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The Role of Fintech as a Mediator in the Influence of Economic Literacy on Impulsive Buying Behavior

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Abstract. *This study aims to analyze the role of fintech as a mediator in the influence of economic literacy on impulsive buying behavior among consumers. Economic literacy is considered an important factor that can influence consumer purchasing behavior, especially in making wise financial decisions. However, technological advances in the financial sector, especially fintech, have also played a role in facilitating impulse buying behavior through the ease of digital transactions and quick access to financial services. This study uses a quantitative approach with a survey method involving 250 respondents. The data was analyzed using a path analysis model to evaluate the direct influence of economic literacy on impulse buying, as well as the mediation role played by fintech. The results show that economic literacy has a negative influence on impulsive buying behavior, but fintech plays a significant role as a mediator that strengthens impulse buying tendencies, even though individuals have good economic literacy. These findings have implications for the development of financial literacy policies and fintech regulations to reduce the risk of consumptive behavior in the digital era.*

Keywords: *Economic Literacy; Impulsive Buying; Financial Technology.*

1. INTRODUCTION

The rapid development of financial technology (fintech) has changed global consumption behavior, including among students who are increasingly connected to digital financial services. Students of the Accounting Education Study Program, as a generation that is familiar with technology and has the potential to become economic decision-makers in the future, are not spared from this impact. This research focuses on how fintech mediates the relationship between economic literacy and impulsive buying behavior among students. Globally, fintech adoption is expected to reach more than 5 billion users by 2025, providing easier access to various financial services (Global Fintech Report, 2023).

However, in Indonesia, the level of economic literacy is still relatively low, including among students, with only 38.03% of people having a basic understanding of finance (Financial Services Authority, 2022). Ideally, students majoring in Accounting Education who receive formal economic and financial education are expected to have higher economic literacy than the general public. With this literacy, they should be able to manage their personal finances well and use fintech wisely to support their financial and academic needs. However, the reality

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is that fintech often triggers impulsive buying behavior among students through promotional offers, interest-free installments, and the convenience of instant transactions. Students who have low economic literacy tend to be more vulnerable to aggressive fintech marketing strategies, which can ultimately lead to uncontrolled consumptive behavior.

In this context, research involving students of the Accounting Education Study Program becomes relevant, because economic literacy and financial technology are two things that they learn theoretically. However, there is a research gap in understanding whether the economic knowledge they have acquired academically can be applied in real contexts, especially in avoiding consumptive behaviors facilitated by fintech. Previous research has mostly only discussed economic literacy or fintech separately, without looking at the interaction of the two on consumer behavior, especially in the student segment (Ryu, 2022; Fikriyah, 2023).

The novelty of this study lies in the analysis of the role of fintech as a mediating variable in influencing the impulsive buying behavior of students who have economic literacy. Given the urgency of this problem, especially in the increasingly complex digital era, the results of this research are expected to have important implications for the development of an economic education curriculum that not only teaches theory, but is also able to provide practical insights on the wise use of fintech. In addition, the results of this study can also be used to design more effective policies in improving financial literacy among students, which can reduce the negative impact of consumptive behavior that is detrimental to students' personal financial stability.

2. THEORETICAL REVIEW AND HYPOTHESIS

Economic Literacy

Economic literacy is the ability of individuals to understand basic economic concepts and make appropriate financial decisions based on existing information. Economic literacy includes knowledge of money management, budget planning, investment, and understanding of financial risks (Lusardi & Mitchell, 2017). In the context of consumption behavior, economic literacy plays an important role in influencing purchasing decision-making, especially in avoiding impulsive behavior. Impulsive buying, which is characterized by spontaneous purchasing decisions without careful consideration, often occurs when individuals have a low level of economic literacy. Studies show that consumers with higher economic literacy tend to be more aware of the financial consequences of unplanned purchases and are better able to control impulses (Chen & Volpe, 2020).

However, the development of Financial Technology (fintech) has presented new challenges in consumption behavior, including impulsive buying. Fintech facilitates easy access to digital payments, instant credit, and app-based promotions that can encourage consumptive behavior, especially for individuals with low economic literacy (Nguyen & Cassidy, 2021). Good economic literacy should help individuals to understand the risks of using fintech, such as interest charges or hidden fees in instant payment services, but in reality, fintech often facilitates impulse purchases through discounts or interest-free installments. Some studies have shown that fintech can weaken an individual's self-control in shopping, due to the speed and ease of transactions that are not always balanced by adequate financial knowledge (Jin & Huang, 2022).

Therefore, economic literacy and fintech are closely related in influencing impulsive buying. Individuals with low economic literacy are more susceptible to the influence of fintech in triggering impulse purchases, while those who are more knowledgeable about financial management have a better ability to utilize fintech wisely and avoid excessive consumptive decisions. The integration of economic literacy with an understanding of financial technology is important in creating a balance between the ease of digital transactions and responsible shopping behavior.

H1: Economic Literacy increases Impulsive Buying.

H2: Economic Literacy has a positive effect on Financial Technology

Financial Technology

Financial Technology (Fintech) is an innovation in financial services that combines digital technology to facilitate financial access and transactions. Fintech has become an integral part of everyday life, facilitating a variety of activities, such as online payments, investments, and app-based lending. However, the ease and speed offered by fintech also have an impact on consumption behavior, especially impulsive buying behavior. Impulsive buying is defined as buying behavior that is carried out without planning and tends to be triggered by momentary emotional impulses (Rook, 1987). In the context of fintech, the various features offered, such as the ease of instant payments, discount promotions, and interest-free installment programs, have been shown to increase consumers' propensity to make impulse purchases (Huang & Benyoucef, 2017).

Recent studies show that fintech plays a significant role in facilitating impulsive buying, especially among young users who are more familiar with digital technology (Nguyen & Cassidy, 2021). Features such as one-click payments and direct promotional notifications through fintech apps create a more accessible and faster shopping environment, which often reduces the time for rational consideration in making purchase decisions. Fintech also provides a personalized shopping experience through algorithms that target consumers based on their shopping history, thereby increasing the urge to buy impulsively (Li & Zhang, 2020).

In relation to consumer behavior, financial literacy and self-control are key factors to overcome the negative effects of fintech on impulsive buying. Consumers with good economic literacy tend to be better able to control impulse purchases, even though they are exposed to the convenience offered by fintech. However, for those with low economic literacy, fintech can weaken control over consumptive behavior, as these technologies provide instant access to sources of funds or credit that are not balanced with a deep understanding of the consequences (Ryu, 2022). Therefore, it is important to understand how fintech can influence impulsive buying behavior and find solutions to minimize its impact through economic literacy and stricter regulation.

H3: Financial Technology increases impulsive buying

Implusive Buying

Impulsive buying is a purchase behavior that is carried out spontaneously without careful planning or consideration. This behavior is triggered by strong emotional impulses, often driven by certain situations such as promotions, ease of payment, or visual temptation of the product (Rook, 1987). In the context of economic literacy, individuals with low financial literacy are more susceptible to impulsive buying, as they are less able to assess the long-term impact of unplanned purchasing decisions. Economic literacy helps individuals to be wiser in managing expenses and making financial decisions based on long-term needs and goals, thus suppressing impulsive buying tendencies (Chen & Volpe, 2020).

The development of financial technology (fintech) also contributes to the increase in impulsive buying. Fintech makes transactions easier by providing fast and convenient access, such as instant payment features, interest-free installments, and promotions that are often difficult for consumers to resist (Nguyen & Cassidy, 2021). A combination of low economic literacy and the use of fintech can exacerbate this impulsive behavior. Consumers who are less aware of financial risks tend to be more easily trapped in the offers provided by fintech, such as the ease of transacting with instant credit or loyalty programs that trigger repeat purchases (Lim & Lee, 2022). In contrast, consumers with high economic literacy tend to be more cautious in using fintech, as they better understand the consequences of impulse purchases that can disrupt long-term financial conditions.

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Overall, impulsive buying is influenced by two main variables, namely economic literacy and fintech. The two interact with each other in influencing how consumers make purchasing decisions. Low economic literacy magnifies the risk of impulsive behavior, while fintech accelerates and facilitates such behavior through the ease of transactions and attractive promotions. Therefore, increasing economic literacy is an important key in reducing the negative impact of fintech on impulsive consumer behavior.

3. METHODOLOGY

Research design

This study uses a quantitative approach with PLS-SEM to investigate the impact of economic literacy on impulsive buying and the role of Financial Technology in mediation involvement (see Figure 1). The main benefit of PLS-SEM is its ability to maximize variance on dependent variables and estimate data based on the dimensions of the measurement model (Hair et al., 2017).

Respondents and data collection techniques

Students of the accounting education study program at the State University of Surabaya, State University of Malang and Semarang State University participated in this study. Third, former IKIP universities as research objects. We offer 250 respondents with 14 Google Forms questions sent via WhatsApp. In June 2024, the study was conducted. The research variables are economic literacy, Financial Technology, and impulsive buying.

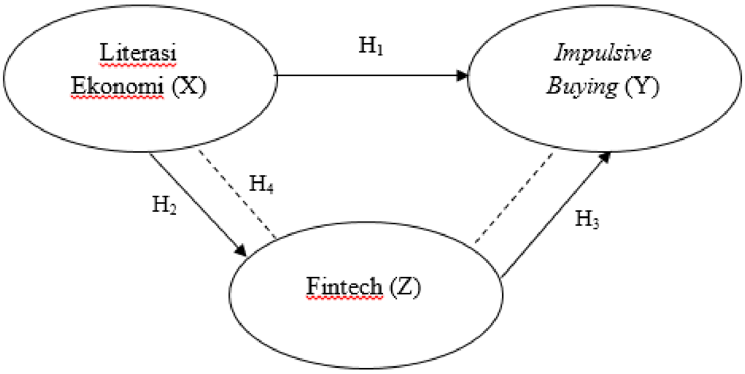

Figure 1. Research Outline

Table 1. Respondent characteristics

Categorically		Frekuensi	%
Gender	Female	187	91.3
	Male	63	8.7
Respondent Age	17 tahun	178	85.3
	>18 tahun	72	14.7
Prodi	Unesa Accounting Education Study Program	126	84
	UM Accountant Education	100	10
	Unnes Accountant Education	24	6

Source: Author (2024)

The respondents of this study are listed in Table 1. Most of the respondents were 187 female students, while the majority of students were 17 years old, namely 178 students. This table shows that 84% of students are respondents to the Unesa accounting education study program.

Instrument development and data analysis

The survey was used to study students' Implusive Buying. This research instrument is adapted from previous research and literature review (Table 1). The questionnaire was translated from English to Indonesian and modified for the Indonesian context.

The questionnaire was translated from English to Indonesian and modified according to the local context. Economic Literacy is measured by four items (Fan et al., 2021). Financial Technology is measured by five items from Lindsay et.al, (2008). Implusive Buying is measured by five items from Linan & Chen (2006). The questionnaire used asked participants to rate each statement from 1 (strongly disagree) to 5 (strongly agree). This study uses Smart PLS 3.0 for modeling the partial least squares structural equation (PLS-SEM).

4. RESULTS AND DISCUSSION

External model evaluation

The external model of the PLS is specified to ensure the presence of a reliable instrument. The model with the determination criterion is said to be reliable when the reliability of the composite (CR) and Cronbach's Alpha > 0.05 (Hair et al., 2019). The results showed that the CR value of each construct was 0.890 to 0.941 for dependency (Table 2). A significant extracted mean variance (AVE) > 0.50 indicates convergent validity (Hair et al., 2019). Convergent validity is achieved because all items exceed 0.5 and the AVE of each construct ranges from 0.626 to 0.765 (>0.5). Cross-loading factors are used to test the validity of discrimination and the validity of convergence. Table 3 shows the cross-loading values for all variables of Economic Literacy (X), Financial Technology (Z), Implusive Buying (Y) from 0.734 to 0.958, more than 0.70, indicating the validity of discrimination.

Hypothesis testing

The model tests the hypothesis using a structural equation model. The researchers used 250 bootstrap samples to display all t-statistics. As seen in Table 4, all seven hypotheses in this investigation meet the criteria, with t-values ranging from 3,239 to 28,596 (> 1.96).

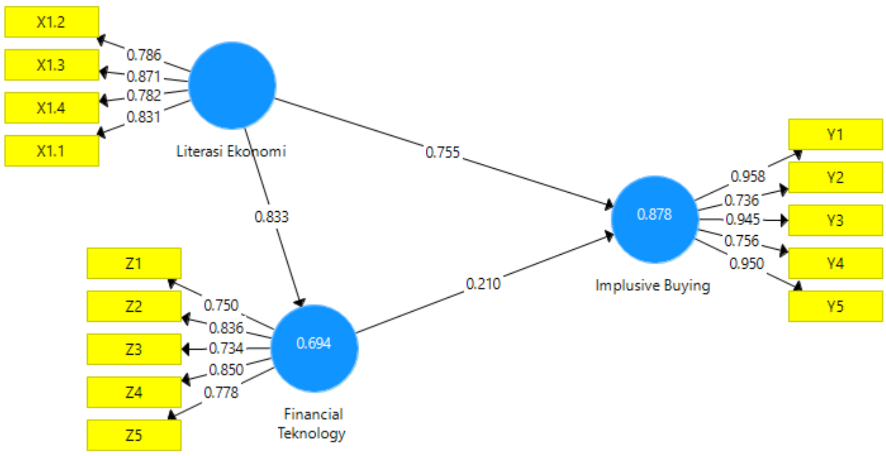

Figure 2. Structural Equation Modeling Calculations

Source: Author (2024)

This study uses the R-square Model (R 2) to demonstrate the accuracy of the model's predictions. The coefficient of determination (R Square) measures how well an exogenous construct describes an endogenous construct. (Hair et al., 2019) estimated R2 to be between 0 and 1. R2 values above 0.75 mean large, while 0.50 and 0.25 mean small and weak (Hair et al., 2019). Calculations show that Economic Literacy explains 69.4% of the variants of Financial Technology with reasonable predictability. Financial Teknology provides 87.8% of Implusive Buying variants with reasonable predictability. (Hair et al., 2020). Furthermore, f 2 determines whether foreign construction affects endogenous construction. According to (Hair et al., 2020), external construction has a minimal, moderate, and significant influence on endogenous construction with f2 values of 0.02, 0.18, and 0.40. In particular, the measure of the impact of Economic Literacy on Financial Technology is quite large (f 2 = 0.694). The magnitude of the impact of Financial Technology on Implusive Buying is also significant (f 2 = 0.878).

Table 2. Calculation of the Outer Model

Construct	Item	λ	α	CR	AVE
Economic Literacy(X)	X1	0,831	0,835	0,890	0,669
	X2	0,786			
	X3	0,871			
	X4	0,782			
Financial Teknology (Z)	Z1	0,750	0,851	0,893	0,626
	Z2	0,836			
	Z3	0,734			
	Z4	0,850			
	Z5	0,778			
Implusive Buying (Y)	Y1	0,958	0,919	0,941	0,765
	Y2	0,736			
	Y3	0,945			
	Y4	0,756			
	Y5	0,950			

Source: Author (2024)

Tabel 3. Validitas Diskriminan

Kriteria Fornell-Larcker

	Implusive Buying	Economic Literacy	*Financial Teknology*
Implusive Buying	0,875		
Economic Literacy	0,930	0,818	
Financial Teknology	0,839	0,833	0,791

Source: Author (2024)

Tabel 4. Hypothesis Testing

	Relationship	β	*T*-value	*P*-values	Decision
H_1	**Economic Literacy-> *Implusive Buying***	0,755	13,335	**0,000**	Not Rejected
H_2	**Economic Literacy-> *Financial Teknology***	0,833	28,596	**0,000**	Not Rejected
H_3	***Financial Teknology* -> *Implusive Buying***	0,210	3,281	**0,001**	Not Rejected
H_4	**Economic Literacy-> *Financial Teknology* -> *Implusive Buying***	0,175	3,239	**0,001**	Mediation

Source: Author (2024)

Discussion

This study answers four hypotheses. The Effect of Economic Literacy on Implusive Buying in Students. Based on the results of the study, it is known that the proof of the first hypothesis of the study is shown by the Economic Literacy variable having a positive and significant influence on Implusive Buying with a p-value of 0.000 (<0.05), and a t-value of 13,335 (>1.96). This is because the Economic Literacy that students have taken increases Implusive Buying. This finding is in line with previous research conducted by (Erlanitasari et al., 2020; Nuryana et al., 2020; Sariwulan & Suparno, 2020; Suherman & Yusuf, 2021; Suryani, U., Arief, M., Bramantoro, S., & Hamsal, 2022; Wardana et al., 2020), with the results of his research stating that Economic Literacy has a great influence on Implusive Buying. These results show that the better the Economic Literacy that students get, the more they can encourage students to realize Implusive Buying which later students can create new entrepreneurs.

Furthermore, the second hypothesis is known that the Economic Literacy variable has a significant positive influence on Financial Technology, a p-value of 0.000 (<0.05) and a t-value of 28,596 (>1.96) indicate a significant relationship. These results are in line with previous research conducted by (Bratianu et al., 2020; Hessel et al., 2008; Kacours & Liargovas, 2021; Nowiński & Haddoud, 2019) with the results of his research which states that Economic Literacy has an influence on Financial Technology. These results show that the better the Economic Literacy obtained for entrepreneurship, the better it can be in shaping students' Financial Technology.

For the third hypothesis, it is proven that the Financial Technology variable has a significant positive influence on Implusive Buying with a p-value of 0.001 (<0.05) and a t-value of 3,281 (>1.96). These results are in line with previous research conducted by (Amofah & Saladrigues, 2022; Esnard-Flavius, 2010; Izquierdo & Buelens, 2011; Lope Pihie & Bagheri, 2011) with the results of his research which stated that Financial Technology has a great influence on Implusive Buying. These results show that the better the Financial Technology owned by students, the more positive it will have an impact on increasing Implusive Buying. Because Financial Technology can have a positive impact on Implusive Buying which will later form for entrepreneurship.

The last discussion related to the fourth hypothesis that has been carried out shows that there is a significant influence between Economic Literacy on Implusive Buying Through Financial Technology of students with a p value of 0.001 (<0.05) and a t value of 3,239 (>1.96). This means that the implementation of good Economic Literacy to students and encouraged by Financial Technology can have an impact on increasing impulse buying. Financial Technology has an effective role as a partial mediator between Economic Literacy and Implusive Buying. Economic Literacy in this study has an impact on the formation of student Implusive Buying, considering that the improvement of Economic Literacy needs the support of good Financial Technology.

5. CONCLUSION

Based on the results of the study, it can be concluded that there are four hypotheses related to the influence of Economic Literacy on Implusive Buying in students. The results of the study show that Economic Literacy has a positive and significant influence on students' Implusive Buying and Financial Technology. This finding is in accordance with the results of previous research which confirms that Economic Literacy has a big role in improving Implusive Buying and Financial Technology. In addition, the findings also revealed that Financial Technology had a significant impact on Implusive Buying, suggesting that this attitude encouraged an increase in Implusive Buying among students. Furthermore, the study confirms that Economic Literacy indirectly influences Implusive Buying through Financial Technology as a partial mediation. Thus, increasing Economic Literacy and the formation of good Financial Technology can positively affect the Implusive Buying of students, opening up opportunities to create new entrepreneurs in the future.

The implication of this study is that Economic Literacy plays an important role in improving students' Implusive Buying and Financial Technology. These findings underscore the need to integrate technology skills with the development of Financial Technology in the educational curriculum. Thus, a holistic learning approach, combining Economic Literacy and the formation of Financial Technology, is crucial in preparing students as competitive future innovators and entrepreneurs in the digital era.

For students, it is suggested that future research can focus on the practical development of Economic Literacy in the entrepreneurship curriculum. Propose studies that focus on interventions or programs that directly affect students' Implusive Buying and Financial Technology. Review an integrated learning strategy that combines technology with the development of Financial Technology. Furthermore, examine the role of Financial Technology as a mediator in the relationship between Economic Literacy and Implusive Buying to understand the dynamics of the relationship more deeply. The main goal is to provide more detailed insights into how Economic Literacy can more effectively influence attitude formation and Implusive Buying in the educational environment.

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