

## **The Impact of Financial Literacy and E-Money Use on Transaction Decisions at Warkop Iwan**

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### **ABSTRACT**

The rapid development of technology is marked by advances in technology and has entered the digital era. This is characterized by the use of cashless-based payments. One payment method that is currently developing is to use e-money. E-money as a means of payment is quite helpful in the payment process easily, quickly and reliably. This is one of the factors that becomes a person's decision to make a transaction. In addition, financial literacy is important as knowledge in the use of finance to decide someone to transact. The purpose of this study is to analyze the effect of financial literacy and the use of e-money on transaction decisions. This research method is using quantitative research with the object of research of Warkop Iwan customers taken by 99 respondents. The analysis was performed using SmartPLS. The results showed that financial literacy and the use of e-money on transaction decisions at Warkop Iwan.

**Keywords :** Financial Literacy, Transaction Decisions, Use of E-Money

### **INTRODUCTION**

Information technology is one area where the advancement of technology has a significant impact on human needs today. The ease with which the internet has made it possible for individuals to connect and obtain information has made it an effective option. Financial transactions may also be completed online. The development of digital technology at this time is a driver of digitalization in the economy. One important factor that influences society in the use of internet technology is trust. Successful relationship and client loyalty are built on trust (Tabrani et al., 2018). However, security is one of the main reasons for the late development of science-based technology services.

In 2020, there were 175,4 million internet users in Indonesia, out of a country with total population of about 272,1 million. Consequently, it may be concluded that 64% of Indonesia's population has internet access. Compared to data in 2019, Indonesia had a about 17% growth in the number of internet users or by 25 million users (APJII, 2020). To support the existence of a culture of less cash society in Indonesia, the government through Bank Indonesia released a new movement known as the National Non-Cash Movement (GNNT), it is anticipated that the initiative will raise public knowledge of the benefits of using non-cash payment methods, so as to build a community or community that uses non-cash payment instruments when making transactions (Safira, 2020).

This movement was launched to increase public knowledge and understanding on the use of cashless financial instruments (Lubis et al., 2021). Electronic money is non-cash money used for digital payment transactions using servers and chips. (Durgun & Caner, 2015). E-money is just like cash, but the value of money is converted into an electronic format. E-money is made to provide a sense of security, comfort and ease in digital transactions (Kumari & Khanna, 2017). E-money also provides several facilities and features so that it can simplify and speed up its use.

E-money also serves to minimize some problems that may occur such as the circulation of counterfeit money, triggering theft and robbery. (Fatonah & Hendratmoko, 2020). Understanding how to effectively handle funds is known as financial literacy. Additionally information comprehension, and abilities that influence an individual's attitude and conduct might be include in the definition of financial literacy. This aims to make the right decisions and carry out financial management correctly to achieve prosperity (OJK, 2017). One definition of financial literacy is having a thorough awareness of all the hazard involved in any financial choice. So that the general public may identify financial goods and services that meet their requirements and someone with sound financial understanding would be able to make sensible financial judgments (Prabawati, 2019).

When someone is financially capable of talking about and prioritizing their finances, it can help other people make better financial decisions in the future (Saputra & Lubis, 2022). Among them include the ability to utilize e-money as needed, enhance wellbeing, plan ahead financially, and steer clear of potential financial issues. It can be seen from the results of Firdauzi's research, (2016) said interest in using electronic money is influenced by financial knowledge.

Financial literacy can be used to determine the potential of individuals to understand financial concepts, services, and financial products, as well as resource management by establishing at the financial level (Ismanto, 2019). (Apriliana, 2020) conducted a study that resulted in financial literacy is positively and significantly influencing people's desire to use electronic money, also conducted by (Awalina, 2019) which resulted in that financial literacy has a positive and significant influence on the decision to use e-money (Angraini & Lubis, 2023).

Purchase decision is a process carried out by consumers to choose and buy the desired product or service based on certain considerations of several other alternative options and make purchases for use (Noviyanti, 2021). With the existence of *e-money* as an innovation in the use of digital finance today, consumers decide to transact in harmony followed by sufficient financial literacy. Therefore, the author would want to carry out a study titled "**The Impact of Financial Literacy and E-Money Use On Transaction Decisions at Warkop Iwan**".

## METHOD

This study was conducted to analyze the impact financial literacy and *e-money* use on transaction decisions at Warkop Iwan addressed at Jalan H. Misbah No. 12, Hamdan Village, Medan Maimun District, Medan City. This research method is using quantitative research with the object of research of Warkop Iwan customers taken by 99 respondents. The analysis is carried out using SmartPLS, which will be carried out based on the *outer model* and *inner model tests*.

## RESULT

### 1. Analisis Outer Model

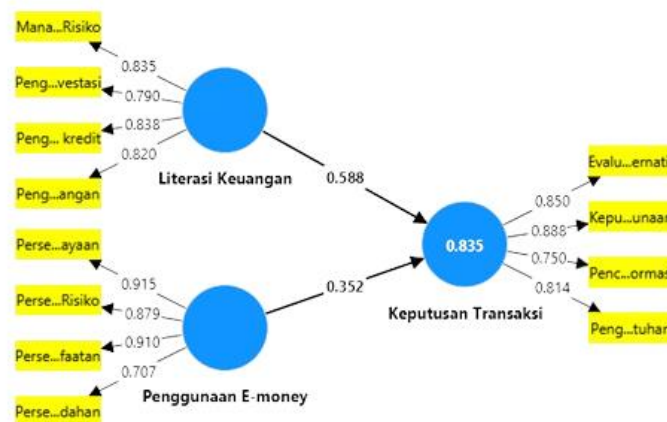


Figure 1.1

### 2. Results of Phase I Processing

#### a. Convergent Validity

Table 1.1 Hasil Loading Factor

Variable	Indicator	Outer Loading	Information
Financial Literacy	Basic Knowledge of Financial Management	0.835	Valid
	Credit Management	0.79	Valid
	Investment Management	0.838	Valid
	Risk Management	0.82	Valid
Use of E-Money	Perception of Convenience	0.915	Valid
	Perception of Expediency	0.879	Valid
	Perception of Trust	0.91	Valid
	Risk Perception	0.707	Valid
Transaction	Needs Recognition	0.85	Valid

Decision	Information Search	0.888	Valid
	Evaluation of Alternatives	0.75	Valid
	Usage Decision	0.814	Valid

Source: Data processed by the author (2024)

The measuring model's convergent validity may be determined by examining the relationship between the item/instrument score and its construct score, or loading factor, in relation to the requirements for each instrument's loading factor value ( $>0,7$ ). Based on this data processing, it shows that the variable components of Financial Literacy (X1), QRIS Use (X2) and Transaction Decision (X3) are valid.

b. *Discriminant Validity*

**Table 1.2** Result Average Variance Extracted (AVE)

Variable	Average Variant Extracted (AVE)	Information
Financial Literacy	0.684	Valid
Use of E-Money	0.674	Valid
Transaction Decision	0.734	Valid

Source: Data processed by the author (2024)

From the results of table 4.2 shows that the value of *Average Variant Extracted* has a value above 0.50, Consequently, it may be said that all latent variables or construct already have strong discriminant validity, and that the construct in the indicator block performs better than other block indicator.

c. *Composite Reliability*

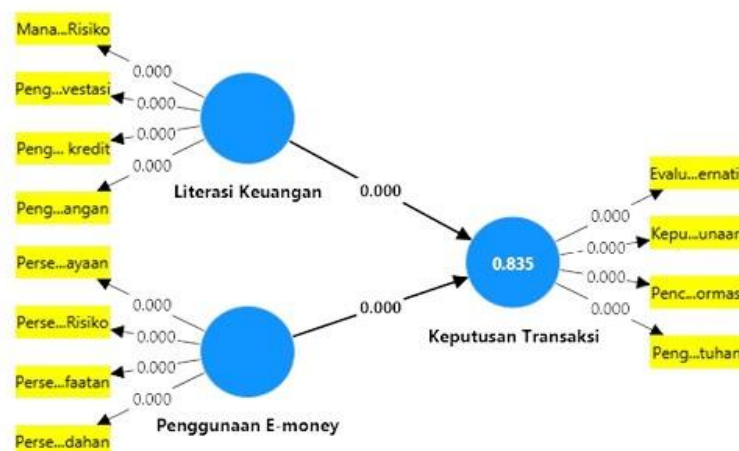
**Table 1.3** Composite Reliability Result

Variable	Composite Reliability	Rule of Thumb	Information
Financial Literacy	0.864	0.6	Reliable
Use of E-Money	0.851	0.6	Reliable
Transaction Decision	0.91	0.6	Reliable

Source: Data processed by the author (2024)

Composite Reliability (CR) tests of indicator blocks measuring CR constructs are used to display good reliability. When a construct's composite reliability value exceeds 0,7, it is considered reliable. Based on testing in this study shows that the overall data is reliable.

**Inner Model Analysis**



**Figure 1.2** Phase II Exam Results

1. *Path Coefficient*

**Table 1.4 Path Coefficient Result**

Variable	Original Sample	Sample Mean (M)	Standard Deviation	T Statistic	P Values
Financial Literacy->Transaction Decisions	0.588	0.591	0.094	6.245	0.000
Use of E-Money ->Transaction Decisions	0.352	0.351	0.092	3.182	0.000

Source: Data processed by the author (2024)

From the information provided about the results of the *Path Coefficient* table in the table above, hypothesis testing can indeed be done by checking statistics and p-values. The Rules of Thumb require a significance level ( $\alpha$ ) of 5% (0.05), which corresponds to a t-table value of 1.96. with a p-value of less than 0,05 and a t-statistic large than 1,96, then the research hypothesis can be considered acceptable. So based on the test results show:

- a. Financial literacy -> Transaction decisions have t-statistic values of  $6.245 > 1.96$  and P-values of  $0.000 =$  Accepted hypothesis
  - b. Use of QRIS -> The transaction decision has a t-statistic value of  $3.182 > 1.96$  and a p-value of  $0.000 =$  Hypothesis accepted.
2. *R Square*

**Table 1.5 R Square Results**

Variable	R Square	R Square Adjusted
Transaction Decision	0.835	0.832

Source: Data processed by the author (2024)

Based on substantive theory, inner models (*inner relations, structural models, and substantive theory*). The structural model is assessed using the dependent construct R-square. The study's findings indicate that the R-square value was determined to be 0,835, meaning that the variation in financial literacy and financial inclusion variables is 83.5% of transaction decisions. The remaining 16.5% was explained by other causes.

## Discussion

### *The Impact Financial Literacy on Transaction Decisions*

Based on the results of the analysis of the path coefficient test, it shows that the t-statistic value is 6.245 and significant 0.000. This demonstrates how financial knowledge affects Transaction Decisions at Warkop Iwan. The capacity to manage one's finances is known as financial literacy so as to avoid financial difficulties in the future. To overcome financial problems, not only an understanding of financial literacy is needed but also involves environmental conditions, heredity, social, situations, behaviors, emotions, and interests.

Financial literacy is also a process and activity in order to increase knowledge, awareness, confidence, ability and skills in managing finances, so that people can take advantage of financial services to prosper and be aware of financial conditions or conditions in the future (Beik & Arsyanti, 2016; Giesler & Ela, 2014; Warsidi et al, 2014; Aribawa, 2016). People who are financially literate must make decisions because they are presented with trade-off scenarios, which require them to give up one interest in favor of another. According to Nirmala et al in Girian and Susanti (2018: 30) financial literacy is an individual's ability in terms of reading, analyzing, managing, and determining a decision related to a person's financial condition that can affect his level of welfare.

Financial literacy is something that is needed by everyone in order to be able to apply a priority scale in managing finances and be able to distinguish needs from desires (Arianti, 2021). The higher the level of understanding of a person related to financial planning shows that a person is able to manage his finances well. In accordance with observations made by Khairiyati and Krisnawati (2019), he explained that the decision to transact in the community is significantly influenced by financial literacy factors. This is in line with research (Palupi et al., 2022) according to previous research, on the impact of financial literacy on the choice to adopt QRIS in this study by Sari (2019) it implies that the choice to utilize transactions is positively and significantly impacted by financial literacy..

### ***The Impact Use E-Money on Transaction Decisions***

Considering the outcomes of the route coefficient test analysis, it shows that the t-statistic value is 3.182 and significant 0.000. This shows that the use of E-money has a significant effect on Transaction Decisions at Warkop Iwan. Based on survey data from the Indonesian Internet Service Providers Association (APJII) for 2019 to the second quarter of 2020, 95.4% of respondents use smartphones to surf the internet. Based on data compiled from Bank Indonesia in March 2020, more than 40 companies have issued server-based electronic money. The development of the payment system in Indonesia is currently very rapid. At first, people only knew payment instruments in the form of cash or cash, but now people are starting to recognize payment instruments that are not physical or non-cash. Non-cash payment instruments or can be called electronic money (e-money) are money used to transact electronically.

The presence of regulations related to electronic money is a form of recognition of the validity of digital money as a means of transaction recognized by the State. According to Bank Indonesia Regulation No. 20/6/PBI Year 2018 when it comes to electronic money, it is a kind of payment that satisfies the following requirements: (a) issued in accordance with the amount of money placed with the issuer beforehand; (b) money is electronically saved on a chip or in a server; (c) The value of electronically managed money that is handled by the issuer is not considered a deposit under the banking laws.

Each individual has two determinants that can influence consumer behavior, which will also affect usage decisions, these factors are factors rooted from within the individual or internal factors and factors rooted from outside the individual or external factors (Alistriwahyuni 2019). Things that influence the decision to use electronic money by the public are the benefits, convenience, and trust of electronic money. With all the benefits provided by e-money as a payment process, it can provide decisions to consumers to transact using electronic money (Ghane 2019). This is also in line with Widiyanti's opinion (2020).

### **CONCLUSION**

Based on research that has been done shows that:

1. Based on the results of the analysis of the path coefficient test, it shows that the t-statistic value is 6.2, 45 and significant 0.000. This shows that financial literacy has a significant impact on Transaction Decisions at Warkop Iwan.
2. Based on the results of the analysis of the path coefficient test, it shows that the t-statistic value is 3.182 and significant 0.000. This shows that the use of E-money has a significant impact on Transaction Decisions at Warkop Iwan.

In light of the aforementioned conclusion' discussion, suggestions that can be given for this study are:

1. Furthermore, researchers can update research that is more dominant in influencing transaction decisions on consumers.
2. For Warkop Iwan to be able to maintain the use of e-money in conducting transactions as an innovation in improving his business.
3. For Warkop Iwan consumers to be able to know in depth about the benefits, conveniences and risks that will be faced when using e-money as a safe and reliable payment method.

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