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Financial Literacy, Financial Technology and Saving Behavior

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Abstract. *This research aims to examine the direct and indirect effects of financial literacy on saving behavior through financial technology as a mediating variable. Further, this research uses a quantitative approach with path analysis. This research picked millennial workers in Kendari City, Southeast Sulawesi, as sample of the research. Therefore, the results revealed that financial literacy directly has a significant effect on financial technology and saving behavior then, financial technology also has a significant positive effect on saving behavior. However, financial technology does not able to mediate the relationship between financial literacy and saving behavior significantly. This indicates that financial technology has not provided good facilitation for millennials, especially for helping them in looking the appropriate savings products their needed.*

Keywords *: Financial literacy, Financial Technology, Saving Behavior*

Abstrak. Penelitian ini bertujuan untuk mengeksplorasi pengaruh literasi keuangan secara langsung dan tidak langsung terhadap perilaku menabung dengan menggunakan teknologi keuangan sebagai variabel perantara. Penelitian berikut ini menggunakan metode *kuantitatif* dengan analisis jalur. Penelitian ini mengambil generasi milenial di kota Kendari, Sulawesi Tenggara sebagai sampel penelitian. Karena, seperti yang ditunjukkan oleh hasil penelitian, literasi keuangan secara langsung memiliki dampak yang signifikan terhadap teknologi keuangan dan perilaku menabung. Teknologi keuangan juga memiliki dampak positif yang signifikan terhadap perilaku menabung. Namun, teknologi keuangan tidak dapat secara signifikan memediasi hubungan antara literasi keuangan dan perilaku menabung. Hal ini menandakan bahwa fintech belum banyak membantu generasi milenial, terutama dalam menemukan produk tabungan yang tepat untuk kebutuhan mereka.
Kata kunci: Literasi keuangan, Teknologi keuangan, Perilaku menabung.

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RESEARCH BACKGROUND

Saving behavior is a person's attitude in managing a certain amount of capital, setting it aside for savings and then re-using it when it is in an urgent situation . Savings can be done by saving money at home, in a bank or other savings facility. Saving behavior is very important to be instilled from an early age. This is because saving can lead someone to favorable conditions, especially in the future in meeting their financial and non-financial needs (Resty & Hidayat, 2021). Behavior research save has conducted by a number of researcher , where saving behavior often associated with literacy finance (Ismail et al., 2020) , Other researchers ((Lusardi & Mitchell, 2014), (Delafrooz& Paim, 2011) argue that awareness financial is determinant main saving behavior

However, saving today has narrowed its meaning for millennials [1]who still see saving as something to meet short-term needs, for example for consumptive needs. Furthermore, based on social media research reports for 1 December 2015 – 31 January 2016, 41% of 7,809 people stated that the main reason for saving was consumptive needs. This is terrible because millennials must maximize their savings to get large financial benefits with good financial planning. Thus, it is important to increase financial literacy for millennials in order to develop their potential in carrying out financial planning, of course this needs to be facilitated with the media to attract millennials to get easy access.

One way to introduce and direct millennials to be literate in saving is to provide a good understanding of financial literacy. In recent years, financial literacy has become a hot topic of conversation in various parts of the world (Nurrohmah & Purbayati, 2020; Widjaja et al., 2020). Communities in countries that have good finances are seen as countries that are able to turn the wheels of the economy well, because the percentage of financial literacy causes an increase in the quality of society (Morgan & Long, 2020) . The goal of financial literacy is to lead people to manage their finances better. The phenomenon of financial literacy shown by the 2022 National Financial Literacy and Inclusion Survey shows that the majority of Indonesian people's financial literacy is around 49.68%. Furthermore, *the Financial Fitness Index* also reports that the level of financial health for millennials is still relatively low, namely 14.3%. it happened due to

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[1] The millennial generation, namely those born in confinement in 1980-2000.

the lack of understanding of the younger generation about wealth and how to manage finances (Bank OCBC NISP, 2022).

Therefore, to facilitate the millennial generation in increasing saving behavior and understanding related to financial literacy, it is necessary to provide attractive and easy-to-obtain facilities in easily accessible financial products and services (especially savings). This is done so that there is harmonization between knowledge and the use of modern savings media with the interest of the millennial generation in saving. In addition,financial technology is becoming a new market in today's world, combining financial goods and technology in offering easily accessible savings products. The emergence of *financial technology* in the realm of digital technology development is expected to make it easier for the public to find appropriate financial products and increase their financial literacy. (Varlamova et al., 2020). This is in line with the innovation diffusion theory used to convey information in the form of *financial technology* .

This study chose millennial workers (fishermen) in the city of Kendari , Southeast Sulawesi as samples. In addition, there are several characteristics for assessing millennial workers . Millennials as a sample of this study have age characteristics ranging from 18-32 years. Based on the description of the phenomenon, empirical findings, and the existence of gaps in previous research related to financial literacy, financial technology and saving behavior, the authors are interested in knowing and analyzing the influence between financial literacy, financial technology and saving behavior built in the integrated model offered by this study. It is hoped that the results of this research can be used as a solution in increasing millennial abilities in managing finances through savings .

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The grand theory used in this study refers to the Theory of Planned Behavior (TPB) (Ajzen, 1991), regarding the behavior of a person who considers whether to do something or not, leading a behavioral activity based on various previous considerations. Because, the better the knowledge and intelligence possessed, the better the behavior. Attitude towards behavior is a determinant of intention, so it can be concluded that financial literacy is a determinant of one's intention to perform better behavior in terms of saving behavior .

Furthermore, this study also refers to four indicators of financial literacy developed by (Chen& Volpe, 1998), namely: general knowledge of personal finance, investment knowledge, savings and debt knowledge, and insurance knowledge to assess the level of public financial literacy. millennial workers. In addition, this study also uses the concept of product knowledge which refers to the theory of consumer behavior from Kotler (2012: 161) , explains the relationship between consumer behavior that underlies how individuals, groups, and organizations choose, buy, use goods and services, ideas, or experiences to satisfy consumer needs and wants .

Meanwhile, the theoretical basis used to establish the mediating effect of the intervening variable (*financial technology*) refers to the *Technology Acceptance Model* (TAM) put forward (Davis, 1989), which is the reason for studying and understanding technological behavior. users in accepting and using technology. This study also refers to indicators developed by (Kamel & Hasan, 2003), namely: *perceived usefulness and perceived ease of use* .

The concept of saving behavior is an important study that refers to the theory of *the Life Cycle Hypothesis* (LCH) from (Modigliani & Brumberg, 1954). This theory suggests that consumption and saving decision models are made from a life cycle perspective. LCH theory attempts to explain how people divide their income between expenses (consumption) and savings and rent. Saving behavior is measured by four indicators adopted from Ritonga and Firdaus (2016:17). Based on the theory and empirical findings of previous research, the authors develop the research hypothesis as follows :

H1: Financial Literacy has a positive effect on Financial Technology

H 2 : Financial Literacy has a positive effect on saving behavior

H 3 : Financial Technology has a positive effect on Saving Behavior

H4: Financial Literacy has an effect positive towards saving behavior through financial technology as an intervening variable .

RESEARCH METHOD

This research is a quantitative study with pants regression analysis to determine the relationship between variables. Furthermore, the research was conducted in Kendari, North Sulawesi, with 7 1 respondents specifically for fishermen who were in the millennial category (18-32 years). This study used a questionnaire with a Likert scale of 5 as a research instrument. The following is a research measurement model :

$$Y1 = \alpha 1 + \beta 1X + \varepsilon 1 \quad (1)$$

$$Y2 = \alpha 2 + \beta 1 Y1 + \varepsilon 2 \quad (2)$$

$$Y2 = \alpha 3 + \beta 1 X + \beta 2Y1 + \beta 3XY1 + \varepsilon 3 \quad (3)$$

RESULTS AND DISCUSSION

Characteristics Respondents

Based on the results of distributing questionnaires to 71 respondents, the following is a summary of the characteristics of the respondents based on the three categories as follows :

Table 1 Characteristics Respondents

Category	Frequency	%
Education		
Base	4	6%
School Intermediate First	11	15%
SENIOR HIGH SCHOOL	53	75 %
Bachelor	0	0 %
Another	3	4 %
Total	71	100%
Gender		
Man	62	87 %
Woman	9	13 %
Total	71	100%
Frequency Behavior Save		
1 time a month	30	42%
2 times a month	19	37%
> 2 times a month	22	31%
Total	71	100%

Source : Data Processing (2022)

Test validity and Reliability

The following is a summary of the results of the instrument quality test in this study which consists of validity and reliability described as follows :

Table 2 Results Test validity and Reliability

Variable	Items	Correlation	Reliability Composite
Financial Literacy	FL1	.515 **	.769
	FL2	.782 **	
	FL3	.724 **	
	FL4	.757 **	
Financial Technology	FT1	.868 **	.879
	FT2	.878 **	
Saving Behavior	SB1	.817 **	.787
	SB2	.754 **	
	SB3	.691 **	
	SB4	.627 **	

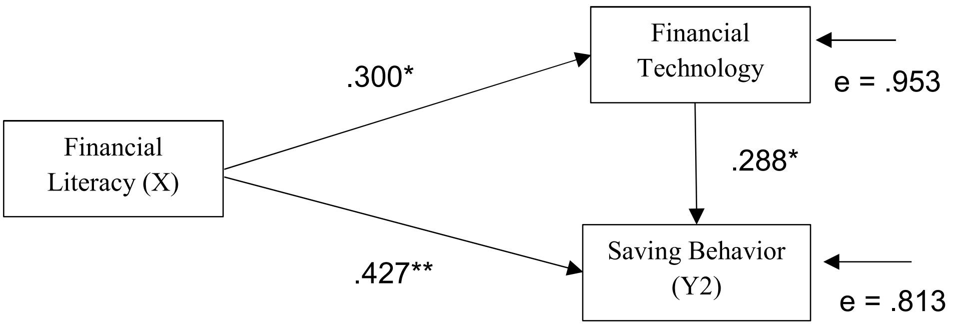
Source : Data Processing (2022)

Based on Table 1, it can be seen that all of the research instrument items are valid with a p-value <0.005. In addition, all items are also categorized as reliable with a CR value > 0.60. Thus this research instrument can be used properly and the results can be processed at a later stage.

Analysis Track Regression

Based on the results processed by the IMB SPSS program, the following path diagram results are described below:

Figure 1 Analysis Model Track



Source : Data Processing (2022)

Furthermore, after carrying out the path analysis test, the following are the results of the direct and indirect influence tests between the variables in this study.

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Table 3: Effects Direct

	Coefficient Standard	Sig.	Information
Technology Finance <-- Financial Literacy	.300	011	Positive significant
Behavior Saving <-- Financial Literacy	.427	.000	Positive significant
Behavior Saving <-- Financial Technology	.288	007	Positive significant

Source : Data Processing (2022)

Table 4: Effects Mediation

	Effect direct	Effect Not Direct	Total Effect	Sig. (Sobel test)	Information
Saving Behavior <-- Financial Technology <-- Financial Literacy	0.427	0.0864	0.5134	0.407	Not significant

Source : Data Processing (2022)

Influence Financial Literacy on Financial Technology

Based on the results of the direct effect test (Table 3), it appears that financial literacy has a significant positive effect on financial technology. This means that the higher a person's literacy level, the higher his ability to utilize financial technology. This finding is in line with several previous studies conducted by Rohmah & Gunarsih (2021) **,** Hijir (2022) **,** Morgan & Trinh (2020) where financial literacy can help someone to acquire the financial knowledge and skills needed for them to make financial planning.

Furthermore, the existence of financial literacy can add insight to the millennial generation that good saving behavior is consistently setting aside income for savings. Not only that, the use of savings in a better way is not only for consumptive needs, but can be used as a medium to collect business capital as a provision to start a productive business in the future .

Effects of Financial Literacy to Saving Behavior

Based on the results of the direct effect test (Table 3), it can be seen that financial literacy has a significant positive effect on saving behavior. This finding is in line with the results of several previous studies such as those conducted by Peiris (2021), (Ismail et al., 2020), Choden et al. (2021) , (Nguyen & Doan, 2020), and Sartika et al. (2021) . The better a person's level of financial literacy, the better a person will be in carrying out financial planning (in this case saving). Next, Morgan & Trinh (2020) explained in his research that those with higher financial literacy scores tend to save in formal and informal forms compared to those with lower financial literacy scores.

In order to increase awareness of the importance of saving to protect themselves from future financial needs, especially for millennials, it is necessary to have an educational program regarding literacy in an effort to improve the ability of the community, especially the millennial generation. to make financial decisions and financial planning in the future. If this is done consistently, then it can help millennials manage lifestyles and financial behavior that are getting better and right .

Influence of Financial Technology Against Saving Behavior

Based on the results of the direct effect test (Table 3), it appears that financial technology has a significant positive effect on saving behavior. This finding is in line with the results of a study conducted by (Ouma et. al, 2017)showing that those who utilize or have access to mobile financial services are much more likely to save than those who do not, thereby confirming the role of mobile financial services in increasing savings. Azzahraa & Kartini (2022) that the use of financial technology can help a person manage their finances and can adjust the use of money to meet their needs, and can even balance their income and expenses. Especially now that there are several digital banks that can be accessed by the public, especially millennials, which make it easier for them to open electronic savings accounts without having to come directly to the bank in question. Of course, this makes it easier for millennials to start saving in a formal way by utilizing sophisticated technology.

Effects of Financial Literacy To Saving Behavior Through Financial Technology As Intervening Variable

Based on the indirect effect test (Table 4), it appears that financial technology is not able to significantly mediate the relationship between financial literacy and saving behavior. This is because the direct effect of financial literacy on saving behavior is higher than the direct effect of financial technology on saving behavior. Someone who has a high level of financial literacy will tend to choose to use banks and financial institutions as the main savings medium. This is because the currently developing financial technology is still less aware of savings products, only focused on payment and financing products which can make a person much more consumptive if there is no good financial planning.

CONCLUSION AND RECOMMENDATION

Based on the research results, it can be concluded that financial literacy directly has a significant effect on *financial technology* and saving behavior. Then *financial technology* has a significant positive effect on saving behavior. Furthermore, it appears that *financial technology* is unable to significantly mediate the relationship between financial literacy and saving behavior. This indicates that *financial technology* currently does not provide good facilities for the millennial generation, especially in meeting the need for savings products easily. The limitation of this study is that researchers only focus on proving the consistency of the influence between variables based on theory and the results of previous studies, so it is recommended for future researchers to test this model using a structural equation model to get maximum and maximum *results* . detailed results.

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