The Effect of E-Wallet Application Use and Financial Literacy on Students' Financial Management

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Abstract: Technology can make financial activities easier. However, this must be balanced with good financial literacy so as not to cause consumptive behavior in the use of financial technology. This study aims to determine the effect of the use of e-wallet applications and financial literacy on financial management. The sampling technique used is purposive sampling. The population is class A finance students of Muhammadiyah University of Palopo and the sample is 118 students using a questionnaire distributed via google form. The research method uses a quantitative approach through multiple linear regression analysis and is processed with the help of SPSS. The results of this study indicate that the variables of e-wallet use and financial literacy have a positive and significant effect on financial management in students.

Introduction

Technology has now become an inseparable part of everyday life because as human activity increases, practical tools are needed to make it easier and provide comfort in carrying out various daily routines (Marpaung, Purba, and Maesaroh 2021). The phenomenon of online shopping has become a necessity and even a lifestyle, especially among the younger generation and students, who are active user groups of digital financial services (Aulia, Suryadi, and Safitri 2023). One of the financial applications that can facilitate transactions is e-wallet. E-wallet or electronic wallet is a digital-based service for carrying out various transactions. In addition to being used to pay for goods through a transfer system or QR code scanning, e-wallets can also store funds, as well as pay bills for water, electricity, wifi, and so on (Susi 2024).

The efficiency and ease of electronic money transactions using digital wallets makes students who are not yet established in their jobs and income tend to be wasteful and sometimes only buy consumer goods to follow the current trend (Anwar, Nalurita, and Hamrullah 2022). Lack of financial literacy among e-wallet users can be one of the causes of waste when shopping (Erawati and Susanti 2017). According to Yushita (2017) Financial literacy is a basic need for everyone to avoid financial problems.

With the increasing use of e-wallets, students need to understand how this financial application works. Without adequate financial literacy, students may be less able to manage transactions wisely, which can lead to uncontrolled spending. Financial literacy helps students

manage their budget better. The purpose of this study was to determine whether e-wallet applications and financial literacy have an effect on financial management in finance students at Muhammadiyah University of Palopo. The results of this study are expected to help understand how to manage finances better through the use of technology and increasing financial literacy.

Theory of Planned Behavior (TPB)

Theory of Reasoned Action proposed by Ajzen and Fishbein, and updated with the theory of planned behavior theory of planned behavior by Ajzen, has been used for two decades to research sharing desires and behavior (Ajzen 2011).

TPB is a social psychology theory for predicting human behavior. This theory has been used to understand the behavior of individuals and how they respond to various situations (Laily 2016). There are three main concepts in TPB, namely Attitude toward the behavior, Subjective norms, and Perceived behavioral control.

E-wallet Application

Electronic wallets or digital wallets are a type of financial technology (fintech) which is a non-cash payment using the internet as a medium (Purbondaru et al. 2023). According to research Nawawi (2020) revealed that ease of use, ease of transactions, and available discounts are the three main reasons why students choose to pay with e-wallets, but with ease of transactions, students can more easily shop which leads to wasteful behavior. The indicators used according to Gunawan *et al*., (2020) is : service features, advertising or promotions, consumer attitudes, and risks and protection. Access to student financial activities becomes easier by using e-wallets and can also help students in monitoring their finances (Wiwik, Achmadi, and Syahrudin 2023). In research Widodo & Sudarno (2024) concluded that the use of E-wallet Applications has a positive influence on financial management.

H1: It is suspected that E-wallets have an impact on financial management for students.

Financial Literacy

Financial literacy is a person's understanding of financial concepts which consists of awareness, knowledge, skills, attitudes and behavior that a person needs to have to determine financial strategies (Sugiharti & Maula, 2019). Financial problems often arise due to a lack of understanding of financial literacy and irregular financial management habits (Hamdani 2018). With financial literacy, a person can easily understand and know things about finance and the risks that may occur (Ariska *et al*., 2023). Indicators used in financial literacy variables according to Suratno *et al*., (2021) is a general understanding of finance, savings, investment and insurance. Students who understand financial literacy tend to be better able to manage their personal finances (Irawati and Kasemetan 2023). The results of research conducted by Laily (2016) proves that there is an influence of financial literacy on student management.

H2: It is suspected that financial literacy has an impact on students' financial management.

Financial Management

A person's ability to plan, save and manage daily finances is the definition of financial management (Gunawan et al. 2020). If financial management is structured, a person will not get caught up in consumer behavior (Akib, Jasman, and Asriany 2022). In research Sugiharti & Maula (2019) There are 4 indicators used, namely: Cash flow, Consumption, Savings, Debt

management. E-wallets play an important role in facilitating students' financial transactions, while financial literacy influences how students understand and use e-wallet services. Students who have good knowledge of financial literacy are more likely to use e-wallets in a way that minimizes financial risks and maximizes benefits (Layuksugi, Riyadi, and Nurdin 2024).

H3: It is suspected that E-wallet and Financial Literacy have an impact on Financial Management.
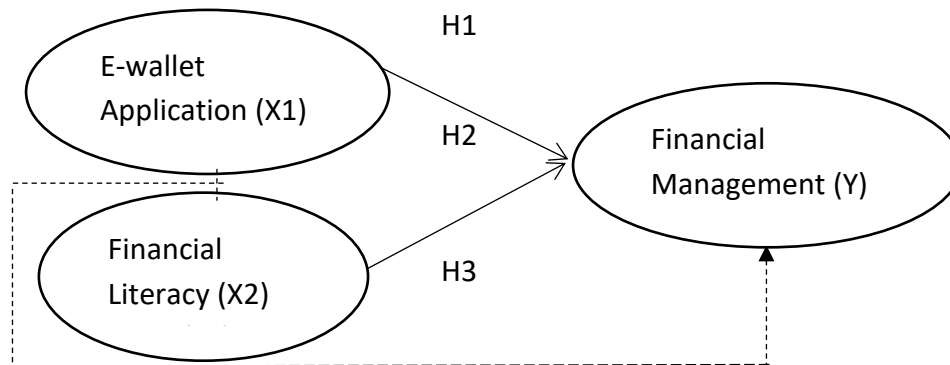
Research Method

Figure 1. Conceptual Framework

Type And Source Of Data

This type of research is quantitative research, namely research that uses statistical analysis, in the form of questions that are distributed to respondents online to measure the scores that have been collected. The data in this study were obtained from primary data sources where primary data is data that is directly collected by researchers by distributing questionnaires using a Likert scale of 1-5 with answer choices of 1 Strongly Disagree, 2 Disagree. 3 Neutral, 4 Agree, 5 Strongly Agree.

Location And Time Of Research

The author chose the research location at one of the universities in Palopo City, namely Muhammadiyah University of Palopo with a research time of 3-4 weeks.

Population And Sample

The population in this study were all class A finance students in semesters 3, 5, and 7 at the University of Muhammadiyah Palopo. This study used a purposive sampling technique, which is a sample selection method based on predetermined criteria or special considerations. The sample in this study was 118 students.

Data Analysis Techniques

This study used multiple linear regression analysis techniques with the SPSS (Statistical Program For Social Science) program analysis tool.

1. Testing research instruments
   a. Validity test
   b. Reliability Test
   c. Normality Test
2. Multiple Regression Analysis Test

With data from the independent variables of known magnitude, a multiple regression model is used to predict how small the dependent variable is.

The following regression equation formula is used to test the hypothesis:

$$Y = a+b1X1+b2X2+e$$

Description:

Y= financial management variable

a= constant

b1= e-wallet regression coefficient

b2= financial literacy regression coefficient

X1= e-wallet

X2= financial literacy

e= standard error

3. Hypothesis testing is carried out using three tests, namely Partial Test (T Test), Simultaneous Test (F Test), and Determination Coefficient Test (R^2).

Table 1. Questionnaire return rate

Information	Amount
The questionnaire was distributed	161
Returned questionnaire	118

The table above shows that of the 161 questionnaires distributed, only 118 questionnaires were returned and could be processed.

Result and Discussion

Instrument Test Results

Validity test

Data can be said to be valid if the calculated R value > R table value. To determine the R table value, the formula (df = n-2) is used with a significance level of 5%.

Table 2. Validity Test Results

Variable	Item	R count	R table	Status
E-wallet Application	X1.1	0,683	0,180	Valid
	X1.2	0,768	0,180	Valid
	X1.3	0,651	0,180	Valid
	X1.4	0,624	0,180	Valid
	X1.5	0,707	0,180	Valid
	X1.6	0,653	0,180	Valid
Financial Literacy	X2.1	0,695	0,180	Valid
	X2.2	0,699	0,180	Valid
	X2.3	0,717	0,180	Valid
	X2.4	0,747	0,180	Valid
	X2.5	0,660	0,180	Valid
Financial Management	Y1	0,774	0,180	Valid
	Y2	0,752	0,180	Valid
	Y3	0,709	0,180	Valid
	Y4	0,821	0,180	Valid
	Y5	0,640	0,180	Valid

Source: SPSS 27

From the table 1, it can be seen that all variables and statement items are stated as valid because the Pearson correlation R count > R table or the Pearson correlation is above 0.180.

Reliability Test

A questionnaire can be said to be reliable if the respondent's answers to the statements are balanced or the Cronbach alpha value is > 0.60.

Table 3. Reliability Test Results

Variable	cronbach Alpha	condition	status
E-wallet Application (X1)	0,767	0,60	Reliabel
Financial Literacy (X2)	0,744	0,60	Reliabel
Financial Management (Y)	0,793	0,60	Reliabel

Source: SPSS 27

Based on table 5 above shows the cronbach alpha value in each variable > 0.60. So all the variables above can be declared reliable.

Normality Test

Normality test is a statistical method used to determine whether data is normally distributed or not. Determination of normal distribution can be done using the One Sample Kolmogorov test. If the sig. Asymp value is more than 0.05, then the data is considered normally distributed.

The results of the normality test produce an Asymp. Sig. (2-tailed) value of 0.171 > 0.05. So the above can be stated as normally distributed.

Table 4. Results of normality test

One-Sample Kolmogorov-Smirnov Test

				Unstandardized Residual
N				118
Normal Parameters[a,b]	Mean			,0000000
	Std. Deviation			2,22577928
Most Extreme Differences	Absolute			,073
	Positive			,047
	Negative			-,073
Test Statistic				,073
Asymp. Sig. (2-tailed)[c]				,171
Monte Carlo Sig. (2-tailed)[d]	Sig.			,121
	99% Confidence Interval	Lower Bound		,113
		Upper Bound		,130

Source: SPSS 27

Multiple linear regression test

Multiple linear regression is a method that involves several independent variables to determine the extent to which these variables influence the dependent variable.

Table 5. Multiple linear regression test

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	2,323	1,742		1,333	,185
E-wallet Application	,210	,070	,232	3,008	,003
Financial Literacy	,640	,088	,563	7,282	,000

Source: SPSS 27

The multiple linear regression equation can be expressed as follows:

$$Y = 2{,}323 + 0.210X_1 + 0{,}640X_2$$

a) Constant value of 2.323. It can be explained that the constant value of 2.323 states that if the e-wallet application variable (X1) and the financial literacy variable (X2) have a value of 0, then the financial management variable (Y) is 2.323.

b) The coefficient value of the e-wallet application (X1) of 0.210 has a positive value, meaning that for every 0.210 increase in the use of the e-wallet application, financial management (Y) will also increase by 0.210.

c) The coefficient value of Financial Literacy (X2) of 0.640 has a positive value, meaning that for every increase in Financial Literacy of 0.640, Financial Management (Y) will also increase by 0.640.

Hypothesis Test
Partial test (T)

The basis of regression test results is carried out with a confidence level of 5% ($\alpha = 0.05$). If the significant value of the T test is > 0.05, then H0 and Ha are rejected, meaning that there is no influence of the independent variable on the dependent variable and vice versa.

Table 6. Results of the Persial Test (T-Test)

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	2,323	1,742		1,333	,185
e-wallet application	,210	,070	,232	3,008	,003
Financial Literacy	,640	,088	,563	7,282	,000

Source: SPSS 27

Based on the table 6, the following results were obtained:

a.) Based on the results of statistical processing with the help of SPSS, the results obtained that the e-wallet application has a positive and significant effect on Financial Management. Proven by the calculated T value of 3.008> T table value of 1.657. sig. value 0.003 <0.05. So it is concluded that H1 is accepted, meaning that there is a positive and significant effect between the e-wallet application (X1) on Financial Management (Y) in students.

b.) Based on the results of the statistical data processing above, it shows that Financial Literacy has a positive and significant effect on Financial Management. Proven by the calculated T value of 7.282> T table value of 1.657 and a significant value of 0.000 <0.05. So H2 is accepted, meaning that Financial Literacy (X2) has a positive and significant effect on Financial Management (Y) in students.

Simultaneous test (F)
     Simultaneous testing is the result of testing carried out to determine whether or not the independent variables simultaneously or together have an effect on the dependent variable.

Table 7. Results of simultaneous test (F test)

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	431,652	2	215,826	60,212	,000[b]
	Residual	412,212	115	3,584		
	Total	843,864	117			

Source: SPSS 27

     The test results produced a calculated F value > F table value or 60.212 > 3.07 with a sig. value of 0.000 < 0.05. Thus, it can be concluded that all independent variables, namely e-wallet Application (X1) and Financial Literacy (X2) together or simultaneously affect the dependent variable, namely Financial Management (X2).

Coefficient of determination (R^2) test
     The determination coefficient test is the result of a test to measure how much the proportion of variation in the independent variables, namely e-wallet applications and financial literacy, has an influence on the dependent variable, namely student financial management.

Table 8. Test of Determination Coefficient (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,715[a]	,512	,503	1,893

Source: SPSS 27

     The results of the determination coefficient in the table above are 0.512 or 51.2%. This shows that e-wallet applications and financial literacy are able to influence student financial management, while 48.8% is influenced by other variables outside this study.

Discussion
E-wallet Applications Influence Student Financial Management
     The results of the study show that the use of e-wallet applications has a positive and significant effect on financial management in class A finance students at the University of Muhammadiyah Palopo. It can be proven that students who use e-wallets can control their spending by utilizing the features available in the e-wallet application. In addition, students also take advantage of promos and discounts that can be used to save money and avoid waste. The results of this study are in line with research Widodo & Sudarno (2024) which

states that the use of e-wallets has a positive influence on financial management. However, Cahya *et al*., (2024) argues that on the one hand e-wallet makes it easier to buy and encourage consumption, while on the other hand e-wallet provides greater control over financial management and reduces unnecessary purchases. Its influence is highly dependent on the user's attitude towards money management and how they utilize e-wallet features. TPB can be associated with the attitude of someone who uses e-wallet will have a positive impact if the user considers e-wallet as a tool that facilitates transactions also followed by subjective norm factors, namely social pressure or influence from people closest to them and also behavioral control factors that will increase the desire to use this application.

Financial Literacy Influences Student Financial Management

The results of this study indicate that Financial Literacy has a positive and significant effect on Financial Management in Class A finance students at Muhammadiyah University of Palopo. The results of this study are in line with research Monica & Nurani (2024), Suprianto *et al*., (2023), dan Sugiharti & Maula (2019) which states that financial literacy has a significant influence on financial management. This means that the higher the financial knowledge, the more effective financial management will be. Students who have good knowledge and understanding of literacy and are also able to apply financial knowledge in everyday life. In contrast to research Gunawan *et al*., (2020) which states that financial literacy has no effect on financial management. Financial literacy not only provides knowledge, but also shapes attitudes, strengthens positive social norms, and increases a person's confidence in healthy financial behavior. All of this is in line with the structure in the Theory of Planned Behavior.

E-wallet Applications and Financial Literacy Influence Student Financial Management

The results of the study indicate that the variables of e-wallet application and financial literacy together have a positive and significant influence on financial management in students of the University of Muhammadiyah Palopo. Students who have a deeper understanding of financial literacy tend to have wiser financial management. Digital wallets provide practical facilities for students to apply financial knowledge in everyday life. By using a digital wallet, students can manage expenses, plan budgets, and obtain financial information quickly and efficiently. This research is in line with research Wiwik *et al*. (2023), which states that financial literacy has a positive and significant influence on financial management through the use of e-wallet applications.

Conclusion

From the results of the research that has been conducted, it can be concluded that the use of e-wallet applications has a positive and significant influence on financial management and financial literacy has a positive and significant influence on financial management in class A finance students in semesters 3, 5, and 7 at Muhammadiyah University of Palopo.

Suggestion

Regular financial literacy training, such as seminars, workshops, or guest lectures, should be held by universities or educational institutions. This will help students better understand the concept of financial literacy and the benefits of using e-wallets. In order to produce more diverse research, it is hoped that future research will expand the research factors related to the use of electronic wallets, financial literacy, and financial management.

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