

Research Article

The Influence of Students' Financial Understanding and Life Style on Interest in Using Technology-Based Loans (Pinjol) in the Era of Financial Services Digitalization (Case Study on Students at Solo Raya University)

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Abstract: This study aims to analyze the influence of students' financial understanding and lifestyle on interest in using technology-based loans or online loans. Due to the ease of access to financial services in this era of digitalization, students have a variety of options to meet their financial needs, including online loans. This study uses a quantitative approach and uses primary data through questionnaires that are distributed to students as respondents. The results of the research analysis showed that financial understanding did not have a significant effect on the interest in using online loans, while on the contrary, lifestyle had a significant effect on the interest in using online loans. These findings show that students' tendency to consumptive lifestyles or lifestyle behavior patterns determine their interest in using online loans compared to financial literacy levels. Therefore, wise lifestyle management needs to be the focus in efforts to educate students so that the use of loan services can be carried out responsibly.

Keywords: Financial literacy, Life style, Online loans, Students.

1. Introduction

The development of information technology today has a significant impact on human life. The convenience of various lending activities provides benefits for the general public to information technology. One of the impacts of the development of technological advances is from the financial services sector, in the era of technological development today, financial services are very easy to access digitally and are often referred to as financial technology (fintech). One of the forms of digital financial services is online loans (pinjol). This loan when compared to traditional financial institutions such as banks has its own conveniences such as offering loans with easier terms, greater flexibility and can be accessed easily.

With technological advancements, access to financial services, including loans, has become easier. This allows students to get quick funds to meet their academic and lifestyle needs, such as tuition, transportation, and social activities. However, this convenience is often misinterpreted, causing many students to get stuck in a debt cycle that is difficult to overcome. Students' lifestyles that tend to be consumptive, influenced by social pressures and the need to adapt to the peer environment, can trigger less wise financial decision-making. Many students feel pressured to follow trends or meet social expectations, so they prefer loans as an instant solution. On the other hand, low financial literacy often makes college students

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unaware of the risks associated with using online loans. They may not fully understand the terms and conditions of the loan, the interest charged, and the long-term impact of the debt.(Suyanto et al., 2024)

The technology-based loan service has also been regulated in the Financial Services Authority (OJK) Regulation No. 10/POJK.05/2022 concerning information technology-based money lending services, which regulates procedures and operational requirements for online lenders, including licensing, consumer protection, technology systems and OJK supervision. Even though it has been regulated by the government, it is still widely used by a number of irresponsible individuals. They offer unsecured online loan services illegally and without permission from the Financial Services Authority (OJK). (Authority Service financ, 2022)(Chrisjanto & Tajsgoani , 2020) In addition to illegal online loans, the Financial Services Authority (OJK) has also provided legal online loans and is directly supervised by the OJK, including Shopee PayLater, Ada Kami, Ovo financial, Danamas etc.(Authority Financial Services (OJK), 2024)

Actually, this loan can provide easy access to the funds needed instantly. It provides a solution for many individuals who face urgent needs, such as education, health, or daily necessities. Because this online loan process (Peron et al., 2024) is also very practical and fast without many conditions. This advantage makes pinjol increasingly popular as an alternative financing. However, behind this convenience, there are significant risks. Many loan users, especially college students, do not have an adequate understanding of the financial consequences of debt. Without good financial literacy, they can get caught up in a debt cycle that is difficult to overcome. The negative impact of loans not only affects the financial condition of individuals, but can also cause wider social problems. The inability to meet debt obligations can lead to mental health issues, such as stress and anxiety, which impact the user's quality of life.

Behind the convenience offered in disbursing online loan funds, there are many cases that occur, such as: difficulty paying loan installments because in addition to high interest the term is usually very short so that many are depressed, stressed, decreased academic grades, to the act of ending their life or committing suicide and many other cases. So the results of the study (Muhammad Rifqy Haiqal et al., 2024)found that lifestyle has a significant effect on students' interest in using online loans. In contrast to the research conducted by stating that lifestyle does not have a significant effect on the use of loan applications while financial literacy is proven to be positive, this result is different from the results of research conducted by those who stated that it shows that financial literacy does not have a significant effect on borrowing intention, while lifestyle has a positive influence. The difference in the results of this previous research is the reason why the author reviewed how important financial literacy and lifestyle are in determining the level of online loan use (pinjol).(Salsabila Isnaini Putri & Hero Priono, 2024b)(Heni Setiyaningsih, 2024)

2. Literature Review

2.1. Financial Understanding

Financial understanding or financial literacy is defined as an individual's ability to understand and use a variety of financial information to make informed decisions in managing personal (Mirza Gayatri & Askardiya, 2022)finances. This is almost the same as stated in Financial Services Authority Regulation Number 03 of 2023 regulating Increasing Financial Literacy and Inclusion in the Financial Services Sector for Consumers and/or the Community. Financial literacy is knowledge, skills and confidence that affect attitudes and behaviors to improve the quality of decision-making and financial management in order to achieve prosperity. This includes an understanding of basic concepts such as budgeting, investments, debt, and savings. Financial literacy theory suggests that individuals who have a high level of financial literacy tend to be better able to evaluate financial products, including online loans(Authority Financial Services, 2021), and are wiser in making financial decisions. The level of financial literacy in Indonesian society is divided into four levels, namely:(Authority Financial Services (OJK), 2014)

- a) Well literate, defined as a group of people or the general public who have a level of knowledge about financial institutions and products, including what are the benefits, risks, features that can be obtained, rights and obligations and skills to use these services. 21.84% of Indonesian people are at this level.
- b) Sufficient literate, at this level, people usually already have basic knowledge about financial institutions to financial products and services, but do not have the knowledge or skills on how to use or buy these financial products and services. The majority of the Indonesian population at this level is 75.69%.
- c) Less literate, at this level, people only have basic knowledge about financial institutions, both products, and financial services, without understanding what are the benefits, risks, and features of existing financial products or services. At this time, around 2.06% of Indonesians are at this level.
- d) Not literate, is a group or community that has no knowledge of financial literacy at all and does not get information about financial institutions, let alone financial products and services. In this group, they do not have the skills to use financial services, both products and services. In general, this group lives in remote areas that are not supported by adequate infrastructure. At this level, there are 0.41% of Indonesians who do not understand financial literacy.

2.2 Student Life Style

A person's lifestyle is defined as their activities, interests, and the amount of income they earn in spending the money they have as well as how they allocate their time. A student's lifestyle is often influenced by social, cultural, and economic factors. From an economic perspective, lifestyle refers to how a person allocates his or her income, chooses products and services, and various consumption choices. The higher a person's economic status, the higher his lifestyle tends to be and tends to behave hedonically (a luxurious lifestyle). Among college students, a lifestyle that tends to be consumptive and status-oriented can encourage less rational decision-making regarding the use of online loans. (Suyanto et al., 2024) (Salsabila Isnaini Putri & Hero Priono, 2024b)

College students who want to meet social demands or follow certain trends may be more likely to use loans to fund their desired lifestyle, regardless of their financial capabilities. An excessive lifestyle, combined with a lack of understanding of financial consequences, can increase the risk of getting stuck in hard-to-repay debt.

2.3 Online Loans

The development of technology has made every goods and services industry more innovative so that everything becomes easier, more efficient, and does not require much time. One of the industries in Indonesia that has experienced significant growth is the financial services sector or known as financial technology (fintech). One of the financial technology products is online loans (Pinjol). Online loan is a financial technology (fintech) product that refers to credit services or loan services that are carried out online or online, such as transactions between customers and online loan operations carried out through applications or websites without the need for physical signatures. (Mirza Gayatri & Askardiya, 2022) In recent years, online loans have experienced rapid growth in Indonesia. This is due to the increasing need for fast and easily accessible cash.

Online loans have several characteristics that distinguish them from traditional loans: (Mas Nur Believer et al., 2021)

- a. Quick and Easy Process: Loan applications can be done anytime and anywhere, without the need to queue at the bank. The approval and disbursement process usually takes place in a short period of time, often within hours.

- b. Uncollateral: Many online loan services do not require collateral, making it easier for people who do not have assets to collateral.
- c. Accessibility: Online loans provide access to the wider community, including those who previously did not have access to conventional banking services

Regulations regarding online loans in Indonesia are regulated by the OJK through various regulations, including:

- a. POJK Number 10/POJK.05/2022 : Arrangement of information technology-based money lending services.
- b. POJK Number 77/POJK.01/2017 : Providing consumer protection in the financial services sector.
- c. POJK Number 22/2023 : Regarding Consumer Protection in the Financial Services Sector.

3. Proposed Method

This study uses a type of quantitative research that aims to uncover the relationship and influence between financial understanding and Life Style students to their interest in using loans. This study analyzed the relationship between variables using primary data collected through questionnaires. The population of this study is active university students in Solo Raya and the sample of this study is students who use online loans or students who have an interest in online loans (pinjol). This research involves three main variables, namely financial understanding, Life Style, and interest in the use of loans.

The data collection technique used is primary data by distributing a questionnaire to respondents on a scale of 1-4 who have the following assessments: (1) Strongly Disagree, (2) Disagree, (3) Agree, (4) Strongly Agree, this question is adjusted to measure each research variable.

The data analysis technique used validity, reliability tests and multiple linear regression analysis to see the influence of independent variables, namely financial understanding and life style , on dependent variables, namely interest in the use of online loans

4. Results and Discussion

4.1. Validity Test

Table 1 Validity Test Results

Variable	Items	rCount	rTable	Information
Financial Understanding (X1)	X1.1	0.714	0.1966	VALID
	X1.2	0.781	0.1966	VALID
	X1.3	0.694	0.1966	VALID
	X1.4	0.662	0.1966	VALID
	X1.5	0.649	0.1966	VALID
Life Style (X2)	X2.1	0.790	0.1966	VALID
	X2.2	0.851	0.1966	VALID
	X2.3	0.752	0.1966	VALID
	X2.4	0.818	0.1966	VALID
	X2.5	0.766	0.1966	VALID
	X2.6	0.754	0.1966	VALID
	X2.7	0.755	0.1966	VALID
Interest Loan (Y)	Y.1	0.909	0.1966	VALID
	Y.2	0.904	0.1966	VALID
	Y.3	0.910	0.1966	VALID
	Y.4	0.895	0.1966	VALID

Based on the table above, it can be stated that all questions have a calculated value of r greater than r table, so it can be concluded that all question items are valid.

4.2. Reliability Test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	N of Items
Financial Understanding (X1)	0.722	5
Life Style (X2)	0.895	7
Interest Loan (Y)	0.925	4

Based on table 2, all statement items in this study variable are reliable, because they have a Cronbach's alpha value of more than 0.60 so it can be concluded that the variables in this study are reliable.

4.3. Normality Test

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	2.78504690
Most Extreme Differences	Absolute	.051
	Positive	.051
	Negative	-.036
Test Statistic		.051
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based Based on the results of the table above, it shows the value of sig. (2-tailed) 0.200 is greater than 0.05, so it can be concluded that all data above normal..

4.4. Multicollinearity Test

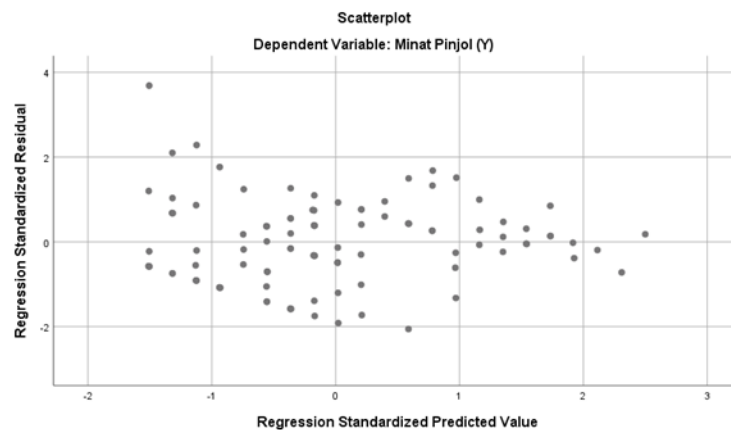
Table 4. Normality Test Results

Coefficient							
Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.296	2.016		1.139	.257		
Financial Understanding(X1)	.003	.111	.002	.024	.981	.997	1.003
Life Style (X2)	.470	.054	.663	8.698	.000	.997	1.003

a. Dependent Variable: Interest on Loans (Y)

By The results of the analysis of Table 4 obtained a tolerance value of X1 of (0.997) and X2 (0.997) > 0.100 while the value of VIF X1 (1.003) and the value of X2 (1.003) < 10.00, it can be concluded that the above data does not occur multicollinearity.

4.5. Heteroscedasticity Test



Picture 1. Normality Test Results

Picture 1 shows the random distribution of points, both above and below the value of the Y axis 0. Therefore, it can be concluded that there is no heteroscedasticity in the regression model used in this study.

4.6. Multiple Linear regression test

Table 5. Normality Test Results

Coefficient					
Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.296	2.016		1.139	.257
Financial Understanding(X1)	.003	.111	.002	.024	.981
Life Style (X2)	.470	.054	.663	8.698	.000
a. Dependent Variable: Pinjol(Y) Interest					

Based on the table above, the regression equation is as follows

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 2.296 + 0.003 (X_1) + 0.470 (X_2)$$

Based on this equation, it can be concluded that:

- The constant value obtained is 2,296, this shows that if financial understanding (X1) and life style (X2) are 0 (constant), then the loan interest (Y) is still worth 2,296
- Based on the results of the regression test of the financial understanding variable (X1) shows that the X1 variable has a positive value of 0.003, it can be interpreted that if the financial understanding variable (X1) increases by 1 point, there will be an increase in the loan interest variable (Y) by 0.003
- Based on the results of the regression test of the Life Style variable (X2) showing that the variable X2 has a positive value of 0.470, it can be interpreted that if the variable

Life Style X2) increases by 1 point, there will be an increase in the interest variable (Y) of 0.470.

4.6. Partial Test (T)

Table 6. Normality Test Results

Coefficient					
Type		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	2.296	2.016		1.139
	Financial Understanding(X1)	.003	.111	.002	.981
	Life Style (X2)	.470	.054	.663	.000
a. Dependent Variable: Pinjol(Y) Interest					

Based on the table above, it can be concluded that:

- The results of the analysis from the table above obtained a sig. value of the financial understanding variable (X1) of 0.981 > 0.05 and the t-value of 0.024 t of the table 1.985, showing that financial understanding (X1) had a positive and insignificant effect on the interest in using <loans (Y).
- The results of the analysis from the table above obtained a sig. value of the life style variable (X2) 0.000 < 0.05 and the t-value of 8,698 > t table 1.985, showing that life style (X2) has a positive and significant effect on the interest in using loans (Y).

4.7. Simultaneous Test (F)

Table 7. Normality Test Results

ANOVA ^a						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	600.548	2	300.274	37.931	.000b
	Residual	767.892	97	7.916		
	Total	1368.440	99			
a. Dependent Variable: Interest on Loans (Y)						
b. Predictors: (Constant), Life Style (X2), Financial Understanding (X1)						

Based on the results of the analysis of the table above, obtained the value of f calculated 37,931 > f table 3.939 and the sig. value 0.000 < 0.05, it can be concluded that the variables of financial understanding (X1) and life style (X2) have a positive and significant effect simultaneously on the variable of interest in the use of loans (Y).

4.7. Simultaneous Test (F)

Table 8. Normality Test Results

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.662a	.439	.427	2.814
a. Predictors: (Constant), Life Style(X2), Financial Understanding(X1)				

Based on the table above, the *Adjusted R Square* value is 0.427 or 42.7%, it can be concluded that the variables of financial understanding and life style affect the variable of interest in using loans by 42.7%, while the remaining 57.3% is influenced by other variables.

Discussion

a. The Effect of Financial Understanding on Interest in Using Pinjol

Based on the results of the hypothesis test in this study, it is shown that the hypothesis (H1) is rejected with a significance value $0.981 > (0.05)$ which means that financial understanding does not have a significant effect on the interest in using online loans among students. This shows that even if students have a good level of financial understanding, risk management and understanding of the impact of borrowing, it does not necessarily increase their interest in using online loans.

The results of this study are in line with research conducted by those who stated that a person's financial literacy does not affect a person's interest in making online loans or peer-to-peer (P2P) lending, but financial literacy only affects the way individuals manage their daily finances. It also states that financial literacy has no effect on the use of online loans, while risk perception has a significant effect. Therefore, financial literacy has no effect on a person's decision to use online loans, because financial literacy only affects the way individuals manage their finances (Ehma Pemelia et al., 2023)(Laughs) Yuhanisa et al., 2024)(Budi Muhammad & Mia Andika, 2022).

b. The Influence of Life Style on the Interest in Using Pinjol

Based on the results of the hypothesis test in this study, it is shown that the hypothesis (H2) is accepted with a significance value $0.000 < (0.05)$ which means that life style has a significant effect on the interest in using online loans among students. Based on the results of the hypothesis test above, it can be concluded that the higher the student's lifestyle, but not having enough finances, will result in many students being interested in using online loans to meet their lifestyle needs.

This is in line with research conducted by the University of Wisconsin-Madison that shows that lifestyle contributes to students' decision to use online loans. (Harianto et al., 2024)

5. Conclusions

Based on the results of the analysis of financial understanding and *lifestyle* on the interest in using online loans, the following conclusions can be drawn: Based on the results of the partial test (T test) on the financial understanding variable (X1), the results were obtained with a significance value $0.981 > 0.05$ and a calculated t-value $0.024 < t \text{ table } 1.985$, so it can be concluded that the financial understanding variable (X1) did not have a significant effect on the variable of interest in using loans (Y). Based on the results of the partial test (T test) on the life style variable (X2), the results of the significance value $0.000 < 0.05$ and the t-value calculated $8.698 > t \text{ table } 1.985$, so it can be concluded that the life style variable (X2) has a significant effect on the variable of interest in using loans (Y). Based on the results of the simultaneous test (F test) on the life style variable (X2), the results of the significance value $0.000 < 0.05$ and the f-value $37.931 > f \text{ of the table } 3.939$ were obtained, so it can be concluded that the financial understanding variable (X1) and the life style variable (X2) had a significant and simultaneous effect on the variable of interest in using loans (Y).

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