

Educated but Still Borrowing? Financial Literacy and Perceived Ease of Use in Shaping Generation Z's Online Loan Intention in Bandung

Nedia Rahma Yusandi¹, Nanda Ravenska^{2*}, Hafid Aditya Pradesa³, Nur Imam Taufik⁴

^{1,2,3,4} Public Sector Business Administration, Politeknik STIA LAN Bandung, Bandung, Indonesia.

Abstract

The rapid digital transformation of the financial sector in Bandung City has heightened concerns regarding the proliferation of online loan applications among tech-savvy youth. This study investigates the complex behavioral mechanisms driving Generation Z's intention to use online loans by examining the dual roles of Financial Literacy and Perceived Ease of Use. Grounded in an extended Technology Acceptance Model, this research addresses critical theoretical inconsistencies in prior literature regarding whether financial knowledge universally suppresses credit adoption. Utilizing a sequential explanatory mixed-methods design, the quantitative phase gathered data from 105 self-earning Generation Z respondents through purposive sampling, analyzed via Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. This was complemented by a qualitative phase involving in-depth interviews with four key informants to contextualize the statistical outcomes. The empirical findings reveal a striking behavioral dichotomy: Financial Literacy exerts a significant negative effect on usage intention ($\beta = -0.403$, $p = 0.043$), demonstrating that robust financial knowledge functions as an internal cognitive safeguard that fosters deliberate restraint and risk awareness. Conversely, Perceived Ease of Use emerges as the strongest positive predictor ($\beta = 0.554$, $p = 0.000$), indicating that frictionless platform designs and rapid disbursement actively bypass risk perception and stimulate borrowing intentions. Together, these two exogenous variables account for 25.0% of the variance in usage intention ($R^2 = 0.250$). Qualitative insights reinforce that while literacy cultivates cautious evaluation, platform accessibility encourages impulsive adoption. To bridge the gap between cognitive restraint and technological convenience, this study introduces the strategic "CAKAP PINJOL" policy recommendation framework, designed for the Indonesian Financial Services Authority (OJK) and educational institutions to fortify digital financial literacy and ethical fintech platform governance.

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Corresponding Author:

Nanda Ravenska
(nanda.ravenska@poltek.stialanbandung.ac.id)

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1. Introduction

Digital technology has reshaped the global financial industry, and few developments illustrate this more clearly than the rise of financial technology (fintech) in peer-to-peer (P2P) lending. In Indonesia, this shift is part of a broader digital transformation: the U.S. International Trade Administration projects the country's digital economy to reach USD 146 billion in 2025,

supported by an internet penetration rate of 79% in 2024. This growth has opened new channels for financial access, but it has also raised concerns about whether consumers, particularly younger ones, possess the financial literacy needed to navigate it safely. While Indonesia's fintech lending sector has grown rapidly to meet demand for fast digital financing (Putranto & Sobari, 2021; Riwayati et al., 2025). By the end of 2022, more than 60 million users had accessed online loan applications, with total disbursements reaching IDR 200 trillion; by March 2023, 107 fintech lending companies were registered and supervised by OJK. Yet access has outpaced understanding: the 2022 National Survey on Financial Literacy and Inclusion (SNLIK) recorded a national financial literacy index of only 49.68%, against a financial inclusion index of 85.1%, a gap suggesting that many users can reach financial services without fully grasping the risks involved.

This gap is especially visible in West Java, home to Bandung City. OJK data show that outstanding online loans in the province reached IDR 19.88 trillion in January 2023, around 25% of the national total, the highest of any Indonesian province. Bandung City itself, as West Java's capital and a hub for education and the creative economy, has a large Generation Z population: roughly 40% of its 2.5 million residents, most of them students and young workers who are highly active digital technology users.

Generation Z, born between 1997 and 2012 are widely characterized as digital natives: technologically fluent, expressive, and inclined toward multitasking (Rahman et al., 2023; Simamora et al., 2020; Susanto et al., 2025). Nationally, they are also the dominant users of online loan applications, accounting for loan values of IDR 26.87 trillion in June 2023, more than half of the national total. This heavy usage sits uneasily alongside their financial literacy profile: national data suggest Generation Z tends to hold basic financial knowledge but lacks competency in risk management. Buy Now Pay Later (BNPL) data reinforce the concern as of November 2024, Generation Z made up 39.94% of BNPL debtors, the second-largest group within an IDR 35.14 trillion portfolio that grew 24.53% year-on-year (Center & Kredivo, 2024; Maharani & Darna, 2024).

While on the otherside, rapid digital transformation of the financial sector has fundamentally altered borrowing behaviors, giving rise to financial technology platforms that offer quick and accessible online loans (Suharjana et al., 2026; Wijaya & Setyawan, 2024). Despite these advancements, the widespread adoption of digital credit presents substantial socioeconomic challenges, particularly among younger demographics who frequently face difficulties managing digital debt (Aisjah, 2024; Geriadi & Dwijayanthi, 2024; Rosadi, 2025). Thus, financial literacy is widely acknowledged as a foundational determinant of financial behavior, equipping individuals with the knowledge required to understand loan terms, interest rates, and repayment obligations, as outlined across core dimensions (Luan et al., 2025; Rapina et al., 2023; Ravenska & Nidar, 2024). Individuals possessing robust financial literacy are generally better positioned to evaluate fintech services critically and avoid detrimental debt accumulation (Agustin, 2022; Chand et al., 2025). However, empirical findings regarding its direct influence remain nuanced; while higher financial literacy often fosters prudent credit management (Chavali et al., 2021; Juita et al., 2023), research indicates that mere financial knowledge does not always inoculate tech-savvy cohorts against the allure of digital borrowing (Geriadi & Dwijayanthi, 2024; Solihati & Indriawati, 2026).

Concurrently, behavioral drivers and consumer perceptions significantly dictate the trajectory of online lending utilization (Farid et al., 2026; Kumari et al., 2025; Solihati & Indriawati, 2026). Grounded in established theoretical perspectives such as the Theory of Planned Behavior (Ajzen, 1991) and the Technology Acceptance Model (Davis, 1989; Venkatesh et al., 2000), individuals' intentions are heavily shaped by their attitudes, perceived behavioral control, and external environmental pressures, including lifestyle choices (Farid et al., 2026; Feryana et al., 2025; Riwayati et al., 2025). Modern consumer behavior—often characterized by digital connectivity and consumerist tendencies—frequently normalizes impulsive spending and immediate gratification (Chakraborty & Rana, 2025; Hilmi & Pratika, 2021; Sari, 2021). When young adults experience social or environmental pressures to conform to contemporary lifestyle trends, they may leverage online loans to finance non-productive, discretionary purchases (Geriadi & Dwijayanthi, 2024). This lifestyle-driven consumption pattern frequently disconnects actual spending behaviors from realistic financial capacities, thereby accelerating non-performing

loans and financial distress within younger generations (Geriadi & Dwijayanthi, 2024; Kurniasari et al., 2023).

Furthermore, individual perceptions regarding the utility and mechanics of financial technology platforms play an essential role in shaping borrowing intentions (Panos & Wilson, 2020; Putranto & Sobari, 2021; Sari et al., 2023). Perceived ease of use, defined as the degree to which a person believes that using a particular system is free of effort (Davis, 1989; Venkatesh et al., 2000), and structural accessibility heavily influence how consumers evaluate digital lending applications, often overshadowing traditional risk aversion (Juita et al., 2023; Tuan et al., 2024). When platforms provide seamless application processes, minimal friction, and rapid fund disbursement, consumers are more likely to develop favorable perceptions that encourage loan activation (Juita et al., 2023; Tuan et al., 2024). Consequently, understanding the complex interplay between financial literacy, lifestyle orientations, and technology perceptions is vital for addressing the rising reliance on online loans among educated youth, providing critical insights for institutional interventions and regulatory frameworks (Feryana et al., 2025; Huda et al., 2023).

The existing literature presents a notable empirical inconsistency regarding the direct influence of financial literacy on digital borrowing behavior, establishing a critical research gap that this study addresses. While foundational studies traditionally assume that higher levels of financial literacy serve as a robust cognitive safeguard against imprudent debt accumulation, contemporary empirical investigations reveal conflicting outcomes, with several studies reporting no statistically significant relationship between financial literacy and online loan adoption intentions. This discrepancy suggests that traditional cognitive safeguards may be systematically overridden by the unique psychological and digital environments inhabited by modern cohorts. Furthermore, prior research has predominantly evaluated financial literacy and technology acceptance frameworks in isolation, failing to capture the complex, compounding mechanisms at play when financially educated youth navigate hyper-accessible fintech ecosystems.

Compounding this theoretical division is a distinct contextual gap concerning educated youth, particularly Generation Z residing in urban educational hubs such as Bandung. Existing empirical works frequently aggregate broader demographic segments or focus on general consumer behavior, overlooking how individuals possessing formal education and baseline financial knowledge still succumb to digital credit traps. Although these cohorts theoretically possess the competencies to evaluate financial risks, the convergence of peer-driven social pressures, consumerist lifestyles, and frictionless technological interfaces creates a unique behavioral paradox. The extent to which financial literacy can mitigate the persuasive drivers of perceived ease of use among highly literate young adults remains empirically inconclusive and underexplored within the specific socio-economic context of Indonesian metropolitan regions.

To bridge these theoretical and contextual voids, this study integrates financial literacy as an external moderating and inhibitory dimension within an extended Technology Acceptance Model framework. By examining how structural platform designs interact with individual cognitive competencies and lifestyle orientations among Generation Z in Bandung, this research offers a more nuanced understanding of contemporary digital credit adoption. Addressing these gaps not only resolves conflicting scholarly paradigms regarding financial literacy and fintech usage but also provides actionable insights for policymakers, academic institutions, and regulatory bodies seeking to foster sustainable financial behaviors among the next generation of professionals.

This study integrates Financial Literacy Theory as an external variable within the TAM framework, positioning Financial Literacy as a measure of users' cognitive financial preparedness and Perceived Ease of Use as their perceptual assessment of an application's operational simplicity. By testing both constructs together quantitatively and qualitatively, within Bandung City's Generation Z population, this study contributes new evidence to the growing discussion of Extended TAM in digital financial services. Practically, the findings are intended to give OJK and the Bandung City Government an evidence base for designing more targeted financial literacy programs. Accordingly, this study aims to: (1) analyze the effect of Financial Literacy on the intention to use online loan applications among Generation Z in Bandung City; (2) analyze the effect of Perceived Ease of Use on the same outcome; and (3) formulate practical implications for

strengthening financial literacy to reduce the risks of online loan usage among Generation Z in Bandung City.

2. Methods

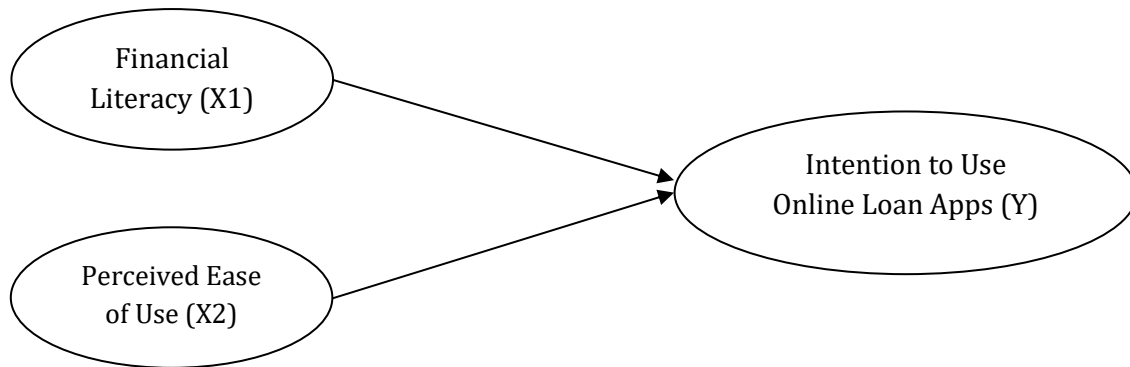
This study employs a mixed methods approach using a sequential explanatory design (Creswell & Creswell, 2023). In this design, the quantitative phase is conducted first and holds greater weight, followed by the qualitative phase which serves to elaborate and contextualize quantitative findings. The flow follows a "Quant → Qual" sequence, enabling the qualitative data to explain the "why" and "how" behind the statistical patterns revealed in the first phase. The research variables consist of two exogenous variables, Financial Literacy (X1) measured using four dimensions adapted from Chen & Volpe (1998) : general knowledge of finance, saving and borrowing, insurance, and investment; and Perceived Ease of Use (X2) measured through five dimensions adapted from Davis,(1989) and Venkatesh & Bala (2008): easy to learn, controllable, clear and understandable, flexible, and easy to become skillful. The endogenous variable is Behavioral Intention to Use (Y), adapted from Davis (1989), capturing respondents' intention to use online loan applications through three indicators: use to assist activities, use often, and use in future. All items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The quantitative phase involved 105 respondents selected through purposive sampling from Generation Z (aged 14–29 years) residing in Bandung City who had previously or were currently using online loan applications and had independent income. Sample size was determined following Hair et al., (2019) recommend a ratio of 5–10 times the number of indicators. With 20 indicators, a minimum sample of 100 respondents was established. Data were collected via online questionnaires (Google Forms) and physical questionnaires distributed across Bandung City. Quantitative data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4. The analysis followed a two-stage process: (1) evaluation of the measurement model (outer model), assessing convergent validity through outer loadings (≥ 0.70) and Average Variance Extracted (AVE ≥ 0.50), discriminant validity through the Heterotrait-Monotrait Ratio (HTMT < 0.85), and reliability through Cronbach's Alpha and Composite Reliability (≥ 0.70); and (2) evaluation of the structural model (inner model), assessing the coefficient of determination (R^2), effect size (f^2), predictive relevance (PLSpredict/ Q^2), and hypothesis testing through bootstrapping with 5,000 subsamples (two-tailed, $\alpha = 0.05$).

The qualitative phase involved in-depth semi-structured interviews with four key informants selected through purposive sampling, applying the same criteria as quantitative respondents. Informants included individuals with varying occupational backgrounds and lengths of online loan experience ranging from 3 months to 1.5 years, ensuring diversity in perspective. Qualitative data were processed through systematic stages of data selection, verification, reduction, and validation, and subsequently organized into explanatory matrices to integrate with quantitative findings. Integration of both phases followed the connecting data approach (Creswell & Creswell, 2023), in which qualitative narratives were mapped alongside quantitative results to contextualize the statistical findings.

To provide a clear theoretical and structural overview of the relationships investigated in this study, the conceptual framework integrates Financial Literacy and Perceived Ease of Use as exogenous variables influencing the Intention to Use online loan applications among Generation Z. As illustrated in the framework below, Financial Literacy operates as an internal cognitive deterrent that suppresses impulsive borrowing, whereas Perceived Ease of Use functions as an external technological catalyst that directly drives credit adoption.

Figure 1. Theoretical Framework



Source: Developed for this study (2026).

Based on the theoretical framework and relationships established in the study regarding Generation Z in Bandung, the formulation of the hypotheses is presented below:

- H1: Financial Literacy significantly influences the Intention to Use online loan applications.
- H2: Perceived Ease of Use significantly influences the Intention to Use online loan applications.

3. Results and Discussion

Respondent and Informant Profile

The demographic profile of the respondents provides a foundational overview of the sample characteristics investigated in this study, reflecting the core demographic composition of Generation Z in Bandung. As detailed in Table 1, the gender distribution among the 105 participants indicates a slight male majority, with 60 respondents (57.1%) identifying as male and 45 respondents (42.9%) identifying as female. In terms of age distribution, the vast majority of the respondents fall within the 20 to 24 years bracket, accounting for 80 individuals or 76.2% of the sample. This is followed by the 25 to 29 years cohort with 17 respondents (16.2%), and the younger 14 to 19 years bracket comprising 8 respondents (7.6%). This concentrated age distribution accurately captures the primary life stage of Generation Z university students and young professionals who are actively navigating financial independence and digital credit platforms.

Table 1. Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	60	57.1%
	Female	45	42.9%
Age	14–19 years	8	7.6%
	20–24 years	80	76.2%
	25–29 years	17	16.2%
Occupation	Student	42	40.0%
	Full-time worker	24	22.9%
	Part-time worker	16	15.2%
	Freelancer	10	9.5%
	Entrepreneur	6	5.7%
	Other	7	6.7%
Work Experience	< IDR 500,000	19	18.1%
	IDR 500,000 – 1,000,000	25	23.8%
	IDR 1,000,000 – 2,000,000	23	21.9%
	> IDR 2,000,000	38	36.2%

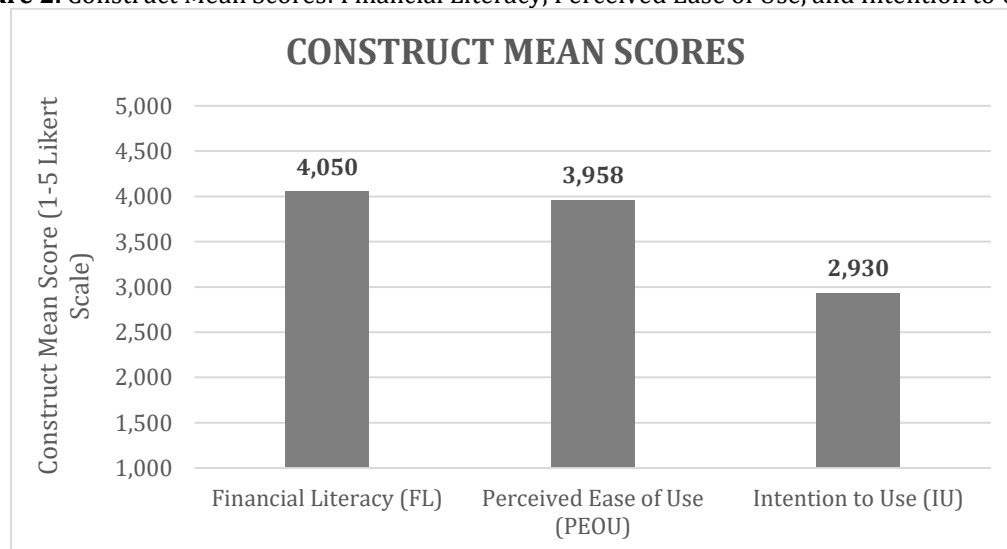
Source: Primary data, processed by the author (2026)

Further examination of the respondents' occupational status and monthly income reveals diverse economic engagement levels within the sample. Regarding occupation, students represent the largest segment with 42 participants (40.0%), followed by full-time workers at 24 participants (22.9%), part-time workers at 16 participants (15.2%), freelancers at 10 participants (9.5%), entrepreneurs at 6 participants (5.7%), and other occupations accounting for 7 participants (6.7%). Concurrently, the monthly income distribution demonstrates varied financial capacities, where the largest group earns above IDR 2,000,000 with 38 respondents (36.2%), followed by those earning between IDR 500,000 and IDR 1,000,000 comprising 25 respondents (23.8%). Meanwhile, respondents earning between IDR 1,000,000 and IDR 2,000,000 account for 23 participants (21.9%), and those earning less than IDR 500,000 make up the remaining 19 respondents (18.1%). These economic and occupational variations illustrate a heterogeneous cross-section of young adults, offering a comprehensive basis for analyzing how financial literacy and perceived ease of use shape online loan intentions across different earning capacities. For the qualitative phase, four informants participated two students and two workers with online loan experience ranging from 3 months to 1.5 years, providing varied perspectives on financial behavior.

Descriptive Statistics of Research Variables

Descriptive statistics were generated from SmartPLS 4 output based on a five-point Likert scale. Mean scores were interpreted using five categories: very low (1.00–1.80), low (1.81–2.60), moderate (2.61–3.40), high (3.41–4.20), and very high (4.21–5.00). Normal distribution was assessed using kurtosis values within the range of -2 to 2. All seven indicators of Financial Literacy (X1) fell within the high category, with the exception of IV1 (mean = 4.286), which reached the very high category. The highest mean was recorded by IV1, reflecting strong awareness of the risk-return principle in investment, while the lowest was IN2 (mean = 3.819), related to the habit of checking interest rates and penalties before borrowing. The overall construct mean for Financial Literacy was 4.050 (high category). All nine indicators of Perceived Ease of Use (X2) fell within the high category, with FX1 (mean = 4.143) recording the highest score, reflecting strong perceptions of application flexibility. The lowest mean was shared by EL2 and EB2 (both 3.848). The overall construct mean for Perceived Ease of Use was 3.958 (high category). By contrast, all three Intention to Use (Y) indicators fell in the moderate category (2.895–2.990), with an overall mean of 2.930. As Figure 2 illustrates, this gap between high FL/PEOU scores and only moderate usage intention is an important descriptive signal in itself: strong financial literacy and positive perceptions of ease of use do not automatically translate into high usage intention, a pattern the inferential analysis below confirms statistically.

Figure 2. Construct Mean Scores: Financial Literacy, Perceived Ease of Use, and Intention to Use



Source: Primary data, processed by the author (2026).

In contrast, the construct for Intention to Use registered a lower, moderate mean score. This descriptive discrepancy reveals an intriguing behavioral pattern within the sample: while young adults possess strong cognitive foundations regarding financial literacy and view fintech systems as remarkably effortless to navigate, their actual predisposition or intention to utilize online loans remains relatively restrained. Such findings suggest that high perceived accessibility and financial understanding do not automatically translate into aggressive borrowing behaviors, pointing toward underlying cautionary filters or external inhibitory mechanisms that moderate digital credit adoption among educated youth.

Measurement Model Evaluation

Convergent validity was assessed through outer loadings and AVE. One indicator, SB1, was removed after showing an outer loading of 0.462 (below the 0.50 threshold), following Hair et al. (2019); the remaining 19 indicators all exceeded 0.60, most above 0.70, and all were statistically significant under bootstrapping ($t > 1.96$, $p < 0.05$), jointly supporting convergent and discriminant validity at the indicator level.

Table 2. Outer Loadings and Cross-Loading

Indicator	Financial Literacy (FL)	Intention to Use (IU)	Perceived Ease of Use (PEOU)
BIU1	-0.153	0.933	0.329
BIU2	-0.140	0.926	0.322
BIU3	-0.081	0.893	0.313
FL1.1	0.840	-0.114	0.355
FL1.2	0.698	-0.018	0.487
FL2.1 †	0.472	0.012	0.353
FL2.2	0.801	-0.079	0.357
FL3.1	0.742	-0.082	0.347
FL3.2	0.723	-0.103	0.477
FL4.1	0.853	-0.147	0.399
FL4.2	0.635	0.003	0.461
PEU1.1	0.482	0.233	0.849
PEU1.2	0.339	0.221	0.789
PEU2.1	0.486	0.266	0.847
PEU2.2	0.338	0.384	0.838
PEU3.1	0.431	0.341	0.893
PEU3.2	0.410	0.289	0.869
PEU4	0.497	0.263	0.696
PEU5.1	0.253	0.234	0.745
PEU5.2	0.392	0.279	0.831

Note: † FL2.1 (outer loading = 0.472, below the 0.50 threshold) was excluded from the final measurement model. Source: SmartPLS 4 output, processed by the author (2026)

The evaluation of the outer loadings and cross-loadings presented in Table 2 confirms the convergent and discriminant validity of the measurement model for all retained indicators. For the Intention to Use (IU) construct, all three indicators (BIU1, BIU2, and BIU3) exhibit exceptionally high outer loadings ranging from 0.893 to 0.933, which well exceed the standard threshold of 0.70. Similarly, the indicators measuring Financial Literacy (FL) and Perceived Ease of Use (PEOU) predominantly display strong outer loadings above 0.70 on their respective constructs, confirming that the items reliably measure their designated latent variables. An exception is noted for indicator FL2.1, which yielded an outer loading of 0.472—falling slightly below the recommended minimum threshold of 0.50—and was consequently excluded from the final measurement model as indicated by the note. Furthermore, the cross-loading analysis demonstrates strong discriminant validity across all variables. Every indicator exhibits its highest loading value on its own respective construct compared to any other latent variable in the model. For instance, the indicators for Intention to Use clearly load heavily onto IU (0.893–0.933) while showing minimal and negative cross-loadings on Financial Literacy (-0.081 to -0.153) and lower cross-loadings on Perceived Ease of Use (0.313 to 0.329). This distinct pattern confirms that the

constructs are empirically distinct from one another, ensuring that the measurement model meets the rigorous statistical requirements for structural equation modeling analysis.

Convergent validity evaluates the extent to which a measure correlates positively with alternative measures of the same construct, assessed primarily through the Average Variance Extracted (AVE). As shown in Table 3, all constructs demonstrate AVE values well above the recommended threshold of 0.50, ranging from 0.578 for Financial Literacy (FL), 0.673 for Perceived Ease of Use (PEOU), to 0.843 for Intention to Use (IU). These scores indicate that each construct explains more than half of the variance of its respective indicators, confirming strong convergent validity. Internal consistency reliability is established through Cronbach's Alpha and Composite Reliability, both of which should exceed the benchmark value of 0.70. The results reveal exceptional reliability across the board: Cronbach's Alpha values range from 0.888 (FL) to 0.939 (PEOU), while Composite Reliability values span from 0.905 (FL) to 0.949 (PEOU). These high coefficients demonstrate that the survey items consistently and dependably measure their designated latent variables without measurement error.

Table 3. Convergent Validity, Reliability, and Discriminant Validity Results

Construct	AVE	Cronbach's Alpha	Composite Reliability	HTMT (FL)	HTMT (IU)	HTMT (PEOU)
Financial Literacy (FL)	0.578	0.888	0.905	—		
Intention to Use (IU)	0.843	0.907	0.942	0.115	—	
Perceived Ease of Use (PEOU)	0.673	0.939	0.949	0.591	0.376	—

Source: SmartPLS 4 output, processed by the author (2026)

Discriminant validity ensures that each construct is distinct and empirically independent from other variables in the structural model. This study utilizes the Heterotrait-Monotrait Ratio (HTMT) criterion, where values should ideally remain below the conservative threshold of 0.85 to confirm clear separation between constructs. The HTMT matrix indicates that all ratios fulfill this requirement: the HTMT value between Intention to Use and Financial Literacy is 0.115, between Perceived Ease of Use and Intention to Use is 0.376, and between Perceived Ease of Use and Financial Literacy is 0.591. Because all evaluated ratios remain safely below the 0.85 cutoff, multicollinearity concerns are eliminated, confirming that Financial Literacy, Intention to Use, and Perceived Ease of Use represent unique and distinct theoretical dimensions in the structural equation model.

Structural Model Evaluation

Table 4. Structural Model Results

Variable	Frequency	Percentage (%)
Metric	Value	Interpretation
R ² (Intention to Use)	0.250	25.0% variance explained; weak but significant
R ² Adjusted	0.235	
f ² – Financial Literacy → IU	0.164	Medium effect (Cohen, 1988)
f ² – PEOU → IU	0.310	Medium-to-large effect (Cohen, 1988)
Q ² predict – NT1	0.163	PLS-SEM RMSE (1.181) < LM RMSE (1.282)
Q ² predict – MD1	0.148	PLS-SEM RMSE (1.230) < LM RMSE (1.323)

Source: SmartPLS 4 output, processed by the author (2026).

Table 4 summarizes the structural model results. Financial Literacy and Perceived Ease of Use jointly explain 25.0% of the variance in Intention to Use (R² = 0.250; R² Adjusted = 0.235). Although this is classified as weak by Chin's (1998) benchmark, Hair et al. (2019) note that in exploratory consumer-behavior research, comparatively low R² values remain meaningful when the overall model is statistically significant as is the case here. Effect sizes further show that PEOU (f² = 0.310) contributes a medium-to-large effect on Intention to Use, larger than that of Financial

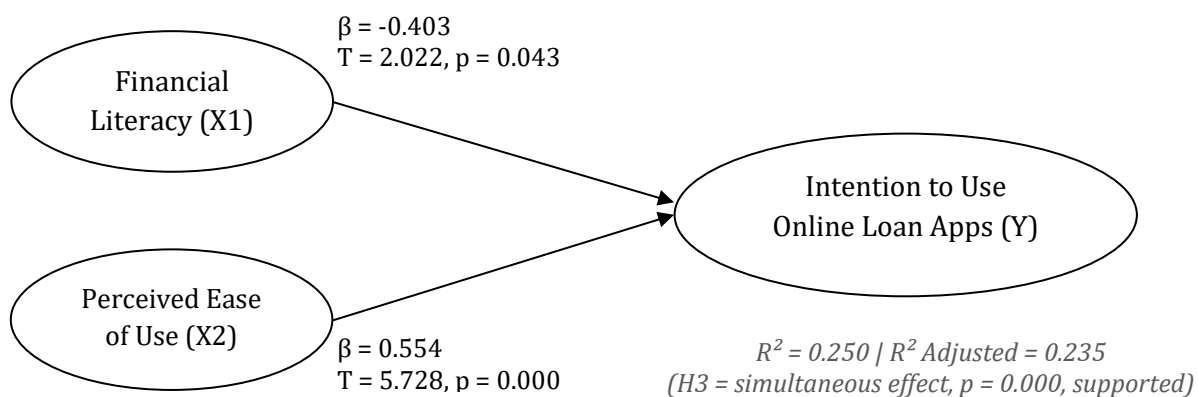
Literacy ($f^2 = 0.164$). All PLSpredict Q^2 values were positive, and PLS-SEM RMSE values were consistently lower than their linear-model counterparts, confirming the model's predictive accuracy, as illustrated in Figure 3.

Hypothesis Testing

Table 5 and Figure 3 presents the bootstrapped hypothesis-testing results (5,000 subsamples, two-tailed). For the first hypothesis (H1), the path examining the effect of Financial Literacy on Intention to Use yields a negative path coefficient ($\beta = -0.403$) with a T-statistic of 2.022 and a p-value of 0.043. Because the T-statistic exceeds the critical threshold of 1.96 and the p-value is below the standard alpha level of 0.05, H1 is supported. This negative relationship reveals an important inhibitory dynamic: higher financial literacy acts as a cognitive safeguard, significantly reducing the likelihood that young adults will adopt online loans unless strictly necessary.

For the second hypothesis (H2), the path evaluating the impact of Perceived Ease of Use on Intention to Use demonstrates a positive path coefficient ($\beta = 0.554$) with a high T-statistic of 5.728 and a p-value of 0.000. Since the T-statistic is well above 1.96 and the p-value is highly significant ($p < 0.001$), H2 is supported. This finding confirms that technological accessibility and user-friendly platform designs serve as powerful catalysts, directly driving the intention of Generation Z to utilize online credit applications.

Figure 3. Structural Model Results (Bootstrapping, 5,000 Subsamples)



Source: Primary data processed (2026).

Table 5. Hypothesis Testing Results (Bootstrapping, 5,000 Subsamples, Two-Tailed)

Hypothesis	Path	β	T-Statistics	P-Value	Decision
H1	Financial Literacy → Intention to Use	-0.403	2.022	0.043	Supported
H2	Perceived Ease of Use → Intention to Use	0.554	5.728	0.000	Supported

Source: SmartPLS 4 output, processed by the author (2026).

Hypothesis 1 is accepted, which its meaning that respondents with higher financial literacy report lower intention to use these services. This negative direction is consistent with the descriptive pattern noted earlier: respondents scored high on Financial Literacy (construct mean = 4.050) yet only moderate on Intention to Use (2.930), and the structural model confirms that this gap is not coincidental but statistically patterned. This indicates that higher levels of financial knowledge do not necessarily propel young adults toward digital borrowing; instead, robust financial literacy functions as an internal cognitive barrier that actively restrains impulsive credit adoption. Individuals equipped with a thorough understanding of interest compounding, risk-return dynamics, and debt management are inherently more cautious, enabling them to recognize the hidden costs and long-term financial hazards associated with unregulated or high-interest fintech platforms. Consequently, financial education serves its intended protective purpose,

empowering educated youth to exercise restraint when confronted with accessible digital credit offers.

This finding aligns with and reinforces prior empirical studies that highlight the defensive or preventive function of financial literacy in consumer credit behavior. Financial capability equips individuals with the critical discernment needed to evaluate credit terms realistically, avoiding unnecessary debt accumulation (Kumar et al., 2023; Panos & Wilson, 2020). Similarly, studies examining younger demographics note that when financial literacy is effectively internalized, it suppresses speculative borrowing behaviors by instilling a heightened awareness of liquidity risks (Suharjana et al., 2026). The negative path coefficient observed in this study robustly confirms that financial knowledge acts as an inhibitory mechanism against high-risk financial products, challenging the assumption that financial literacy universally leads to active financial product participation.

Conversely, these results diverge from literature streams that report a negligible or positive association between financial literacy and credit adoption, where increased knowledge was argued to foster confidence in utilizing formal financial technologies. The divergence underscores the unique socio-economic and technological context of urban Indonesian youth, who face aggressive marketing from digital lenders alongside peer pressures. When financial literacy is robust, it enables young adults to cut through marketing illusions and prioritize financial prudence. Therefore, fostering comprehensive financial literacy remains an indispensable policy instrument for cultivating defensive financial habits and safeguarding vulnerable cohorts from predatory digital lending practices.

This finding aligns with the concept of the "behavioral gap" about the distance between financial knowledge and financial behavior and can also be read through a dual-process lens (Amagir et al., 2020; Jaffar et al., 2024; Suharjana et al., 2026): individuals with stronger financial literacy are more likely to engage deliberate, risk-evaluative thinking when assessing borrowing costs, interest rates, and debt obligations, rather than defaulting to fast, intuitive decisions. Financial Literacy thus operates as an external inhibitor within the TAM framework, confirming the conceptual role outlined in Section 1 and extending TAM's theoretical boundaries into the fintech-adoption context. The qualitative data support this reading. Informant I2, who reported disciplined financial habits, routinely compared interest rates and fees across platforms and explained that investment knowledge made them more careful before using online loans. Informants I3 and I4, by contrast, described limited financial knowledge and said speed of disbursement, not interest rates, was their main consideration. This contrast suggests that in the absence of financial literacy, decisions default to convenience and urgency rather than rational calculation.

Hypothesis 2 is accepted, which its meaning Perceived Ease of Use has a positive and significant effect on the intention to use online loan applications ($\beta = 0.554$, $T = 5.728$, $p = 0.000$). This is the strongest predictor in the model, confirmed by an effect size of $f^2 = 0.310$ approaching the large effect threshold. Descriptively, all PEOU indicators fell in the high category (construct mean = 3.958), with FX1, measuring application flexibility recording the highest mean (4.143). Yet despite high perceived ease, Intention to Use remained moderate (2.930), suggesting that PEOU's influence operates within the constraints imposed by Financial Literacy working in the opposing direction. This robust coefficient establishes that technological accessibility and user-friendly platform designs are primary drivers of digital credit adoption among Generation Z. When fintech platforms minimize operational friction through streamlined electronic KYC processes, intuitive interfaces, and instantaneous fund disbursement, users perceive borrowing as effortless and low-risk. This perceived simplicity effectively bypasses traditional cognitive hesitation, directly stimulating the behavioral intention to activate online loans for discretionary or lifestyle-driven needs. These empirical results strongly corroborate the foundational tenets of the Technology Acceptance Model established by Davis (1989) and Venkatesh et al. (2000), which posits that perceived ease of use critically dictates user adoption intentions across digital ecosystems. Furthermore, the findings harmonize with contemporary fintech literature asserting that operational convenience often supersedes risk aversion in modern consumer decision-making. Studies focusing on digital financial behaviors consistently demonstrate that younger cohorts—who exhibit high digital literacy and a preference for instant gratification—are exceptionally

sensitive to interface design and accessibility (Kurniasari et al., 2023; Muat et al., 2025; Muat & Sari, 2024). When financial transactions require minimal physical or mental effort, the psychological barrier to debt acquisition drops precipitously, explaining the dominant positive path coefficient observed in this study.

The magnitude of this effect highlights a critical vulnerability within tech-savvy demographics, suggesting that structural platform convenience can easily outweigh theoretical risk awareness. Even when young adults possess high financial literacy, the seductive convenience of frictionless applications creates a behavioral paradox that drives credit utilization. Consequently, regulatory bodies and policymakers must look beyond traditional educational campaigns and enforce stricter design standards on fintech platforms. Interventions must ensure that ease of use does not translate into predatory accessibility, thereby protecting impulsive consumers from the perils of unmitigated digital debt.

This finding is fully consistent with the Technology Acceptance Model (Davis, 1989). Generation Z, as digital natives, hold high expectations for ease of use; applications failing to meet these expectations are rapidly abandoned. All four informants consistently confirmed this. Informant I1 noted that the application only required ID card verification and facial recognition, with disbursement completed within one day. Informant I2 found the interface simple and step-by-step. Informant I3 tied ease of use to generational identity: "We're a generation where everything is on our phones, so things get faster and easier to understand." Informant I4 stated: "I feel it's fast because you don't always read the terms and conditions, you just check the checkboxes." Critically, Informant I4's statement reveals a dangerous consequence of excessive ease: users bypass the terms and conditions entirely. This was confirmed by I2 and I3, who acknowledged that such documents use lengthy language that few users read thoroughly. This finding also illustrates the "double-edged sword" effect of ease of use facilitating financial inclusion on one hand, while potentially enabling uninformed borrowing on the other. Informant I4 explicitly warned: "If you try it once and find it easy, you might end up dependent. You end up trapped."

Practical Implication: Program Proposed Called "CAKAP PINJOL"

Based on these findings, OJK is encouraged to shift financial education programs from conceptual knowledge transmission toward practical application literacy, particularly training users to calculate total loan obligations before applying. Application service providers are encouraged to adopt responsible design principles, such as mandatory display of total cost summaries before an application is completed. Higher-education institutions in Bandung City are well positioned to integrate digital financial literacy into existing curricula, with an emphasis on critically reading digital financial interfaces, without necessarily requiring standalone programs. Thus, this study proposes the "CAKAP PINJOL" program (an acronym for Cerdas, Kritis, dan Pahami Pinjaman Online; Smart, Critical, and Knowledgeable about Online Loans) as a practical recommendation for OJK in collaboration with higher education institutions in Bandung City. The program targets active Generation Z students in Bandung City universities who have personal income and are potential users of online loan applications. The program's design is directly grounded in the descriptive findings. Among all Financial Literacy indicators, IN2 measuring the habit of checking interest rates and penalties before borrowing, recorded the lowest mean (3.819), signaling a gap between general risk awareness (IV1 = 4.286, very high) and the concrete ability to calculate loan costs. This gap underpins the program's core activity: a workshop on digital financial literacy and application design awareness, designed to bridge conceptual risk knowledge and practical financial calculation habits.

The program distinguishes itself from existing OJK literacy programs through three features: (1) it is empirically grounded in PLS-SEM findings rather than generic financial education frameworks; (2) it explicitly includes sessions on how application design influences user behavior, a dimension rarely addressed in conventional financial literacy programs; and (3) it adopts a peer educator approach (Financial Ambassador model), as qualitative data indicate that Generation Z responds more readily to information from relatable peers with similar experiences. The program runs across six sequential activities; pre-test, workshop, financial decision simulation, 30-day

financial management challenge, peer educator accompaniment, and post-test with reflection, designed as a coherent, measurable intervention.

4. Conclusion

This study reveals that financial literacy and perceived ease of use pull Generation Z's online loan intentions in Bandung in opposing directions. While higher financial literacy acts as a significant negative driver that fosters rational restraint and cautious decision-making, perceived ease of use serves as the strongest positive predictor, amplifying adoption through frictionless interfaces and rapid processing. Together, these competing forces demonstrate that digital credit behavior is shaped by a tension between cognitive caution and technological convenience. These insights must be interpreted alongside several methodological limitations. The findings are bounded by a cross-sectional design utilizing a purposive sample of 105 self-earning respondents in Bandung, meaning results cannot be broadly generalized to rural populations, non-earning youth, or other regions. Furthermore, reliance on self-reported measures, an explained variance, and a limited qualitative sample restrict long-term behavioral tracking and indicate that a substantial share of variance remains unexplained by the two exogenous variables.

Future research should extend this study in several directions. Replication studies across other cities in West Java and beyond would help test the generalizability of these findings under different regional conditions of fintech penetration and financial literacy. Incorporating additional variables within an Extended TAM framework, such as perceived risk, trust, financial anxiety, and social influence, could improve on the current model's explanatory power and capture more of the unexplained variance identified above. Methodologically, longitudinal designs tracking respondents over 6–12 months would help establish whether the negative relationship between financial literacy and usage intention holds as literacy develops over time, while quota sampling across multiple West Java cities would strengthen external validity relative to the purposive sampling used here. Finally, a controlled pre-post evaluation of the CAKAP PINJOL program itself, measuring changes in financial literacy, critical awareness, and actual borrowing behavior before and after the intervention, would provide direct evidence of the program's effectiveness and a stronger causal basis for scaling it.

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