

The Impact of Fintech Use on The Financial Literacy Level of The Millennial Generation

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Abstract. With the help of this research, we want to investigate the influence that the use of financial technology (fintech) has on the level of financial literacy and inclusion in Indonesia. In order to examine the data, linear regression was undertaken. Based on the findings of the study, it is evident that the use of fintech has a substantial influence on the level of financial literacy and inclusion within the community. A better knowledge of personal financial management may be promoted via the facilitation of access to financial information and digital banking services to a greater extent. Not only that, but fintech also plays a part in extending the accessibility of financial services to community groups who were previously inaccessible to traditional financial institutions. It is possible to draw the conclusion that there is a positive and substantial association between the utilization of fintech and the degree of financial literacy among the millennial generation. Individuals who make more use of fintech services have a tendency to have a better grasp of financial matters. The use of fintech also has a major influence on financial literacy, as it has the potential to raise financial literacy by 0.62 points, which accounts for 27.1% of the difference in respondents' financial literacy.

Keywords: Fintech, financial literacy, financial inclusion, financial technology, financial access.

1 Introduction

The development of digital technology has brought significant changes to various aspects of life, including the financial sector. Financial technology (fintech) is an innovation that plays a role in increasing the efficiency and accessibility of financial services for the public. Fintech offers various conveniences, such as digital transactions, online loans, investments, and cashless payments, which are increasingly used by individuals and businesses [1].

However, although fintech provides easy financial access, there are still challenges that need to be addressed, such as low financial literacy among the public and the risk of misuse of digital financial services. Limited understanding of financial management and a lack of knowledge regarding digital transaction security can negatively impact individuals' financial well-being. Therefore, it is important to examine the extent to which fintech use can affect levels of financial literacy and financial inclusion in Indonesia [2].

According to a survey conducted by the Financial Services Authority (OJK) in 2024, the financial literacy rate reached 42.5%, an increase compared to the 2017 survey, which only reached 32.1%. However, when compared to the financial inclusion index of 80.4%, this gap

could have a negative impact, both on the lives of individual Indonesians now and in the future, as well as on the national economy as a whole [2].

Rapid advances in technology and communications have brought about major changes in human life, encompassing various aspects such as social, economic, health, education, and transportation. Technology has now become an inseparable part of daily activities. With the increase in human activity, practical tools are needed to support ease and convenience in carrying out various activities [2].

Technology, especially information technology, plays a crucial role in providing this convenience. Its development has had a significant impact on various aspects of people's lives, both for individuals and organizations, by optimizing the use of resources more efficiently and simply. As information technology continues to develop, its role in everyday life becomes increasingly crucial [3].

The millennial generation, born between 1981 and 1996, is an age group closely connected to technology. As a generation that grew up with the development of the internet, millennials have great potential to become primary users of fintech. Data shows that millennials are more likely to use technology-based financial services than previous generations. However, the high adoption of this technology does not necessarily translate into increased financial literacy. Financial literacy, which encompasses an understanding of money management, investments, and wise financial decision-making, is a crucial aspect in supporting an individual's financial well-being. Previous research has shown that low financial literacy can increase the risk of financial mismanagement, including the use of fintech products and services [3]. Therefore, it is important to explore the extent to which fintech use can affect the financial literacy level of the millennial generation.

This research aims to identify a relationship between the level of fintech adoption and the financial literacy of millennials. This research also aims to provide insights for fintech industry players and policymakers on how fintech services can be designed to support increased financial literacy among millennials.

2 Methods

This study used a descriptive quantitative design with a survey approach. Data were collected through a questionnaire to measure the relationship between fintech use and the financial literacy level of the millennial generation. This study is explanatory in nature because it aims to examine the relationship and influence between research variables [4].

The population sample was millennials in Serang Regency who use fintech applications. A total of 100 respondents were selected using a purposive sampling method. The inclusion criteria were millennials (aged 28–43 years in 2024), active users or those who had used fintech services, and professionals, entrepreneurs, or housewives. The proportion of the first sample was 70% professional workers and entrepreneurs (70 respondents), and the second was 30% housewives (30 respondents). The sampling technique in this study used the Slovin Formula with a 5% error rate.

The research variables used are Independent Variable (X): Fintech usage (frequency, type of service used). Dependent Variable (Y): Financial literacy (knowledge of financial management, investment, and financial decision-making). And Mediating Variables: Education level, income, and gender. This research was conducted in Serang Regency, Banten, for six months in 2024. The data used were primary data obtained through a survey using a structured questionnaire. The questionnaire questions were designed to organize indicators for the

independent, dependent, and mediating variables. The questionnaire's validation and reliability were tested prior to data collection.

The data analysis used in this study was mediation analysis. Regression techniques were used to test whether education level, income, and gender mediate the relationship between fintech and financial literacy. (13)

3 Results

Table 1. Characteristics of respondents

Variable	Mean	Std. Dev	Min	Max
Age (Years)	33.6	4.2	28	43
Monthly Income (Million IDR)	8.3	3.5	3	15
Investment Experience (Years)	2.1	1.4	0	6
Fintech Usage (Scale 1–5)	3.9	0.8	2	5
Financial Literacy Level (Scale 1–5)	3.7	0.9	2	5

Table 1 shows that the majority of respondents have a fairly good level of financial literacy, with an average score of 3.7 on a scale of 1-5. Fintech usage is also high, with an average score of 3.9. Descriptive analysis provides a general overview of the respondents' characteristics. The average age of respondents was 35.6 years, with an age range of 28 to 43. Respondents' income ranged from 3 to 15 million rupiah per month, with an average of 8.3 million rupiah. In terms of investment experience, respondents had an average of 2.1 years of experience.

Table 2. The Shapiro-Wilk Normality Test

Variable	Shapiro-Wilk Statistic	p-value
Financial literacy levels	0.972	0.036

Table 2 above shows that because the p-value is $0.036 < 0.05$, the data is not normally distributed. Therefore, the correlation test will use Spearman instead of Pearson. Normality testing was conducted using the Shapiro-Wilk test on the financial literacy variable. The results show a p-value of 0.036, which is less than 0.05. This indicates that the data is not normally distributed. Therefore, a non-parametric method such as Spearman correlation was chosen for further analysis.

Table 3. The relationship between fintech usage and financial literacy levels

Variable	Spearman rho	p-value
Relationship Between Fintech Usage and Financial Literacy	0.521	0.0001

Table 3 above shows a moderate positive correlation (0.521) between fintech usage and financial literacy levels. Since the p-value is <0.05 , this relationship is significant. The higher the fintech usage, the higher the individual's financial literacy. Spearman correlation analysis was conducted to examine the relationship between fintech use and financial literacy levels. The results showed a moderate positive correlation with a rho of 0.521 and a p-value of 0.0001.

These results indicate that the higher an individual's level of fintech use, the higher their level of financial literacy. This correlation is statistically significant ($p < 0.05$), which strengthens the conclusion that there is a meaningful relationship between the two variables.

Table 4. Linear Regression between fintech use and financial literacy levels

Variable	Koefisien (b)	p-value	R-squared
Intercept (a)	1.25	0.001	0.271
Fintech Usage	0.62	0.000	

Table 4 shows the coefficient of 0.62 indicates that every 1-point increase in fintech use increases the level of financial literacy by 0.62 points. The p-value is <0.05 , indicating that fintech usage has a significant effect on financial literacy. The R-squared value is 0.271, meaning that 27.1% of the variability in financial literacy can be explained by fintech usage. Fintech usage has a positive effect on financial literacy.

Table 5. Table of Differences in Financial Literacy Levels

Profession	Mean Financial Literacy	F statistic	p-value
Professional Workers	3.9	4.87	0.009
Entrepreneurs	3.5		
Housewives	3.2		

Table 5 shows the p-value of $0.009 < 0.05$ indicates a significant difference in financial literacy levels based on profession. Professional workers had the highest level of financial literacy, while housewives had the lowest. Profession significantly influences a person's level of financial literacy. An ANOVA test was conducted to determine whether there were differences in financial literacy levels based on the respondents' profession. The analysis showed a significant difference (p-value = $0.009 < 0.05$). The average financial literacy level was highest among professional workers (3.9), followed by self-employed individuals (3.5), and housewives (3.2). These findings indicate that professional background can significantly influence a person's level of financial literacy.

4 Discussions

Based on the research report on the influence of fintech use on the financial literacy of the millennial generation, several more in-depth and comprehensive discussion points can be drawn.

4.1 Analysis of the Positive and Significant Relationship

This research clearly shows a positive and significant relationship between fintech use and financial literacy levels. This indicates that the more frequently someone uses fintech services such as digital wallets, investment apps, or online lending platforms, the better their understanding of financial concepts. This finding is highly relevant considering the rapid penetration of technology into everyday life, which forces individuals to interact with digital financial instruments. Thus, fintech functions not only as a transaction tool but also as an indirect learning medium that continuously improves users' financial knowledge and skills[5,6].

4.2 Quantitative Influence of Fintech Use

This report provides strong data to support this argument, namely that fintech use has a significant influence of 27.1% on financial literacy. This figure indicates that more than a quarter of the variation in financial literacy levels among respondents can be explained by how actively they use fintech. Furthermore, with every one-point increase in fintech usage, financial literacy

has the potential to increase by 0.62 points. This is a crucial finding that confirms fintech's role as a catalyst in accelerating financial literacy improvements, while also highlighting that there are other factors influencing financial literacy that need further exploration [7,8].

4.3 Financial Literacy Based on Demographic Characteristics

This study also found striking differences in financial literacy levels by profession. Professional workers demonstrated the highest level of financial literacy, likely due to job demands involving financial planning, investment, or asset management. On the other hand, self-employed workers came in second, which is also logical given their need to independently manage business finances. Ironically, housewives demonstrated the lowest level of financial literacy, a finding that urges the need for more specific and affordable financial education programs for this group, which is often responsible for household financial management [9,10].

4.4 Fundamental Implications and Recommendations

The results of this study have broad practical implications. For the institutions where respondents work, there is a significant opportunity to integrate fintech-based financial education into employee development programs. This will not only improve individual financial literacy but can also increase efficiency and innovation in the workplace. Educational institutions like Faletihan University are advised to proactively incorporate digital financial literacy materials into their curriculum or through extracurricular activities. This is crucial to prepare students for an increasingly digital workplace, where understanding fintech is becoming an essential skill [4,11].

4.5 Recommendations for Future Research

This study has paved the way for further exploration. Future researchers are advised to expand the sample size beyond just one region or socio-economic background. By including respondents from various regions and demographics, the results can be more nationally representative. Furthermore, the addition of other variables such as education level, access to information, and savings behavior is also highly recommended. By considering these factors, our understanding of the complexity of financial literacy and the role of fintech within it will become much more in-depth and comprehensive.

5 Conclusion

Based on data analysis on the influence of fintech use on the financial literacy level of the millennial generation, the following conclusions can be drawn that Fintech Use and Financial Literacy: There is a positive and significant relationship between fintech use and financial literacy levels. Individuals who use fintech services more frequently tend to have better financial literacy. Influence of Fintech Use: Fintech use has a significant influence on financial literacy, with a one-point increase in fintech use increasing financial literacy by 0.62 points. This influence explains 27.1% of the variation in respondents' financial literacy. Differences Based on Profession: There are significant differences in financial literacy levels based on profession. Professional workers have the highest financial literacy, followed by self-employed individuals, and housewives have the lowest. This indicates that occupational background plays a role in financial literacy levels.

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