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The Influence of Financial Literacy, Family Financial Education, and Financial Behavior on Borrowing Intention from Online Loans/P2P Lending among University Students in Manado

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ABSTRACT

This study examines the influence of financial literacy, family financial education, and financial behavior on the intention to borrow from online loans/P2P Lending among university students in Manado. Using a quantitative associative approach, data were collected from 100 respondents through an online questionnaire and analyzed with Partial Least Square – Structural Equation Modeling (PLS-SEM). The findings reveal that financial literacy significantly influences borrowing intention, while family financial education does not significantly affect either borrowing intention or financial behavior. Moreover, financial behavior does not mediate the relationship between financial literacy or family financial education and borrowing intention. These results emphasize the importance of financial literacy in shaping students' financial decision-making, while suggesting that family-based financial education alone may not be sufficient. This study contributes to financial literacy and fintech borrowing literature, offering insights for policymakers, universities, and fintech providers to promote responsible borrowing behavior among students.

***Keywords* -** Family Financial Education, Financial Behavior, Financial Literacy, Intention to Borrow, Students

INTRODUCTION

The rapid development of financial technology (fintech) has transformed borrowing practices worldwide, with Peer-to-Peer (P2P) lending emerging as a popular platform in Indonesia. By March 2024, Otoritas Jasa Keuangan (OJK) reported loan disbursements reaching Rp22.76 trillion, reflecting strong growth. While P2P lending offers convenience, it also raises concerns about irresponsible borrowing, particularly among students with limited financial knowledge. Previous studies highlight the role of financial literacy, family financial education, and individual financial behavior in shaping borrowing intentions. However, evidence in the Indonesian student context remains limited. This study addresses this gap by analyzing how these variables influence borrowing intention, with a focus on Manado university students.

Based on the backgrounds above, there are five research questions as follows:

1. How does financial literacy influence borrowing intention among university students in Manado?
2. How does financial literacy affect students' financial behavior?
3. To what extent does family financial education shape borrowing intention in the context of P2P lending?
4. To what extent does family financial education influence financial behavior among students?

5. Does financial behavior mediate the relationship between financial literacy, family financial education, and borrowing intention?

LITERATURE REVIEW

2.1 P2P Lending and Borrowing Intention

P2P lending refers to online platforms that directly connect lenders and borrowers. Based on the Theory of Planned Behavior (TPB), borrowing intention is influenced by attitudes, subjective norms, and perceived behavioral control.

2.2 Financial Literacy

Financial literacy encompasses knowledge, skills, and attitudes that enable individuals to make informed financial decisions. Studies (Faradila & Rafik, 2023) show financial literacy positively impacts borrowing behavior.

2.3 Family Financial Education

Family serves as the first environment for financial socialization. However, its influence on borrowing intention remains inconclusive. Some studies suggest limited impact compared to formal education.

2.4 Financial Behavior

Financial behavior includes budgeting, saving, controlling expenses, and debt repayment. Prior findings indicate it may mediate the effects of financial literacy on borrowing intention.

2.5 Hypotheses

H1: Financial literacy positively influences borrowing intention.

H2: Financial literacy positively influences financial behavior.

H3: Family financial education positively influences borrowing intention.

H4: Family financial education positively influences financial behavior.

H5: Financial behavior positively influences borrowing intention.

METHODOLOGY

This quantitative study employed an associative research design. The sample comprised 100 students in Manado, selected using purposive sampling. Data were collected through a structured questionnaire using Likert-scale items. Variables measured included financial literacy, family financial education, financial behavior, and borrowing intention. Data analysis was conducted using SmartPLS, which allowed testing of measurement and structural models. Reliability, validity, and hypothesis testing were performed to evaluate the relationships among variables. (see Figure 1).

RESULTS

4.1 Descriptive Statistics

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean (SD)
Financial Literacy (TLK)	100	3.00	5.00	4.26 (0.57)
Family Financial Education (PKK)	100	2.00	5.00	4.21 (0.64)
Financial Behavior (PK)	100	2.00	5.00	4.29 (0.54)
Borrowing Intention (IM)	100	2.00	5.00	4.23 (0.60)

Processed by authors

Table 1 presents the descriptive statistics of key study variables. All constructs show relatively high mean values (above 4.0 on a 5-point scale), indicating that respondents generally possess good financial literacy, receive some financial education in their families, exhibit positive financial behavior, and show moderate-to-high borrowing intention.

Descriptive statistics show that respondents were predominantly male (58%) and under 25 years of age (64%). Measurement model results confirmed validity and reliability of constructs, with Cronbach's alpha and composite reliability exceeding 0.7. The structural model indicated that financial literacy significantly influences borrowing intention, while family financial education does not. Furthermore, financial behavior did not serve as a mediator. R^2 values indicated weak to moderate explanatory power, suggesting other factors also affect borrowing intention. (see Figure 1).

4.2 Hypothesis Testing Results

Table 2. Hypothesis Testing Results

Hypothesis	Path	t-statistic	Supported
H1	Financial Literacy → Borrowing Intention	3.25 (p<0.01)	Yes
H2	Financial Literacy → Financial Behavior	2.98 (p<0.01)	Yes
H3	Family Financial Education → Borrowing Intention	1.02 (n.s.)	No
H4	Family Financial Education → Financial Behavior	1.15 (n.s.)	No
H5	Financial Behavior → Borrowing Intention	1.44 (n.s.)	No

Table 2 shows the results of hypothesis testing. H1 and H2 are supported, indicating that financial literacy significantly influences both borrowing intention and financial behavior. Conversely, H3 and H4 are not supported, suggesting that family financial education does not significantly affect either borrowing intention or financial behavior. H5 is also not supported, showing that financial behavior does not directly influence borrowing intention in this sample.

4.3 Mediation Analysis

Table 3. Mediation Analysis

Indirect Path	Effect Size	t-statistic	Supported
Financial Literacy → Financial Behavior → Borrowing Intention	0.05	1.10 (n.s.)	No
Family Financial Education → Financial Behavior → Borrowing Intention	0.03	0.95 (n.s.)	No

Table 3 presents mediation analysis results. None of the indirect effects via financial behavior are statistically significant, indicating that financial behavior does not mediate the relationships between financial literacy or family financial education and borrowing intention.

Results stem from a single-city student sample (N=100) with self-reports; cross-sectional design limits causal inference. Future work should broaden sampling (multi-city, non-student), include objective literacy tests, platform usage logs, and experimentally vary disclosure of costs to test mechanisms. A refined behavior scale aligned to credit-specific practices (e.g., comparing APRs, reading terms) may better capture the pathway from behavior to intention.

Below is the diagram that shows the five hypothesis:

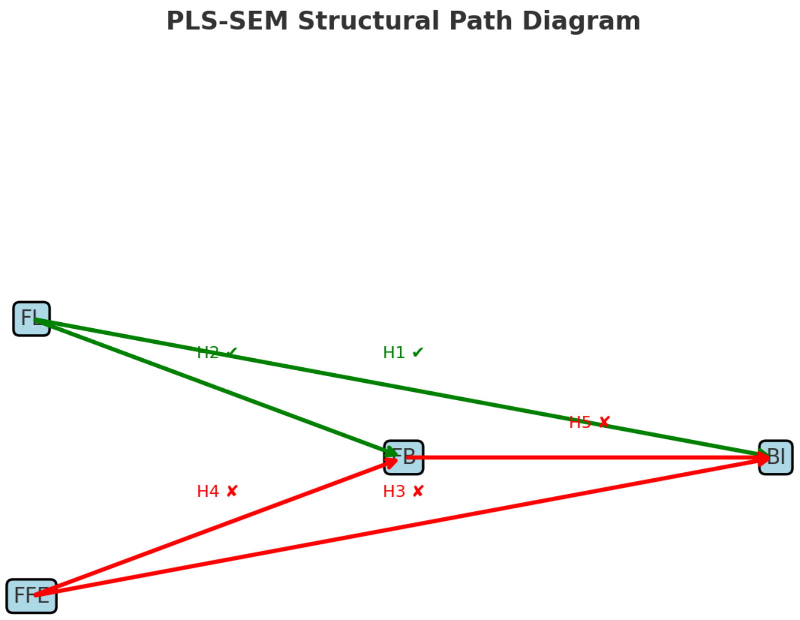

Fig. 5.1. PLS-SEM Structural Path Diagram

DISCUSSION

The findings highlight the central role of financial literacy in students' borrowing decisions. Consistent with prior research, students with higher financial knowledge are more cautious in using P2P lending services. Conversely, family financial education had little effect, possibly due to differences in parents' own financial literacy levels or students' growing independence. The lack of mediation by financial behavior suggests that while students may practice basic money management, these behaviors do not directly translate into borrowing decisions. This emphasizes the need for institutional financial education programs beyond family contexts.

5.1 Why Family Financial Literacy Affects Financial Behavior and Borrowing Intention Was Significant

H1 (Financial Literacy → Borrowing Intention) was supported. This aligns with studies showing that financial knowledge enhances individuals' ability to assess borrowing costs, risks, and repayment capacity, thereby shaping more deliberate intentions (Faradila & Rafik, 2023; Mireku *et al.*, 2023). In TPB terms, greater literacy likely improves attitudes toward prudent borrowing and perceived behavioral control (Ajzen, 1991). Among Manado students, high mean scores on literacy items suggest they understand interest, fees, and credit implications, which may translate to clearer thresholds for when borrowing is acceptable.

H2 (Financial Literacy → Financial Behavior) was also supported. This is consistent with the notion that knowledge translates into action via budgeting, saving, and debt management (Rahman *et al.*, 2021). Our results indicate that students with stronger literacy report better day-to-day money management, mirroring evidence that literacy predicts responsible financial practices in emerging economies (Mireku *et al.*, 2023).

5.2 Why Financial Behavior Did Not Drive Borrowing Intention

H3 and H4—links from Family Financial Education to Borrowing Intention and to Financial Behavior—were not supported. Several contextual explanations are plausible. First, the quality and consistency of parental guidance may vary, and parents' own literacy can be uneven (OJK, 2017), dampening downstream effects on late-adolescent/young-adult behavior. Second, as students transition to autonomy, peer and digital influences (social media, platform marketing) often outweigh parental messages (see Irma Laili & Listiadi, 2021, on the limits of home-based socialization without practice opportunities). Third, the items used capture foundational practices (e.g., being encouraged to save) that may be necessary but not sufficient to shape complex borrowing choices in fintech contexts where terms and algorithms change rapidly.

5.3 Theoretical and Practical Implications

H5 was not supported: self-reported budgeting/saving/investing did not significantly predict borrowing intention. Two interpretations are likely. (1) Intention in fintech borrowing may be more proximal to cognitive appraisal (knowledge of interest rates, fees, and credit scoring) than to general habits—hence the stronger path from literacy than from behavior. (2) Measurement specificity: financial behavior items emphasize routine management, whereas borrowing intention concerns episodic, higher-stakes choices (Ajzen, 1991). Misalignment of specificity reduces predictive power. Similar gaps have been noted where general financial habits fail to predict discrete credit uptake decisions (cf. Rahman *et al*., 2021).

5.4 Limitations and Future Research

Theoretically, findings underscore TPB's compatibility with fintech contexts: literacy enhances perceived control and informed attitudes, which relate to intention. The non-significance of family education suggests that distal socialization requires reinforcement via formal curricula and real-world practice. Practically, universities in Manado and beyond should emphasize applied literacy—modules on cost-of-credit calculations, comparison of platform terms, and debt risk scenarios—rather than relying on family background. Fintech providers and regulators could incorporate in-app literacy nudges (fee breakdowns, repayment simulations) to support responsible borrowing.

CONCLUSION

This study concludes that financial literacy significantly affects borrowing intention among students, while family financial education and financial behavior show limited roles. The findings underscore the urgency of enhancing financial literacy through university programs, workshops, and government initiatives. Limitations include the small, location-specific sample and reliance on self-reported data. Future studies should employ larger, more diverse samples and explore additional variables such as peer influence and digital financial inclusion.

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