



**WHY DO THEY TAKE ONLINE LOANS?
(STUDY ON HIGHER STUDENTS IN EAST JAVA, INDONESIA)**

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ABSTRACT

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This research analyzes the influence of lifestyle, advertising, and ease of access on interest in online loans which is moderated by consumer behavior. This research uses a quantitative method with an accidental sampling technique. The total research sample was 132 students. The statistical analysis used in this research is an approach using Structural Equation Modeling- Partial Least Square (SEM-PLS) with the help of SmartPLS 3.0 software. The results of this research show that lifestyle influences consumer behavior. Apart from that, advertising and ease of access also have a positive and significant effect on consumer behavior. Meanwhile, consumer behavior also has a positive and significant effect on online loan interest. Meanwhile, consumer behavior also moderates the relationship between lifestyle and online loans. Based on the research results, the theoretical implication of this research is that lifestyle, ease of access, and advertising can influence a person's consumptive lifestyle which can direct someone to online loans, so students must pay attention to spending for future needs, so that the dangerous impacts caused by online loans may decrease during the study period. Meanwhile, practically, this research can be used as input for students regarding their responsibilities in managing finances and create awareness to reduce consumer lifestyles which can lead them to online loans which have several negative impacts.

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1. INTRODUCTION

The development of increasingly advanced times has certainly shifted all habits and patterns of social interaction. Technological developments are one of the factors that can provide shifts in roles and interaction patterns in society in various aspects of life. One of them is the information and communication aspect which has caused changes in the social, economic, and cultural fields (Sihombing et al., 2019). Technological developments in the economic field, one of which is the emergence of financial technology or fintech. Fintech itself can be interpreted as an innovation in the financial sector by making it easier for users to carry out financial transactions according to The National Digital Research Center (NDRC) (Soehardi, 2023). This process in fintech includes the process of buying and selling shares, payments, peer-to-peer lending, fund transfers, retail investment, and financial planning (Dewi et al., 2021).

One of the fintech facilities that is currently in demand by the public is online loans. Based on OJK's data 2023, the accumulated distribution of loans to loan recipients in Indonesia in 2023 will reach 546 thousand people.

The widespread practice of online loans is due to adequate infrastructure, availability of internet networks, online loan advertisements, and affordability. Apart from that, this is also due to the consumerist digital society, as well as weak regulations on companies (Sihombing et al., 2019). As a target, people with low incomes make online loans the right choice because they provide fast access to loans with easy conditions. Based on OJK data, as of July 2019, fintech lending had distributed IDR 49.79 trillion, or an increase of 119.69% since the beginning of the year (Muttakin & Nuryanti, 2023). However, these online loans are very vulnerable to predatory lending practices, especially illegal online loans that have not been registered and have OJK permission. One of the characteristics of Fintech P2P Lending that carries out predatory lending is the determination of terms, conditions, or fees that contain elements of deception, ease of conditions offered, and a fast disbursement process for funds (Angkasa et al., 2023). This easy online loan process influences people to buy the goods they want, without paying attention to needs.

Currently, easy access to applications has spread to various groups, especially students. This online loan makes it easy for students to buy goods that they need and want as an initial consumer impact. They can take out loans using KTP and KTM as collateral without a pay slip attached, with low interest and long-term payment terms (Sihombing et al., 2019). In this case, students do not need to bother collecting money for the things they want and fulfill their lifestyle.

Based on a survey, as many as 72.5% of students use online loans as a solution to meet their living needs (Sihombing et al., 2019). In this situation, many students are caught in illegal online loans because they offer easier terms with the risk of not being able to pay the bill when it matures. The route that can be taken when a problem occurs is through a debt collector with a forced collection system. It is also not uncommon for debt collectors to gain access to data contained on consumers' cell phones, including personal photos, social media, transportation and online shopping applications, emails, and even IMEI numbers (Mayrendra & Suryono, 2023). Apart from that, the impact felt is unnatural terror, starting from threats, and verbal and cyber sexual harassment. Billing is also done to family, friends, and relatives, thereby disrupting social relations. This can trigger trauma and loss of self-confidence and even result in suicide (Dewi et al., 2021). Based on the above, we conducted research focused on online loans made by students as well as their motives and impact on consumer behavior. So we raised the title "Why Do They Take Online Loans? (Study on Higher Students in East Java, Indonesia)".

2. RESEARCH METHODS

This research is a type of descriptive quantitative research. This research uses primary data sources by distributing questionnaires online. The survey was carried out with a 5-point Likert scale online questionnaire. The research sample takers used an accidental sampling technique because the population size is not known with certainty. The number of samples obtained was 132 samples. According to (Hair, 2020) the minimum sample size that should be used is 10 times the number of latent variable arrows in the model. So the minimum sample is 50 samples, meaning that the minimum sample requirements are met. Apart from that, the data used has been analyzed using Structural Equation Modeling- Partial Least Square (SEM-PLS) using SMARTPLS 3.0 software.

3. RESULTS AND DISCUSSION

3.1. RESULTS

In this study, questionnaires were distributed incidentally to all students throughout East Java. The result was 132 respondents spread across various regions in East Java. The distribution starts from state and private universities in East Java. Respondents are students aged 17-23 years and have a history of using ShopeePay Later.

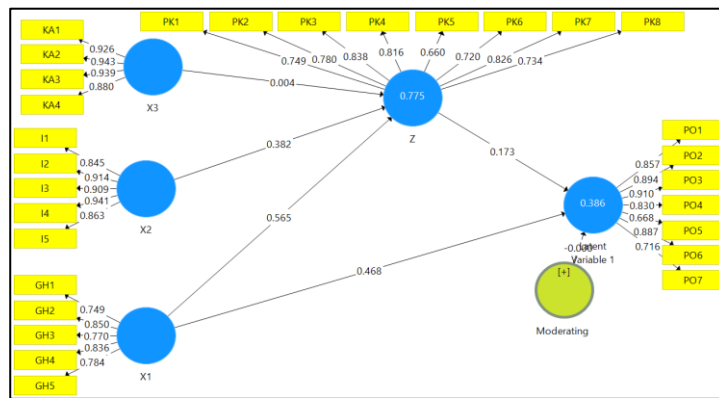


Figure 1. Convergent Validity Results
Source: Processed data, 2023

All existing indicators can be said to be valid if they have a correlation value of more than 0.70. However, if the loading value ranges from 0.50 to 0.60, it is considered sufficient (Ghozali, 2014). In Figure 2, all outer loadings of each lifestyle indicator (X1), Advertising (X2), Ease of Access (X3), Consumptive Behavior (Z), and Online Loans (Y) are valid because they have a value of more than 0.50. All variables have a composite reliability value greater than 0.7, which indicates that they have reached the criteria for composite reliability. Composite reliability for all variables is greater than 0.70. Therefore, this variable meets good composite reliability.

Table 1. Composite Reliability and Cronbach's Alpha

Variables	Cronbach's Alpha	Composite Reliability
Moderate	1,000	1,000
X1 (Lifestyle)	0.858	0.898
X2 (Advertising)	0.938	0.953
X3 (Ease of Access)	0.941	0.958
Y (Online Loans)	0.921	0.938
Z (Consumptive Behavior)	0.899	0.919

Source: Processed data, 2023

The Cronbach's alpha value for the Lifestyle variable (X1) is 0.858, Advertising (X2) is 0.938, Ease of Access (X3) is 0.941, Consumptive Behavior (Z) is 0.899, and Online Loans (Y) is 0.921. Cronbach's alpha value can be used if it is greater than 0.60 (Ghozali, 2014). Based on Table 1, the Cronbach's alpha value is above 0.60. Thus, this variable model has met Cronbach's alpha or has strong reliability.

Table 2. R-squared Adjusted results

Variables	R Square Adjusted
Online Loans (Y)	0.371
Consumptive Behavior (Z)	0.769

Source: Processed data, 2023

If the Adjusted R-squared value is below 0.19 to 0.33 it means it is low, if it is 0.33 to 0.67 it means it is medium and if it is more than 0.67 it means it is high (Ghozali, 2014). This can explain that lifestyle variables, advertising and ease of access are able to influence consumer behavior by 76.9%. So, the influence of lifestyle, advertising and ease of access is very strong. Table 2 shows that the model for the influence of lifestyle, advertising, and ease of access to online loans gives an R-squared value of 0.371. This can explain that lifestyle variables, advertising and ease of access simultaneously influence online loans by 37.1%. So the influence of lifestyle, advertising and ease of access to online loans is classified as moderate.

Table 3. Direct Effects And Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values	Information	
Moderating > Y	0,000	0,000	0.038	0.012	0.990	Not significant	Hypothesis rejected
X1 > Y	0.468	0.471	0.137	3,426	0.001	Significant	Hypothesis accepted
X1 >Z	0.565	0.567	0.065	8,719	0,000	Significant	Hypothesis accepted
X2 > Z	0.382	0.379	0.079	4,839	0,000	Significant	Hypothesis accepted
X3 > Z	0.344	0.096	0.65	2,066	0.002	Significant	Hypothesis accepted
Z > Y	0.273	0.266	0.150	2,158	0,000	Significant	Hypothesis accepted

Source: Processed data, 2023

3.2. DISCUSSION

The Influence of Lifestyle on Consumptive Behavior

Based on the results of calculations and analysis, it is known that lifestyle has a significant positive influence on consumer behavior. This means that the hypothesis is accepted, meaning that there is an influence on lifestyle and consumptive behavior, so if lifestyle increases it will influence the increase in wasteful behavior. The influence of lifestyle on consumer behavior is also in line with research (Maney & Mathews, 2021; Müller-Pérez et al., 2023; Nguyen & Nguyen, 2021). Based on descriptive data from respondents, it is known that the overall score for lifestyle behavior is relatively high. This is because shopping is an activity that is liked by several respondents.

Apart from that, respondents who always follow the latest fashion trends also choose to buy imported branded products at expensive prices. Apart from that, respondents still often buy certain products or services to maintain their appearance in the eyes of their group of friends. Lastly, the expensive branded products purchased can reflect the high taste of respondents as consumers (Utama et al., 2021). The results of this research are in line with previous research where the object of the research was students, which was carried out by (Pulungan & Febrianty, 2018).

The Influence of Advertising on Consumptive Behavior

Based on the results of calculations and analyses carried out, it is known that advertising has a positive effect on consumer behavior. This means that the hypothesis is accepted, which means that if there are a lot of advertising promotional services it will cause the consumer behavior pattern of individuals to increase as well. The results of the research carried out are by the theory that has previously been positively applied. Based on descriptive data from respondents, several things are known that encourage the rise of consumer behavior, starting from the visualization of advertisements displayed in print media, for example, brochures, banners, billboards, and online media.

Apart from that, respondents also often see advertising media that is broadcast via online media, so when they start to feel interested in advertising a product/service then of course there will be an interest in trying to find detailed information about that product (Utomo et al., 2023). Once there is sufficient information about a product/service that interests you, there will be a plan to purchase the product based on the various information available. The results of this research are in line with research conducted by (Apriliana & Utomo, 2019).

The Effect of Ease of Access on Consumptive Behavior

Based on the results of the calculations and analysis carried out, it was discussed that ease of access has a positive effect on consumer behavior. With easy access, it will be easier for someone to carry out several consumer purchasing activities. The results obtained from several discussions are that the ShopeePay Later service as a research tool can make it easier for respondents to make transactions at Shopee in all conditions and wherever they are. The activity of accessing the internet on social media networks will be interesting (Yulianti et al., 2023).

Apart from that, easy-to-understand use will also make someone more comfortable in carrying out transaction activities in ShopeePay Later contained in the Shopee application. With these things, the services in ShopeePay Later can make life's needs easier, even without special skills in using them, which will lead to more significant consumptive behavior. This is in line with research conducted by (Adi et al., 2022; Dewi et al., 2021; Rizki et al., 2021).

The Influence of Consumptive Behavior on Interest in *Online Loans*

Based on the analysis obtained, the results showed that a student who has consumptive behavior will have a higher interest in making online loans. This can be triggered by several factors that implement this consumptive behavior, for example, discounts which can directly cause addiction to consumptive behavior. Then, there is a feeling of interest in an item, starting from the shape to the packaging to support a person's appearance. Thus, various methods are used so that expensive branded products can be purchased to catch up so as not to be left behind by the times. It is most likely that the price of the product is not the main consideration for purchasing an item. Thus, to buy quality products that reflect symbols of social status, the method often used by students is to take out online loans. This is in line with research conducted by (Fook & McNeill, 2020; Khairunnisa & Syamlan, 2021; Rahman & Hossain, 2022; Sihombing et al., 2019).

This research also reveals that the main factors in students' interest in taking online loans are ease of access, advertising, and their lifestyle. As a student, of course, you have to be able to adapt your lifestyle to your abilities and needs so that you don't become consumptive just because you want to feel momentary satisfaction. The environment in which they study also greatly influences interactions between friends, which can lead to consumer behavior and ultimately require them to borrow online. The strength of individual character is fundamental to be able to avoid consumer behavior so that it is not affected by the negativity around it, such as online loans.

The influence of lifestyle, advertising, and ease of access on interest in *online loans* is moderated by consumer behavior

Based on the analysis obtained, there is a discussion analysis that states that lifestyle, advertising, and ease of access have a significant effect on interest in online loans, moderated by consumer behavior. This is based on the existence of online loans which have their interest in quality and low transaction costs. Apart from that, smart respondents will of course choose to use an online loan platform that is legal and registered with the OJK, of course, based on the knowledge they already have. The need for life which is based on consumer behavior patterns must also be based on how students choose the right advertisements to provide quality information so that several online loan platforms that have high quality can be recommended, including people who have a good loan history as potential creditors. This is in line with research conducted by (Subagyo & Dwiridotjahjono, 2021).

The implication is that it is increasingly important to provide effective education to students regarding online loans to prevent them from consuming consumer behavior. Financial literacy is needed so that students avoid financial problems such as a lack of ability to manage expenses for their needs which will result in the desire to get involved in online loans which provide various kinds of convenience.

Moreover, with online loan advertisements becoming increasingly varied and interesting, financial literacy will certainly become very important. Plus, now with social media, of course, as the younger generation of students want to look good, this is what always triggers them to take out online loans. However, what is more important is how individuals can control themselves over all existing external influences.

4. CONCLUSION

Based on the results of the research conducted, it can be seen that lifestyle, advertising, and ease of access influence consumer behavior. Apart from that, lifestyle, advertising, and ease of access also have a significant positive influence on interest in online loans, moderated by consumer behavior. This indicates that the level of lifestyle. Advertising and ease of access have a big impact if the resulting conditions vary according to each environment. From several existing phenomena, it can be seen that the prevailing trends in social life also play an important role in meeting the needs of each existing variable.

The implications of various purchasing decisions for consumer behavior also control the obsession with lifestyles that are developing in society, so that students as a society who are easily influenced by the demands of the times must also make the right decisions to obtain information and implement various easy access in life in the daily environment. Apart from that, the view of the level of money available must also be carefully considered with the right literacy so that if students want to apply for various online loan services they can choose the appropriate platform.

Based on this research, there are still several research limitations, including the research object which only focuses on students, but out there there are still many perpetrators of consumerism in the general public. Apart from that, the data collection process is also not spread evenly across all big cities and is dominated only on the island of Java. However, on the other hand, research is still running smoothly and hypothesis development can also be carried out well so that the required data can be processed according to what was previously planned.

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