

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Nowadays everything is done online and some people are even more comfortable doing things online. With this soaring use of the internet in various age groups ranging from teenagers to adults. Many things can be done online such as shopping, chatting with family via the internet, doing online banking activities, online learning, and even making loans online.

The Indonesian Financial Services Authority (OJK) in 2021 authorized 102 fintech companies to lend money in Indonesia, therefore there are many options for borrowing money online from various companies that are legally established in Indonesia. Bank Indonesia defines fintech as the result of a combination of financial services and technology which ultimately changes the business model from conventional to moderate, which initially requires face-to-face payments and carries a certain amount of cash, can now make long-distance transactions by making payments that can be made in just seconds. And according to Maulida (2019) fintech is a type of company in the field of financial services combined with technology.

Because of the variety of study programs in Indonesia and Malaysia, not only accounting, finance, and economics, there are also computer science, engineering, social, and other study programs. Not all programs can have the privilege of learning financial literacy. Servon and Kaestner (2008) state that a person's interest in using a financial product can be influenced by financial literacy related to understanding financial concepts. Financial literacy is the knowledge and skills to apply understanding of concepts and risks, skills in order to be able to make effective decisions in a financial context, so as to improve financial well-being, both individually and socially, and to participate in the community environment (Kemendikbud, 2017). As Otoritas Jasa Keuangan (OJK) Indonesia authorized 102 fintech company student have so much option to borrow from peer-to-peer lending in Indonesia. Due to the many choices of platforms for borrowing, researchers are

interested in seeing how financial literacy affects students interest in using online loans.

## **1.2 Problem Statement**

A person's interest in using a financial product can be influenced by financial literacy related to understanding financial concepts Servon et al. (2008). Financial literacy can affect a person's interest in using financial products. To see whether financial products in terms of online loans can be influenced by financial literacy (financial knowledge, financial behavior, financial attitude) or not. Based on this, does financial literacy have a special effect on interest in online loans.

## **1.3 Research Objectives**

This research aims to examine what is the relationship between Financial Knowledge, Financial Behavior, and Financial Attitude towards interest in using online loans. Research questions as follows:

1. To examine the relationship between financial knowledge and interest in using online loans.
2. To examine the relationship between financial behavior and interest in using online loans.
3. To examine the relationship between financial attitude and interest in using online loans.

## **1.4 Limitation of Study**

This study have limitation during the study. First This study has a very short time span compare to other study that conduct similar study. And limited data collection on this study because this study data collection range is from one until two months in data collection that make it hards to gather all the necessarily data. And from previous study there are a few that arise topic financial literacy on interest using online loans. Aside from that there are low amount of study that studied on peer to peer lending in point of view of borrower.