

The Impact Of Financial Technology On The Financial Behavior Of The Millennial Generation

Nurmiana^{1*}, Muhamamd Aqsa², Jumawan Jasman³

¹Universitas Muhammadiyah Palopo, Sulawesi Selatan, Indonesia

²Universitas Muhammadiyah Palopo, Sulawesi Selatan, Indonesia

³Universitas Muhammadiyah Palopo, Sulawesi Selatan, Indonesia

Email: nurmiana@student.umpalopo.ac.id

Abstract

The growth of financial technology in Indonesia is driven by the need for fast, cheap and easily accessible financial services. Students are the individuals most interested in using financial technology products. Financial management is something that is very important, nowadays people can easily organize and manage finances using financial technology (Fintech) which is currently developing rapidly. Good financial management will improve individual financial behavior. This research aims to analyze the impact of financial technology on the financial behavior of the millennial generation among Muhammadiyah University Palopo students in the Masamba development class. This research uses a quantitative approach, the population in this research is 255 students at the Muhammadiyah University of Palopo, Masamba Development, the sampling technique for this research uses a probability sampling technique by determining the sample size using the Slovin formula so that a sample size of 100 respondents is obtained. The research results concluded that fintech has a positive and significant effect on financial behavior in the millennial generation.

Keywords: Financial Technology; Financial Behavior; Millennial Generation

1. Introduction

The emergence of new companies that take advantage of technological advances marks the current digital era. It can be said that the pioneering movement in Indonesia continues to experience rapid development. This new company is called a start-up company. There are several types of start-ups, one of which is Financial Technology (FinTech), which focuses on companies that innovate in the field of financial services by using modern technology that makes payments easier.

FinTech is an investment option for those who want to gain access to practical, efficient, comfortable and economical financial services. Fintech is a new idea in financial services, where fintech can help in lending and borrowing transactions, sales and payment transactions can also be more effective, efficient and economical [1]. Financial technology is the part of the financial system that enables the development of new technologies, goods, services and business models. Technology can also impact the stability of monetary and financial systems, as well as the efficiency, smoothness, security and confidentiality of payment systems [2].

Fintech businesses focus on providing financial services using advanced technology software. (Ilmiah, 2021). A wave of new companies known as financial technology is offering new models for the way people make transactions, such as paying, sending, borrowing and investing money [3]. Financial technology (Fintech) is one of the most developing sectors in Indonesia, with the concept of digitizing payments becoming one of the most popular financial service innovations in the current digital era, the government and society hope that the Fintech sector can increase public access to financial services [4]. Media are increasingly

unified, which makes the distinction between media and information more difficult to recognize. Despite this, the function of the technology is still not fully understood. Many people believe that digital media is just a matter of machines and software [5].

Many people now talk about financial behavior because of how people in various regions in Indonesia, including Tasikmalaya, spend Money. Because of their tendency to think short-term and spend impulsively, they often experience financial problems [6]. Bagaimana seseorang memperlakukan uang dan cara mereka mengelolanya disebut perilaku keuangan [7]. Behavioral finance studies how humans behave with money, especially how psychology influences financial decisions, companies, and financial markets. The emergence of financial behavior has an impact on how much a person needs to meet their living needs when compared to their income [1]. Understanding the input and output processes that are important for improving financial performance is the solution [8]. (Info et al., 2023)

The millennial generation, also known as echo boomers, who were born in 1980-1990 or the early 2000s, have different behavior from previous generations. Because they are familiar with technological developments occurring in society, the millennial generation is very skilled in technology. As a result, the role of millennial generation accountants is really needed to solve problems. They will have good communication skills, critical thinking, empathy, and creativity. Very capable of understanding and working with business partners [8].

Millennials often make financial mistakes because of the stigma of being wasteful, unable to save, like traveling, hanging out in cafes, buying luxury goods, expensive coffee to post on Instagram, and many more. Millennials tend to fail to manage their finances because of their consumerist behavior. Therefore, in contemporary life like today, it is important to have financial intelligence. A person's ability to manage their money in a way that makes them prosperous is what is called financial intelligence(Artikel, 2020).

Based on the background description above, the formulation of the problem that will be discussed is: Is there a positive and significant influence of financial technology on financial behavior in the millennial generation. The aim of this research is to see to what extent financial technology influences financial behavior, especially in the millennial generation of Palopo Muhammadiyah University students in the Masamba Development Class.

2. Methodology

The approach to this research uses a quantitative approach. The population in this study were students at the Muhammadiyah University of Palopo in the Masamba Development Class. The sampling technique for this research uses a probability sampling technique with the criteria of using technology in financial management (Fintech) by determining the number of samples using the formula from Sugiyono (2017) which suggests that for sampling with a large enough number, the Slovin formula is used using the following formula:

Information :

$$n = \frac{N}{1 + Ne^2}$$

n = minimum sample

N = population sample

e = percentage of tolerance limit (margin of error)

Data was collected by distributing questionnaires to respondents. Before being distributed, the questionnaire was tested for validity and reliability to determine the extent to which the measuring instrument can measure and is consistent in measuring what it wants to measure. The data that has been collected will be processed descriptively and verified.

3. Result and Discussion

Data that has been collected and data analysis will be carried out. The data analysis carried out will be explained in the section below:

3.1. Result

3.1.1 Validity Test

Every research that uses questionnaires or questionnaires must go through a validity test. Validity testing helps find out whether the questionnaire used by researchers is truly valid or suitable for collecting data from samples or respondents. The results of testing the validity of the research questionnaire with 30 sample respondents are as follows:

Table 1. Validity Test Results

Financial Technology Variables			
Question Items	Mark	r-table	information
items1	0.644	0.514	Valid
items2	0.668	0.514	Valid
items3	0.651	0.514	Valid
items4	0.704	0.514	Valid
items5	0.689	0.514	Valid
items6	0.613	0.514	Valid
items7	0.865	0.514	Valid
items8	0.754	0.514	Valid
items9	0.704	0.514	Valid

From the test results, the calculated value of the validity test results is obtained, so to determine whether it is valid or not, the basis for decision making is:

The r table value is determined by looking at the r table for N=30 at a significance of 5%, so the r table value is found to be 0.514. The results of comparing the calculated r value with the r table from the research validity test results show that almost all question items are declared valid because the t-calculated value from the test results for each statement item is greater than the t-table. Question item 6 is declared invalid so that question item will be removed from the question items.

3.1.2. Reliability Test

After the validity test, a reliability test was carried out to ensure that the questionnaire used in this research was correct and reliable as a data collection tool. Reliability testing is carried out to find out how consistent the questionnaire is for measuring research variables. If

the Cronbach alpha results are greater than 0.6, this research instrument can be considered reliable. The results of the reliability test are presented here.

Table 2. Reliability Test Results

Variable	Mark	Information
Financial Technology Variables	0.874	Reliable
Financial Behavior Variables	0.897	Reliable

Because the reliability test results show a Cronbach Alpha value of more than 0.6, the instrument used in this research can be considered reliable.

3.1.3. Classic Assumption Test

The purpose of regression analysis is to determine the strength and direction of the relationship between the independent variable and the dependent variable. Here, the dependent variable is considered random or stochastic, indicating that it has a probabilistic distribution, while the independent variable is considered to have a fixed value during repeated sample collection. The dependent variable estimation technique that underlies regression analysis is called Ordinary Least Squares where the core of the method is to estimate a regression line by minimizing the sum of the squared errors of each observation on that line.

So, before carrying out regression analysis on research data, a classic assumption test is carried out to find out whether the model to be created meets the basic assumptions of regression. The results of the tests that have been carried out are as follows:

1. Normality Test

The Normality Test can be carried out using histogram graphic analysis which compares observation data with a distribution that is close to a normal distribution and the Komolgrov test, with the following result :

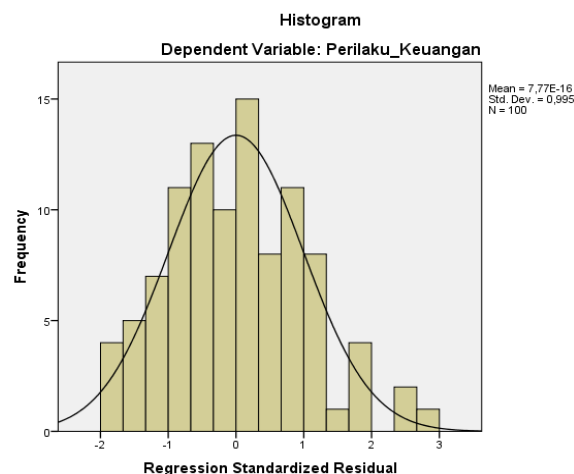


Figure 1. Histogram of Normality Test

From the appearance of the histogram graph, it can be concluded that the histogram graph provides a normal distribution pattern, the distribution of data on the graph is normal around the diagonal line and follows the direction of the diagonal line, so it can be stated that the regression model meets the normality assumption.

2. Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should have no correlation between independent variables. If independent variables are correlated with each other then these variables are not orthogonal. Where orthogonal variables are independent variables whose correlation value between independent variables is equal to zero. We can see the test results in this research in the table below:

Table 3. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	27,865	3,272		8,517	,000		
	Fintech	,154	,100	,154	1,546	,003	1,000	1,000

a. Dependent Variable: Perilaku_Keuangan

Testing is carried out with the condition that if the VIF value is < 10 and the Tolerance value is > 0.1 then multicollinearity does not occur. The test results show that the Fintech VIF value is $1,000 < 10$ and the Fintech tolerance value is $1,000 > 0.1$, so it can be concluded that there is no multicollinearity between the independent variables in the regression model.

3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance of the residual from one observation to another is constant, it is called homoscedasticity and if it is different it is called heteroscedasticity. Where a good regression model is one that is homoscedastic or does not have heteroscedasticity. The heteroscedasticity test can be done by looking at the Plot Graph, as follows :

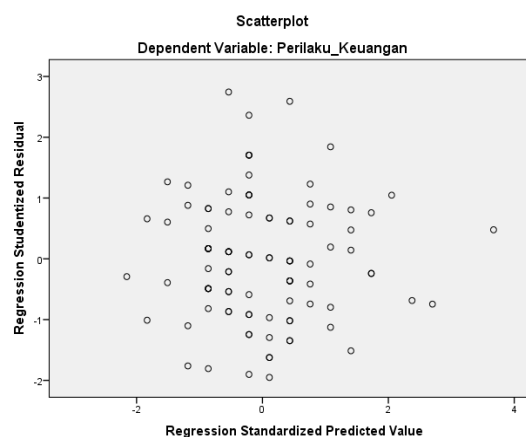


Figure 2. Heteroscedasticity Scatterplot Results

From the scatterplot graph above, it is clear that the points are spread randomly both above and below the 0 point on the Y axis. This can be concluded that there is no heteroscedasticity in the regression model or there is no equal variance from the residuals of one observation to another. (Homoscedasticity), so the regression model is suitable to be used.

3.1.4 Pengujian Hipotesis

Table 4.1 Test Results of Direct Influence of Research Variables

	Pengaruh	t-hitung	t-tabel	Sig	Keputusan
o	Fintech → Perilaku Keuangan	3,546	1,988	0.000	Hipotesis Diterima

The research hypothesis states that there is a significant influence between financial technology variables on financial behavior. The calculation results show that the influence of financial technology variables on financial behavior gets a value of 3.546 with a sig level. 0,000. This result means that the t-count value is $3.546 >$ the t-table value of 1.988, with a sig level. $0.000 < 0.05$. So it can be concluded that the results of the data processing that has been carried out show that financial technology (X1) has a significant positive effect on financial behavior (Y), so that H1 is accepted.

3.2. Discussion

Based on the research results, it is known that Financial Technology has a positive effect on the financial behavior of the millennial generation. This is proven by the statistical test value known as $T_{count} > T_{table}$, namely $3.546 > 1.988$ with a significant value of $0.000 < 0.05$, so H_a is accepted. This means that the better the use, knowledge and accessibility of financial technology, the better the financial behavior of the millennial generation.

Studies show that as society becomes more consumerist and buys goods more frequently, some people are unable to make good use of financial technology services. As a result, they are less efficient in managing their finances and people understand less about fintech. However, most people agree that financial technology services help them carry out financial transactions and manage their finances better. People should be able to easily use mobile phones for investing and saving because it will encourage good financial behavior patterns. This is especially true in this day and age, when almost all transactions are made via mobile phone.

This research supports the research results of [1] Akib et al (2022) which states that financial technology has a significant positive impact on financial behavior, which means that financial technology also has a significant direct impact on financial behavior. Other research was also conducted by Technology et al (2022). The results, the t statistical value, P value, and initial sample show that financial technology has an influence on financial behavior [9].

Therefore, it can be concluded that financial behavior will also improve if financial technology improves. This means that the benefits of fintech can encourage the interest of the

millennial generation to use it in financial practices carried out in everyday life. As the benefits increase, the behavior of using fintech in everyday life can increase.

4. Conclusion

The conclusions of this research are, based on the research results, it can be concluded that the Financial Technology hypothesis test has a positive and significant effect on financial behavior.

5. Acknowledgement

The author continuously gives thanks for the presence of Allah SWT. Who has given His Grace and Guidance, so that the author can complete this research on time with the title "The Impact of Financial Technology on the Financial Behavior of the Millennial Generation".

The author realizes that the preparation of this research report is certainly not free from obstacles, but with the help of guidance and motivation from various parties, the existing obstacles can be overcome well. So, on this occasion, with all humility and respect, I would like to express my deepest gratitude to all parties who have provided moral and material assistance directly or indirectly to the author in preparing this research until completion. Especially to Dg's father's parents. Massengngeng and Indo Uleng's mother who always pray for and provide support both morally and materially as well as my two older siblings who never stop being my support system, namely my first brother Abbas and second sister Tenri Syafardiansah and my sister Besse Nur Hikma and my entire extended family, thank you Thank you for your prayers and support during college until the stage of preparing this research. Your attention and enthusiasm is a special motivation for the writer.

Thanks are also expressed to:

1. Mr. Prof. Dr. H. Suhardi M. Anwar, Drs., M.M., CIQaR. as Chancellor of the Muhammadiyah University of Palopo.
2. Mr Dr. Antong, S.E., M.Si., CPIA., CTA., ACPA as Dean of the Faculty of Economics and Business, Muhammadiyah University of Palopo.
3. Mr. Jumawan Jasman, S.E., M.M as Head of the Management Study Program, Muhammadiyah University of Palopo.
4. Mr. Muhammad Ikbal, S.E., M.Si as Class C Academic Advisor, Muhammadiyah University of Palopo.
5. Mr. Muhammad Aqsa, S, Kom., M.Si as supervisor I and Mr Jumawan Jasman, S.E., M.M as supervisor II
6. To the examiners who have tested the authors in the research results examination, thank you very much.
7. To the lecturers at Palopo Muhammadiyah University who have provided the author with knowledge to get to this point.
8. A support system that is ready for various matters, the beloved Ashar, S.An never tires of guarding the writer.
9. Friends of the FEB class of 2020 and the entire Manjamen class C family for their togetherness all this time. And thank you to all those who have helped and supported

the writer who I cannot mention one by one. Finally, all kindness to the writer can be the most beautiful gift in his life.

That is all and thank you

Wassalamu Alaikum Warahmatullahi Wabarakatu

6. Reference

- [1] J. Jasman, "Knowledge On The Financial Behavior Of The Millennial Generation The Influence Of Financial Technology (Fintech), Financial Attitudes And Financial Knowledge On The Financial Behavior Of The Millennial Generation, vol. 4, no. 2, pp. 1882–1891, 2023.
- [2] R. Basalamah, N. Nurdin, A. Haekal, N. Noval and A. Jalil, "The Influence of Perceived Ease and Risk on Interest in Using Gopay Financial Technology (Fintech) among the Millennial Generation in Palu City," *Journal of Islamic Economics and Business*, vol. 4, no. 1, pp. 57–71. <https://doi.org/10.24239/jiebi.v4i1.93.57-71>, 2022.
- [3] D. R. Andista and R. Susilawaty, "The Influence of Perceived Ease of Use and Risk on Interest in Using Financial Online Loan Technology," *Proceedings of the 12th Industrial Research Workshop and National Seminar*, pp. 1228–1233. <https://jurnal.polban.ac.id/proceeding/article/view/2919>. 2021.
- [4] R. Marginingsih, "Financial Technology (Fintech) in National Financial Inclusion during the Covid-19 Pandemic," *Monetary - Journal of Accounting and Finance*, vol. 8, no.1, pp. 56–64. <https://doi.org/10.31294/moneter.v8i1.9903>, 2021.
- [5] R. On, A. On, I. Print, I Online, "The effect of digitalization, work-family conflict, and organizational factors on employee performance during the COVID-19 pandemic". [https://doi.org/10.21511/ppm.21\(1\).2023.10](https://doi.org/10.21511/ppm.21(1).2023.10), 2023.
- [6] D. L. Kusnandar, L. R. Rinandiyana, and U. Siliwangi, "HAS BECOME RECENT WHEN IT CHANGES FINANCIAL BEHAVIOR". Vol. 4, pp. 55–60, 2018.
- [7] N. Triwahyuningtyas, P. S., Management, U. Development and N. Veteran, "Analysis Of Financial Technology And Lifestyle Services On Students' Financial Behavior," Vol. 6, no. 1, pp. 223–235, 2021
- [8] A. Info, R. On, R. On, A. On, I. Print, and I. Online, "Indonesian Islamic banks: A review of the financial state before and after the COVID-19 pandemic," vol. 17, no. 4 <https://doi.org/10.21511/bbs>, 2022.
- [9] Pujianto, Aminatuzzuhro and Y. Ermawati, "Roles and Strategies of Millennial Accountants in the New Normal Era," *Journal of Masharif Al-syariah*, pp. 410–418, 2022.
- [10] P. F. Technology, F. Literacy, L. O. F. Control, D. A. N. Income and T. Behavior, "The influence of financial technology, financial literacy, financial knowledge, locus of control, and income on financial behavior," vol. 10, pp. 475–488, 2022