THE INFLUENCE OF FINANCIAL LITERACY AND PERCEIVED EASE OF USE ON FINANCIAL TECHNOLOGY
(Case study of Micro, Small Enterprises in Rimbo Bujang District, Tebo Regency)

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Abstract

Micro and Small Enterprises sector has a big influence on the economy of the people of Tebo district, especially Rimbo Bujang. However, in practice, the community structure and Micro and Small Enterprises actors in Rimbo Bujang still rarely use financial technology. According to the Indonesian Financial Services Authority (OJK), financial technology is an innovation in the financial services industry that utilizes advances in technology whose products are systems built to carry out specific transaction mechanisms. Users of financial technology continue to grow in Indonesia, but in general cash payments still dominate, including in the Tebo district, Rimbo Bujang, because some people do not recognize and master financial literacy, ease of use, and the usefulness of the technology provided. The research approach used is descriptive and quantitative with the aim of analyzing the phenomenon of the influence of financial literacy and perceived ease of use on the use of financial technology in Micro and Small Enterprises. This means that increasing awareness, knowledge, skills, attitudes and behavior of respondents regarding financial literacy without being accompanied by socialization in the use of financial technology will not affect the use of financial technology. However, there is a significant influence between the perception of ease of use of financial technology by micro and small business actors in Rimbo Bujang District, Tebo Regency.

Keywords: Financial Technology, Literacy, MSMES, Perception

Introduction

The development of science and technology at this time is one form of progress, this development is inseparable from human life which always has daily activities. With such advanced developments, technology has produced many service products, one of which is from the financial sector. Changes from the financial sector are certainly in accordance with the current era. In the economic field, following technological developments is also an alternative and profitable solution for a country. Technological developments can be seen from an economic perspective, which leads to innovation in the use of financial services in everyday life, namely with the use of financial technology that has developed and facilitates people's daily life activities, which is generally called financial technology (Marpaung, 2021).

The development of financial technology also affects individual knowledge, especially related to financial literacy (Apriliana, 2020). Financial literacy is an ability and knowledge in terms of managing and using finances owned by individuals with the aim of achieving welfare and improving individual levels. Individuals who have a high level of financial literacy tend to carry out planning (Lusardi, & Mitchell, 2014). Someone who has good financial literacy will determine their financial decisions properly and correctly. Financial literacy is closely related to financial management, because with financial literacy individuals can distinguish needs and wants.

In the private sector, financial technology is expected to facilitate, support management, and financial knowledge in activities carried out by individuals and micro, small businesses. The improvement of Indonesia's economy is also influenced by the involvement of micro and small enterprises. In accordance with Article 33 paragraph 4 of the 1945 Constitution, MSMES are part of the national economy that has a good perspective (Namira, 2022). The development of micro, small businesse can be said to be very rapid at this time. Although the development of micro, small businesses is very rapid, micro, small businesses are still in the small business stage and are very difficult to develop. The most common problems faced by micro and small enterprises are traditional problems that cannot be solved completely. For example, the quality of human resources, ownership, financing, marketing, and many other problems related to business management that make micro and small businesses difficult to compete with large companies.

The growth and performance of micro, small businesses throughout the country is of utmost concern to entrepreneurs, governments, venture capital companies, investors and financial institutions as well as non-governmental organisations micro, small businesses were chosen as the object of research because micro, small businesses actors are one of the components of society which is quite large in Indonesia. For example, Tebo Regency, especially the Rimbo Bujang area, where Rimbo Bujang is the most developed sub-district in the Tebo Regency Region. Rimbo Bujang sub-district has the highest population, and a high level of education as well. Rimbo Bujang became a successful ex-transmigration location.

The micro, small businesses sector itself has a major influence on the economy of the Tebo district community, especially Rimbo Bujang. However, in practice, the structure of the community and micro, small

businesses business actors in Rimbo Bujang is still very rare to use financial technology. This statement is supported by an initial survey conducted on fifteen MSME players in Rimbo Bujang District, which in terms of understanding and implementing the use of financial technology, seven of them still have not implemented financial technology services. Therefore, based on the background, researchers are interested in conducting research entitled The Effect of Financial Literacy and Perceived Ease of Use on Financial Technology with a case study of Micro and Small Enterprises in Rimbo Bujang District, Tebo Regency.

Literature Review

Financial Literacy

Definition of financial literacy according to OECD/INFE is 'The combination of awareness, knowledge, skills, attitudes and behaviours required to make sound financial decisions and ultimately achieve individual financial well-being'. The existence of financial knowledge can help individuals in comparing financial products and services related to society, there are three components in measuring financial literacy, namely (OECD, 2018):

1. Financial knowledge is an important part of financial literacy for individuals. Financial knowledge can help individuals compare financial products and services offered by financial institutions and assist in making informed financial decisions. Indicators of financial knowledge are knowledge of financial basics, financial management, credit and debt, savings and investment, and insurance.
2. Financial behaviour is the actions and behaviour of consumers that will have an impact on the financial condition and well-being of individuals both in the long and short term. Behaviours such as delaying payment of bills, not planning for future expenses or choosing the wrong financial products will have a negative impact on the financial condition and well-being of individuals, so it is important to assess individual financial behaviour. Financial behaviour indicators relate to budgeting behaviour, thinking before making purchases, paying obligations on time, saving and borrowing to meet needs.
3. Financial attitudes Although individuals have sufficient knowledge and the ability to act, individual attitudes will also influence individual decisions to act or not. Financial attitude indicators are related to attitudes towards money and future planning.

Perceived Ease of Use

In Jogiyanto (2007: 115) it is defined that perceived ease of use is defined as the extent to which a person believes that using a technology will be free of effort. From the definition, it is known that the construct of perceived ease of use is also a belief about the decision-making process. Jogiyanto (2007:) also states that the construct of perceived ease of use consists of six items, namely: controllable, clear and understandable, flexible in use, easy to become skillful and easy to use

Financial Technology

According to the Financial Services Authority (OJK), financial technology is an innovation in the financial services industry that utilizes technological advances whose products are systems built to carry out certain transaction mechanisms (OJK, 2019). In Davis (1989), based on the uses and benefits provided by financial technology, the following are the constructs of financial technology from this study, namely: work more quickly, job performance, increasing productivity, effectiveness, make job easier and useful

Methods

This research uses a descriptive and quantitative approach with the aim of explaining the magnitude of significance (Indrawan and Yaniawati, 2014: 51). The types and sources of data used in this study are primary data and secondary data. The population of this study consisted of micro, small business actors in Rimbo Bujang District, Tebo Regency, the sample amounted to 95 respondents obtained through the Slovin technique. The sampling technique used in this study uses probalbility salmpling with simple ralndom salmpling, namely micro, small business actors in Rimbo Bujang District, Tebo Regency. The stages of analysis used are outer loading, validity test, reliability test, inner model test, and hypothesis testing through the SmartPLS program.

Results and Discussion

Respondent Identitiy

Respondents in this study came from micro, small business actors in the Rimbo Bujang sub-district, Tebo Regency, totalling 95 respondents. Respondents were mostly aged 23-28 years with a total of 42, 17-22 years with a total of 23, 29-34 years with a total of 13, 35-40 years with a total of 8, 41-46 years with a total of 3, 47-52 years with a total of 4, and 53-58 years of age with a total of 2. With the last education of micro business actors, small junior high school equals 6, high school equals 47, Strata 1 (S1) amounts to 42.

Convergent Validity

Convergent validity relates to the principle of measuring or manifest variables of a construct that should be highly correlated. The rule of thumb that is usually used to assess convergent validity is that the loading factor value must be more than 0.70 for confirmatory research, this research will use a loading factor limit of 0.70 (Ghozali, 2021: 68).

Table 1. Outer Loalding After Calculation (Loalding Falctor)

Variable	Indicator	Value Outer Loading	Description
Financial Literacy (X1)	X1.6	0,738	Qualified loading factor value
	X1.7	0,840	Qualified loading factor value
	X1.8	0,745	Qualified loading factor value
	X1.9	0,752	Qualified loading factor value
Perceived Ease of Use (X2)	X2.1	0,723	Qualified loading factor value
	X2.2	0,745	Qualified loading factor value
	X2.3	0,804	Qualified loading factor value
	X2.4	0,778	Qualified loading factor value
	X2.5	0,787	Qualified loading factor value
	X2.6	0,818	Qualified loading factor value
	X2.7	0,810	Qualified loading factor value
Financial Technology (Y1)	Y1.1	0,766	Qualified loading factor value
	Y1.2	0,789	Qualified loading factor value
	Y1.4	0,753	Qualified loading factor value
	Y1.6	0,766	Qualified loading factor value
	Y1.7	0,716	Qualified loading factor value
	Y1.8	0,784	Qualified loading factor value

Source: Data Processing with SmartPLS, 2023

Discriminant Validity

To test discriminant validation by looking at the cross loading value of the measurement with its construct, namely the cross loading value> 0.70 in one variable.

Table 2. Value Discrimination Validity (Cross Loalding)

	Effect of Financial Literacy (X1)	Perceived Ease of Use (X2)	*Financial Technology* (Y)
X1.6	0,837	0,474	0,200
X1.7	0,871	0,542	0,268
X1.8	0,808	0,430	0,189
X1.9	0,795	0,560	0,323
X2.1	0,347	0,723	0,436
X2.2	0,417	0,745	0,430
X2.3	0,488	0,804	0,622
X2.4	0,425	0,778	0,526
X2.5	0,560	0,787	0,566
X2.6	0,505	0,818	0,522
X2.7	0,556	0,810	0,517
Y1.1	0,251	0,545	0,802
Y1.2	0,308	0,565	0,796
Y1.4	-0,031	0,382	0,755
Y1.6	0,418	0,674	0,754
Y1.7	0,165	0,387	0,758
Y1.8	0,258	0,532	0,785

Source: Data Processing with SmartPLS, 2023

Based on the data shown in the table, it can be stated that each indicator in this study has good discriminant validity in compiling each variable.

Reliability Test

to measure the reliability of a construct with reflexive indicators can be done in two ways, namely with Cronbach's alpha and composite reliability which is often referred to as Dillon-Goldstein's. The rule of thumb of composite reliability to assess construct reliability usually has to be > 0.70 for confirmatory research (Ghozali, 2021: 69). The rule of thumb of composite reliability to assess construct reliability usually must be> 0.70 for confirmatory research (Ghozali, 2021: 69).

Table 3 Composite Reliability

Variable	Composite Reliability
Effect of Financial Literacy (X1)	0,897
Perceived Ease of Use (X2)	0,916
Financial Technology (Y)	0,900

Source: Data Processing with SmartPLS, 2023

The rule of thumb of Croncbach's alpha to assess construct reliability usually has to be> 0.70 for confirmatory research (Ghozali, 2021: 69).

Table 1. Cronbach's Alpha

Variabel	*Croncbach's Alpha*
Effect of Financial Literacy (X1)	0,847
Perceived Ease of Use (X2)	0,893
Financial Technology (Y)	0,867

Source: Data Processing with SmartPLS, 2023

Based on the data in the table, it can be concluded that all constructs have met the reliability criteria.

Inner Model Test

The inner model in PLS can be seen from the R-Square. Which R-Square is used as a measure of the level of variation in changes in the independent variable on the dependent variable. The higher the value of R-Square, the better the prediction model of the proposed research model (Abdillah & Jogiyanto, 2015: 197). To find out the value of the inner model in PLS, it can be seen in the R-Square for the dependent construct. In the table are the results of the R-Square estimate using SmartPLS 4.0, as follows:

Table 2. Value R-Square

	R-Square	R-Square Adjusted
Financial Technology (Y)	0,458	0,447

Source: Data Processing with SmartPLS, 2023

Obtained the R-Square value of the financial technology variable obtained with a value of 0.458, this indicates that the variable influence of financial literacy and perceived ease of use. Furthermore, it can be concluded that the variation in changes in the independent variable on the dependent variable that can be explained is 45.8% and the model is considered moderate.

The Adjusted R-Square value has a value with an interval between 0 and 1. If the Adjusted R-Square value is closer to 1, it indicates that the independent latent variable (X) explains the variation of the latent variable (Y) better. In this study, the R-Square Adjusted value is 0.447 or 44.7%, it can be concluded that the variation that has occurred in variable Y can be explained by the independent variables, while the rest is explained by other variables outside of the proposed research model.

Hypothesis Testing

The basis used in hypothesis submission to show the level of significance is to look at the patch or inner model coefficient value.

Table 3. Patch Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Effect of Financial Literacy -> *Financial technology*	-0,168	-0,156	0,170	0,991	0,161
Perceived Ease of Use->*Financial technology*	0,766	0,765	0,093	8,194	0,000

Source: Data Processing with SmartPLS, 2023

The results of hypothesis testing that have been carried out show that the path coefficient is negatively marked at -0.168, and the P-Values that form the influence between the financial literacy variable on financial technology are 0.161, and the T-Statistic value gets a value of 0.991. Thus, these results indicate that the P-Values value of 0.161> 0.05 and the T-Statistic value of 0.991 < 1.96 so it can be concluded that financial literacy has no effect on financial technology. Thus, the results show that the P-Values value of 0.161 > 0.05 and the T-Statistic value of 0.991 < 1.96 so it can be concluded that financial literacy has no effect on financial technology.

The results of the hypothesis testing that have been carried out show that the path coefficient is positive at 0.766 and the P-Values value that forms the influence between the perceived ease of use variable on financial technology with a value of 0.000 and the T-Statistic value obtains a positive value of 8.194. Thus, these results show that the P-Values value of 0.000 <0.05 and the T-Statistic value of 8.194> 1.96. So it can be concluded that perceived ease of use has a significant effect on financial technology.

Discussion

The Effect of Financial Literacy on Financial Technology

The results showed that the path coefficient was negative -0.168, and P-Values 0.161> 0.05 and T-Statistic value 0.991 < 1.96 so it can be concluded that financial literacy has no effect on the use of financial technology. So it can be stated that the hypothesis $H1_0$ is acceptable, namely that there is no effect of

financial literacy on financial technology for Micro, Small Enterprises. And $H1_1$ is rejected because the T-Statistic value is smaller than 1.96 (T-Table) and the value of P-Values is more than 0.05.

The results of this study indicate that the responses of respondents regarding variable X1, namely financial literacy, obtained an average score of 351.2, which in this case the value is in the high category. Likewise, the variable use of financial technology which obtained an average score of 371.8 in this case the value explains that the variable use of financial technology is also in the high category. Although the financial literacy and financial technology variables have a high category, the interaction between the effect of financial literacy on the use of financial technology has no effect.

This can explain that in its use, financial literacy has no influence on the use of financial technology. Which is where financial literacy in indicators by basic financial knowledge, budgeting, thinking before making purchases, paying bills on time, saving and borrowing to meet needs, attitudes towards money, future planning has no effect on the use of financial technology by micro, small businesses in Rimbo Bujang District, Tebo Regency. Financial literacy and the use of financial technology both have high scores as evidenced by the average score obtained from the high financial literacy statement, but when combined with the use of financial technology there are still many who do not use it regularly in their daily transaction activities, this is in accordance with the initial survey conducted by researchers.

The results of this study are supported by existing previous research. as in (Ma, I. R. V. & Amsari, S., 2024) also resulted that financial literacy has no effect on the use of Islamic banking digital services, research conducted by (Sibuea, C. A.., Simorangkir, H. H., Nababan, C., Nadapdap, T. I., Sipayung, R., 2023) also stated that the results showed that financial literacy was 0.732 with a significance of 0.402>0.05, which means that financial literacy does not affect interest in using digital money.

Perceived Ease of Use of Financial Technology

The results showed that perceived ease of use (X2) has a significant effect on financial technology (Y), this is evidenced by the value of P-Values 0.000 <0.05 and the T-Statistic value of 8.194> 1.96. So it can be concluded that perceived ease of use has a significant effect on financial technology. So it can be stated that the hypothesis $H2_1$ can be accepted, namely that there is an influence that perceived ease of use on financial technology for Micro and Small Enterprises. The results of this study are in line with respondents' responses to the perceived ease of use variable by obtaining an average score of 363.9 in this case the value explains that the value of the perceived ease of use variable is in the high category heard an average score of 371.8.

In this case it can be explained that the perceived ease of use which is indicated by easy to learn, controlled or easy to supervise, clear and understandable, flexible in use, easy to make skilled, easy to use. Has a significant influence on the use of financial technology because if someone who understands the convenience provided by financial technology services, it will affect in terms of its use, of course, it is necessary to socialise so that the perceived ease of use of Micro, Small Business actors can have a higher understanding and can be used in transactions for their daily lives. The results of this study are supported by several existing previous studies. In research (Danuarta, G., L., N, & Gede Sri Darma, G., S, 2019) shows that perceived ease of use, perceived benefits, and perceived enjoyment have a positive effect on interest in using Go-Pay.

Conclusion

This study aims to determine the effect of financial literacy and perceived ease of use on financial technology in Rimbo Bujang District, Tebo Regency. The data analysis method used in this research method is Partial Least Square (PLS). As for the results of the analysis and discussion that has been presented in this study, the following conclusions are obtained:

1. The results of this study can explain that in its use, that the financial literacy variable has no influence on the use of financial technology for micro, small business actors. This is evidenced by the results obtained which show that the path coefficient is negatively marked at -0.168, and P-Values 0.161> 0.05 and T-Statistic value 0.991 < 1.96 so it can be concluded that financial literacy has no effect on financial technology. Which means that the increasing awareness, knowledge, skills, attitudes, and behaviour of respondents about financial literacy without being accompanied by a socialisation and guidance in the use of financial technology will not affect the use of financial technology.
2. The perceived ease of use variable has a significant influence on the use of financial technology for micro, small businesses. The results of this study are evidenced by the value of the T-Statistic 8.194> 1.96 (T-Table) and a P-Value of 0.000 <0.05, so it can be concluded that perceived ease of use has a significant effect on financial technology. 1 can be accepted, namely that there is an influence on the perceived ease of use of financial technology for Micro and Small Enterprises, which means that the more the perceived ease of use of a person is good enough, the more it will increase the person's use of existing financial technology.

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