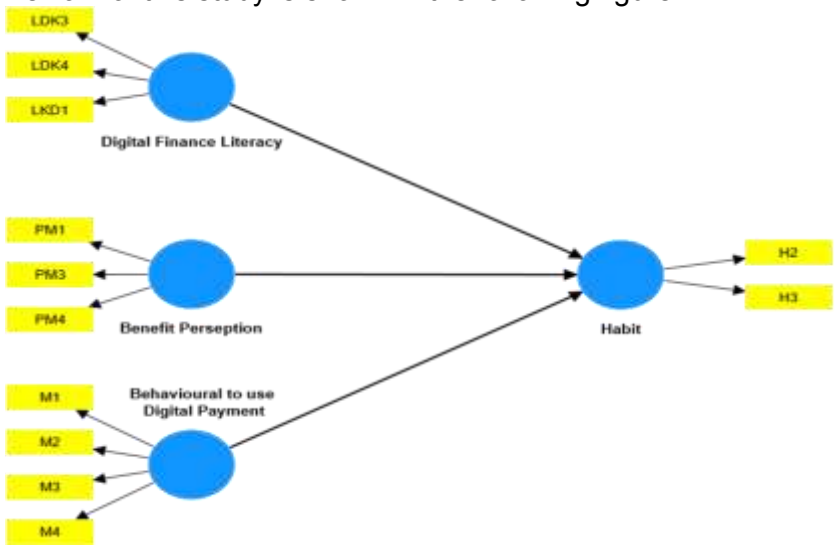

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Figure 1. Conceptual Framework
*Source: Data Processing*

## 2. Method

The sample of this study was students of the Faculty of Economics and Business, management study program, Mulawarman University with a total of 154 respondents. Sample selection technique with simple random sampling. Data was collected through questionnaires distributed using google forms. The data was analyzed with the help of SmartPLS 4 software. The following is the systematics of the analysis:

1. Evaluation of the Measurement Model, consisting of:
   a. Measurement of Loading Factor, each indicator that measures variables has an LF of $\geqslant$ 0.70 (valid).
   b. Reliability and validity, Composite Reliability (CR) value $\geqslant$ 0.70 and Average variance extracted (AVE) value $\geqslant$ 0.50
   c. Discriminant validity, the root AVE variable > correlation between variables.
   d. Collinearity statistics (VIF), Variance Inflated Factor (VIF) value less than 5.

2. Evaluation of the Structure Model, consisting of:

   a. Hypothesis test, assessing the influence of exogenous variables on endogenous variables with a statistical t > 1.96 or p value < 0.05.

   b. R-Square, assesses whether the influence of all three exogenous variables on endogenous variables together is equal in the high, medium, or low influence category.

   c. f-Square, assessing whether the influence of each exogenous variable on endogenous variables in the high, medium, or low influence category.

   d. *LV prediction summary, assessing the level of prediction accuracy (Q square predict) whether in the high, medium, or low category.*

3. Endogeneity evaluation, detects whether endogeneity occurs in habit variables.

## 3. Result and Discussion

### Measurement of Loading Factor

Table 1. Outer Loadings

| Indicators | Outer loadings |
|---|---|
| H2 <- Habit | 0.857 |
| H3 <- Habit | 0.816 |
| LDK1 <- Digital Finance Literacy | 0.901 |
| LDK3<- Digital Finance Literacy | 0.884 |
| LDK4 <- Digital Finance Literacy | 0.825 |
| M1 <- Behavioural to use _Digital Payment | 0.793 |
| M2 <- Behavioural to use _Digital Payment | 0.824 |

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| | |
|---|---|
| M3 <- Behavioural to use _Digital Payment | 0.744 |
| M4 <- Behavioural to use _Digital Payment | 0.732 |
| PM1 <- Benefit Perseption | 0.791 |
| PM3 <- Benefit Perseption | 0.742 |
| PM4 <- Benefit Perseption | 0.776 |

*Source: Data Processing*

H2 has an LF of 0.857 ≥ 0.70 which means that this item validly measures the habit variable. Any change in the habit variable will be reflected in the H2 variation of (0.857 x 0.857 = 73.4%). Overall, each item that measures the variable has an LF of ≥ 0.70 (valid).

**Construct reliability and validity**

Table 2. Composite Reliability dan AVE

| Variable | Composite reliability (rho_c) | Average variance extracted (AVE) |
|---|---|---|
| Interest | 0.857 | 0.599 |
| Perception of Benefits | 0.814 | 0.593 |
| Digital Financial Literacy | 0.904 | 0.758 |
| Habit | 0.824 | 0.701 |

*Source: Data Processing*

The interest variable has a Composite Reliability (CR) value of 0.857 ≥ 0.70 which indicates that each item that measures interest is consistent / reliable in measuring interest. Likewise with the value of Composite Reliability (CR) variables of benefit perception, digital financial literacy and habits above 0.70 (reliable).

The value of the Average variance extracted (AVE) of the variable of interest is 0.599 which means the magnitude of the variation of the item of measurement of interest1, ... interest4 contained by the variable interest amounted to 59.9%. Because the AVE value of interest is 0.599 ≥ 0.50, a good convergent validity requirement is met. Overall variable AVE value ≥ 0.50 indicates good convergent validity.

**Discriminant validity**

Table 3. Fornell Larcker Criterion

| Variable | Interest | Perception of Benefits | Digital Financial Literacy | Habit |
|---|---|---|---|---|
| Interest | **0.774** | | | |
| Perception of Benefits | 0.579 | **0.770** | | |
| Digital Financial Literacy | 0.641 | 0.630 | **0.871** | |
| Habit | 0.711 | 0.535 | 0.568 | **0.837** |

*Source: Data Processing*

The value in the diagonal axis is the AVE root.

The AVE root for interest is 0.774 greater than its correlation with other variables. Then the discriminant validity for the correlation variable is satisfied. Likewise with other variables where the root AVE variable > correlation between variables. Overall, the discriminant validity evaluation is met.

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Table 4. Cross Loadings

| Indicators | Interest | Perception of Benefits | Digital Finansial Literacy | Habit |
|---|---|---|---|---|
| H2 | 0.655 | 0.415 | 0.448 | **0.857** |
| H3 | 0.529 | 0.486 | 0.508 | **0.816** |
| LDK1 | 0.598 | 0.547 | **0.901** | 0.502 |
| LDK3 | 0.581 | 0.565 | **0.884** | 0.527 |
| LDK4 | 0.489 | 0.534 | **0.825** | 0.450 |
| M1 | **0.793** | 0.369 | 0.516 | 0.633 |
| M2 | **0.824** | 0.380 | 0.452 | 0.539 |
| M3 | **0.744** | 0.487 | 0.472 | 0.567 |
| M4 | **0.732** | 0.608 | 0.563 | 0.425 |
| PM1 | 0.518 | **0.791** | 0.572 | 0.454 |
| PM3 | 0.433 | **0.742** | 0.485 | 0.360 |
| PM4 | 0.381 | **0.776** | 0.393 | 0.414 |

*Source: Data Processing*

Cross loadings are evaluation of measurement models at the item level. For example, each habit measurement item (H2 and H3) has a higher correlation with the habit variable than with other variables. Overall, each item correlated higher with the variable it measured. Thus, the evaluation of discriminant validity is fulfilled.

**Collinearity statistics (VIF)**

Table 5. VIF

| Indikator | VIF |
|---|---|
| H2 | 1.194 |
| H3 | 1.194 |
| LDK1 | 2.414 |
| LDK3 | 2.134 |
| LDK4 | 1.736 |
| M1 | 1.704 |
| M2 | 1.926 |
| M3 | 1.518 |
| M4 | 1.609 |
| PM1 | 1.259 |
| PM3 | 1.295 |
| PM4 | 1.297 |

*Source: Data Processing*

The value of Variance Inflated Factor (VIF) is less than 5 so there is no multicollination between variables that affect habit.

**Path Coefficients**

Table 6. Path Coefficients

| Variable | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|

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| | | | | | |
|---|---|---|---|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.548 | 0.549 | 0.068 | 8.045 | 0.000 |
| Benefit Perseption -> Habit | 0.135 | 0.141 | 0.067 | 2.019 | 0.044 |
| Digital Finance Literacy -> Habit | 0.131 | 0.134 | 0.084 | 1.552 | 0.121 |

*Source: Data Processing*

The data above shows that interest has the greatest and significant positive influence on habits of 0.548 with a statistical t (8.045 > 1.96) or p value (0.000 < 0.05). Any change in interest will significantly improve habits.

The perception of benefits has a significant positive influence on habits of 0.135 with statistical t (2.019 > 1.96) or p value (0.044 < 0.05). Any change in the perceived benefit will significantly improve habits.

Meanwhile, digital financial literacy has a positive insignificant influence on habits of 0.131 with statistical t (1.552 < 1.96) or p value (0.121 > 0.05). Any changes to digital financial literacy do not significantly improve habits. This is different from previous research which proved that there is a significant influence between digital financial literacy and behavioral intention (Audina et al., 2021).

**Confidence Intervals 95%**

Table 7. Confidence Intervals 95%

| | **Original sample (O)** | **Sample mean (M)** | **2.5%** | **97.5%** |
|---|---|---|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.548 | 0.549 | 0.414 | 0.681 |
| Benefit Perseption -> Habit | 0.135 | 0.141 | 0.012 | 0.275 |
| Digital Finance Literacy -> Habit | 0.131 | 0.134 | -0.031 | 0.301 |

*Source: Data Processing*

In a 95% confidence interval, the influence of interest in habits lies between 0.414 and 0.681. This means that when students' interest in using digital payment applications increases, the influence on habits will increase to 0.681.

**R-Square**

Table 8. R-Square

| **Variable** | **R-square** | **R-square adjusted** |
|---|---|---|
| Habit | 0.536 | 0.527 |

*Source: Data Processing*

The magnitude of the influence of digital financial literacy, perceived benefits, and interest is 53.6%. According to Hair, et al (2021) include moderate influence. So these three variables together have a moderate influence on student habits in making digital payments.

**f-square**

Table 9. f-Square

| Variable | f-square |
|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.349 |
| Benefit Perseption -> Habit | 0.022 |
| Digital Finance Literacy -> Habit | 0.018 |

*Source: Data Processing*

Interest has a high influence on students' habits in making digital payment transactions (f-square = 0.349). The perception of benefits and digital financial literacy have a low influence on student habits, namely (f-square = 0.022) and (f-square = 0.018) respectively.

**Endogeneity**

Table 10. Gaussian Copula (GC) Digital Financial Literacy Variables

| Variable | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.529 | 0.531 | 0.070 | 7.544 | 0.000 |
| Benefit Perseption -> Habit | 0.152 | 0.155 | 0.068 | 2.234 | 0.026 |
| Digital Finance Literacy -> Habit | -0.067 | -0.026 | 0.166 | 0.404 | 0.686 |
| GC (Digital Finance Literacy) -> Habit | 0.140 | 0.115 | 0.110 | 1.265 | 0.206 |

*Source: Data Processing*

Table 11. Gaussian Copula (GC) Benefit Perception Variables

| Variable | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.548 | 0.548 | 0.069 | 7.988 | 0.000 |
| Benefit Perseption -> Habit | 0.121 | 0.139 | 0.160 | 0.759 | 0.448 |
| Digital Finance Literacy -> Habit | 0.132 | 0.135 | 0.083 | 1.588 | 0.112 |
| GC (Benefit Perseption) -> Habit | 0.010 | 0.002 | 0.111 | 0.091 | 0.927 |

*Source: Data Processing*

Table 12. Gaussian Copula (GC) Variables of Interest

| Variable | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| Behavioural to use _Digital Payment -> Habit | 0.374 | 0.314 | 0.239 | 1.568 | 0.117 |
| Benefit Perseption -> Habit | 0.132 | 0.141 | 0.068 | 1.949 | 0.051 |

| | | | | | |
|---|---|---|---|---|---|
| Digital Finance Literacy -> Habit | 0.135 | 0.140 | 0.087 | 1.553 | 0.121 |
| GC (Behavioural to use _Digital Payment) -> Habit | 0.163 | 0.219 | 0.205 | 0.796 | 0.426 |

*Source: Data Processing*

P value Gaussian Copula (GC) in digital financial literacy variable is 0.206, benefit perception variable is 0.927, and interest variable is 0.426 which means > 0.05. This shows that there is no endogeneity in the habit variable.

**LV Prediction Summary**

Table 13. LV Prediction Summary

| Variable | $Q^2$predict | RMSE | MAE |
|---|---|---|---|
| Habit | 0.505 | 0.714 | 0.527 |

*Source: Data Processing*

The prediction accuracy rate (Q square predict) is 0.505. According to Hair et al (2021), Q square > 0.50 is in the high category. Thus, it can be concluded that every change in digital financial literacy, perceived benefits, and interests can predict changes in student habits by 50.5%.

## 4. Conclusion

The results of this study can be concluded that the perception of benefits and interests has a significant positive effect on students' habits in conducting digital payment transactions, namely P value of 0.000 and 0.044, respectively. Meanwhile, digital financial literacy has a positive insignificant effect on students' habits in conducting digital payment transactions, namely p value of 0.121. In addition, it can also be seen that interest is the biggest variable affecting student habits, which is 0.548. The indicator that most measures the variable of interest is the statement that indicates that students will use digital payment applications regularly. Thus the three hypotheses in this study are accepted, it's just that the digital financial literacy variable has no significant effect.

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