The role of financial literacy and self-control: risky credit behavior in using paylater

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Abstract

This research seeks to ascertain the effect of financial technology and financial literacy on risky credit behavior in Paylater users with self-control as a mediating variable. The research was conducted on generation z and millennials with an age range of 18 to 35 years who are currently or have used Paylater. This study uses a quantitative approach with a causal associative type of research, and involves 150 people as a research sample. Data were collected through an online questionnaire and analyzed using PLS-SEM. The results showed that financial technology and financial literacy have a significant effect on risky credit behavior. In addition, self-control is a mediating variable that strengthens the relationship between financial technology and risky credit behavior. This highlights the importance of financial literacy and self-control in reducing risky credit behavior arising from the use of Fintech services such as Paylater. The need for good financial understanding and strong self-control in order not to get trapped in risky credit behavior. Service provider companies and financial institutions should actively provide financial education and offer spending control features, such as credit alerts, installment simulations, and clear cost information.

Keywords: *Fintech, Financial Literacy, Risky Credit Behavior, Self-Control*

Introduction

The development of technology continues to progress day by day, characterized by all activities that can be done digitally without human involvement, known as the Industrial Revolution 4.0 era. This era encourages the development of the business world, especially in the information and financial sectors. One phenomenon that has emerged is the increasingly popular use of credit-based payment services without cards, namely Pay Later, which makes it easy for users to shop without paying directly. This service is in great demand by the younger generation, especially the millennial and Z generations, because of its ease of access and flexibility (D. Y. Pratama & Fitriyah, 2024). Although it offers various benefits, caution is still needed because pay later can cause financial and social problems if not used wisely (Fitriani, 2024).

IdScore data shows that risky credit behavior is increasing as the number of credit service users in Indonesia increases, especially among Generation Z and millennials (IdScore, 2024). The number of Buy Now Pay Later service users reached 14.37 million, reflecting significant growth of 9.35% compared to the previous year (YoY). This indicates the increasing interest and adoption of Paylater services in Indonesia (Bisnis.com, 2024). The same survey states that 45.9% are Paylater users, up 64.3% from 28.2% in the previous period (YoY)(Kredivo, 2024).

According to Databoks, users of Buy Now Pay Later services come from the millennial generation, with an age range of 26-35 years recorded at 43.9% and 26.5% come from

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Generation Z, with an age range of 18-25 years (PERBANAS, 2024).

The increase in Paylater users can trigger the emergence of risky credit behavior, because it does not consider the risks it faces. In addition, risky credit behavior can also affect the borrower’s credit score, which can result in difficulty applying for credit in the future. One of the factors that influences risky credit behavior is financial literacy. Liu and Zhang (2021), also state that risky credit behavior is influenced by a person’s level of financial literacy. This is because individuals do not have sufficient understanding of financial literacy (Nisha, 2023). Someone with a good financial understanding will be more aware of the consequences of poor financial transaction behavior, such as risky credit transactions (Surya & Evelyn, 2023).

Another factor that influences risky credit behavior is self-control. Strong self-control makes a person wiser in using their money, not easily influenced by the social environment, and able to manage their finances properly. Someone with strong self-control tends to reduce behaviors that can trigger risky credit behavior such as debt and consumptive behavior (Nugrahanti et al., 2024).

Financial literacy is one of the important factors in responsible fintech use (Aziz et al., 2023). Financial literacy can help individuals to take control of their finances, especially by using fintech, and see money from a different perspective. To improve the quality of financial services, users of financial technology need to understand how to use the financial system optimally (Pebriyanti et al., 2023). Financial literacy is essential to help consumers make judgments about how to use financial products. By increasing the level of financial literacy, people can better manage their money and avoid dangerous financial products (Andiani & Maria, 2023).

H1: Financial technology has a significant effect on financial literacy

Responsible individuals will choose to save. Lubis et al. (2020), state that people who have strong self-control can make their financial management better, stay organized in various circumstances, control excessive spending, and distinguish between wants and needs, which means they can control their urges and desires. Sulistiyani et al. (2023) also mentioned that self-control allows individuals to manage finances better and spend money according to their needs. Ulayya and Mujiasih (2020) argue that the ease of transactions through Fintech increases the risk of consumptive behavior. Therefore, self-control is very important to prevent consumptive behavior.

H2: Financial technology has a significant effect on self-control

The development of financial technology changes the transaction process by providing opportunities for everyone to benefit from the ease of transacting anytime and from anywhere in a safe and efficient way (Sholehah & Amaniyah, 2024). The emergence of various payment systems that change people's payment behavior from cash to non-cash transactions is influenced by financial technology (Bank Indonesia, 2021). One of the fintech technologies that is developing in Indonesia is Paylater, which makes it easy for individuals to buy goods on credit (Risukmasari, 2024). However, the ease of using Paylater services in purchasing products can potentially lead to waste and debt accumulation, which is risky credit behavior. This can damage credit reputation and lead to excessive credit applications. (Putri & Andarini, 2022).

H3: Financial technology has a significant effect on risky credit behavior

Low financial literacy will inhibit individual risk perception and increase the likelihood of risky credit behavior (Firman et al., 2023). Robb (2017) research also explains that individuals with high financial literacy will have a greater likelihood of using credit wisely. Financial literacy is a form of understanding and information about financial management and as much as possible to minimize the risks that will occur in the future (B. Pratama et al., 2024). Thus, individuals with good financial literacy skills are positively correlated with their financial behavior, such as being on time in paying bills, saving money, and using credit cards wisely (Margaretha & Sari, 2015).
H4: Financial literacy has a significant effect on risky credit behavior.

Hayati et al. (2020) argue that self-control has a positive effect on consumptive behavior, which reflects risky credit behavior. Someone who has good self-control is unlikely to engage in consumptive behavior. This means that the better the self-control, the more consumptive behavior will decrease. Self-control will make individuals try to think and behave in using the money they have (Udiarti et al., 2022). Therefore, good self-control will have an impact on the better financial management carried out, thereby minimizing the occurrence of risky credit behavior (Chaniago & Suwaidi, 2024).
H5: Self-control has a significant effect on risky credit behavior

Users of financial technology services with a higher level of financial literacy will have knowledge and understanding of the terms and principles of online credit services, so they will avoid consumer credit risk (Liu & Zhang, 2021). Those who have a good understanding of finance will be better prepared to face the challenges of globalization. This allows them to adapt to the evolving financial system and financial innovations, one of which is financial technology. With financial literacy knowledge, one will be able to make wise decisions to avoid risky credit behavior when making financial decisions. Using financial technology services requires a good understanding so that users can avoid debt and installments (Kamil & Indrawati, 2023).
H6: Financial literacy mediates financial technology on risky credit behavior.

Financial technology has developed significantly along with the growth of technology (Sulistiyani et al., 2023). Payment transactions and financial transactions are now easier to do because of these advances. However, this convenience can also increase consumptive behavior, which will trigger risky credit behavior (Fariska et al., 2024). Therefore, self-control is needed because individuals who have a high level of self-control will be better able to control the urge to buy goods impulsively (Fauziah et al., 2023). Gunawan et al. (2023) stated that financial technology and self-control have a positive influence on consumptive behavior in online shopping, resulting in consumptive behavior.
H7: Self-control mediates financial technology on risky credit behavior.

Firman et al. (2023) and Liu and Zhang (2021) stated that financial literacy objectively has a significant negative effect on risky credit behavior. This shows that the higher the level of financial literacy a person has, the less likely it is to engage in risky credit behavior.

Meanwhile, research by Putri et al. (2024) states that financial literacy has no direct impact on high-risk credit behavior, and perceived financial knowledge does not affect risky credit behavior or confidence in managing finances.

According to Sandy and Renanita (2018), state that self-control does not have a significant relationship to unhealthy credit card use. This means that it can be said that the use of unhealthy credit cards is not significantly influenced by high or low self-control. Meanwhile, research by Syaech and Iramani (2024) states that self-control has a significant negative effect on the tendency to owe. This shows that self-control is a factor for someone not to get into debt, which is risky credit behavior.

The development of digital technology has led to the increasing use of digital credit services such as PayLater, especially among millennials and z-generation. While these services provide convenience in financial transactions, many users do not fully understand the inherent risks, such as uncontrollable debt and long-term financial burden. Most previous studies have highlighted the role of financial literacy and self-control in reducing risky credit behavior, but the majority still focus on credit cards or conventional loans. Research on digital credit services such as PayLater is still limited, especially in identifying how financial technology and financial literacy affect risky credit behavior with self-control as a mediating factor. Therefore, this study aims to fill the gap by exploring the relationship between financial technology, financial literacy, and risky credit behavior in the context of using PayLater, and highlighting the role of self-control in mediating the relationship.

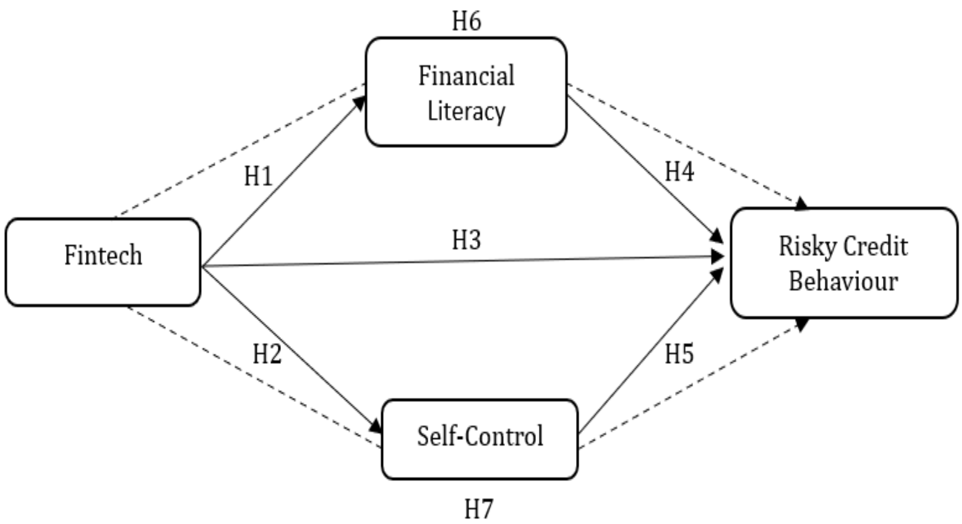

Figure 1. Conceptual Framework

Methods

This study employs a quantitative research method with a causal associative research design. According to Sugiyono (2019), quantitative research is based on the positivism paradigm and is conducted on specific populations or samples. Data is collected with research instruments and analyzed quantitatively with the aim of testing hypotheses. Meanwhile, according to Sugiyono (2019), causal associative research aims to determine the influence or relationship between two or more variables. The indicators used for each variable are as follows:

Table 1. Table of Operational Variables

Variables	Indicator	Reference
Financial Technology (Fintech) (X)	Easy access to fintech services Speed of transaction process Security of transaction services Use of fintech features for credit payment such as Pay later	Sholehah & Amaniyah (2024)
Financial Literacy (Z1)	Individuals' perception of their ability to manage personal finances Ability to repay loans Knowledge of finance	Putri et al. (2024)
Self-Control (Z2)	Cognitive control Decision control Behavior control	According to Averill in Idris (2021)
Risky Credit Behavior (Y)	The extent to which individuals utilize the pay later feature Frequency of shopping Price considerations Accuracy in paying bills Sufficiency of funds to repay loans	Putri et al. (2024)

The data used is primary data by distributing questionnaires online. The intended respondents are Generation Z and millennials with an age range of 18 to 35 years who have used or are currently using Paylater services. The population size cannot be determined directly, therefore, Hair et al's guidelines are used to determine the sample size. Based on Hair et al. (2017), stating that the minimum sample size is 10 times the number of measurement items, namely 15 measurement items times 10, 150 samples were used in this study. So that it meets the requirements and exceeds the recommended minimum limit of 10 times the number of indicators.

This research uses PLS-SEM because this technique is very suitable for complex and predictive models, especially in research involving many constructs, indicators, and relationships between variables. PLS-SEM is very useful for predictive purposes, making it suitable for research that aims to test the theoretical framework from a predictive perspective. In addition, PLS-SEM can be used to analyze data that does not meet the assumption of normality and can also be used in research with a relatively small sample size (Hair et al., 2014). Inner and outer models are used in this study to test validity and reliability and to explain the relationship between latent variables and their indicators. By evaluating both models, researchers can check for measurement error and test hypotheses to conduct factor analysis of the equation.

Results and Discussion

Before conducting a more in-depth analysis, the researcher first describes the characteristics of the respondents. Consists of 150 respondents who have answered the research questionnaire. The following is a table of respondent profiles:

Table 2. Respondent Profile

Category	Possible Answers	Frequency	Index
Gender	Male	55	36.7%
	Female	95	63.3%
Age	18-23 years old	109	72.7%
	23-29 years old	36	24%
	> 30 years	5	3.3%

Table 2 explains that respondents were dominated by women, as many as 95 people (63.3%), while male respondents were 55 people (36.7%). Based on the age category, most of them are in the age range of 18-23 years, namely 109 people (72.7%), the age range of 23-29 years is 36 people (24%), and the age range> 30 years is 5 people (3.3%).

This indicates that the sample is dominated by women, which can have an impact on the interpretation of the research results or responses to the variables studied. The majority of respondents are from the younger age group, particularly those aged 18 to 23, this age is easily influenced by technological developments but is still not considered wise in making credit decisions.

The next step is to evaluate the feasibility of indicators. This study uses four variables and PLS-SEM analysis is carried out, where there are two steps that must be taken, namely the inner model test and the outer model test. The results of testing the inner and outer models are shown below:

According to Ghozali (2021) states that the validity test is carried out to determine whether a questionnaire is valid or not. An indicator meets convergent validity if the outer loading value is above 0.7. Based Table 3 shows that each indicator in the study has an outer loading value above 0.7. The financial technology indicator (X) shows a loading factor value ranging from 0.718 to 0.805, with X8 having the highest loading factor value of 0.805. This suggests that indicator X8 is the most effective in measuring the financial technology variable. Similarly, the risky credit behavior indicator (Y) has a loading factor value ranging from 0.836 to 0.916, with Y3 having the highest value of 0.916, indicating that this indicator is very good at measuring the risky credit behavior variable.

Furthermore, the financial literacy indicator (Z1) also shows a loading factor value above 0.7 with values ranging from 0.727 to 0.863. Indicator Z1.3 has the highest loading factor of 0.863, which indicates that this indicator is the most effective indicator for measuring financial literacy. After that, the self-control indicator (Z2) shows a loading factor that is also above 0.7, with a range of 0.715 to 0.858. With the highest loading factor of 0.858, indicator Z2.1 indicates that it is the most effective indicator for measuring self-control. Based on this, it is concluded that each indicator is valid and effectively represents its variable, so further analysis can be carried out.

Table 3. Validity Test Results

Indicator	Financial Literacy (Z1)	Financial Technology (X)	Risky Credit Behavior (Y)	Self-Control (Z2)
X1		0.723		
X2		0.718		
X3		0.755		
X4		0.755		
X5		0.756		
X6		0.788		
X7		0.759		
X8		0.805		
Y1			0.838	
Y2			0.875	
Y3			0.916	
Y4			0.872	
Y6			0.836	
Z1.1	0.739			
Z1.3	0.863			
Z1.4	0.818			
Z1.5	0.727			
Z1.6	0.798			
Z2.1				0.858
Z2.2				0.715
Z2.4				0.722
Z2.5				0.722
Z2.6				0.747

In addition to the validity test, the reliability test was also carried out with the aim of the statement items in the questionnaire which were declared valid. According to research from Ghozali (2021), Reliability is a measure used to determine how reliable a questionnaire is if a person's answer to a statement is consistent or stable over time. If the test statement is fulfilled, the questionnaire is declared credible. After the research instrument is tested, the next step is to choose a data analysis method and test the research hypothesis. Researchers used Cronbach's alpha and composite reliability values to measure the reliability of the variables studied. It is said to be reliable if both values are greater than 0.7. Table 4 displays the results of the reliability test.

Table 4. Reliability Test Results

Variables	Cronbach's Alpha	Composite Reliability
Financial Literacy	0.852	0.893
Financial Technology	0.894	0.915
Risky Credit Behavior	0.918	0.938
Self-Control	0.822	0.868

Based on Table 4, it can be seen that each parameter has a value above 0.7. Financial literacy gets a Cronbach's Alpha value of 0.852 and a Composite Reliability value of 0.893, which indicates that the items in the questionnaire accurately and consistently measure the concept of financial literacy. Then the Cronbach's Alpha value of financial technology is 0.894 and the Composite Reliability value is 0.915, which means it has a very high reliability. Risky credit behavior has a Cronbach's Alpha value of 0.918 and a Composite Reliability value of 0.938, meaning that the indicators used are very consistent and reliable in measuring risky credit behavior. Likewise, self-control has a Cronbach's Alpha value of 0.822 and a Composite Reliability value of 0.868, which means it has good reliability because it is above 0.7. This explains that the items used in the study provide consistent and reliable results. Therefore, it can be said that the variables in this study are reliable.

R-square can be used to evaluate structural models. R-square also shows how strong and weak a research model is, where an R-square value of 0.75 is classified as strong, 0.50 is moderate, and 0.25 is weak (Hair et al., 2019).

Table 5. R Square

Variables	R Square
Financial Literacy	0.364
Risky Credit Behavior	0.465
Self-Control	0.105

Based on Table 5, it shows that the Risky Credit Behavior variable has an R-Square value of 0.465, which is considered weak. The R-Square value of 0.465 means that the percentage of risky credit behavior is influenced by financial literacy, self-control, and financial technology by 46.5%. This is because around 53.5% of the variation in risky credit behavior is influenced by factors outside the independent variables, such as psychological, social, or economic factors that are not included in this research model. Then the financial literacy variable has an R-Square of 0.364, which is also a weak value. An R-Square value of 0.364 means that the percentage of financial literacy influenced by financial technology is 36.4%. Meanwhile, the remaining 63.6% is influenced by other factors outside the analysis or independent variables, such as formal education, personal financial experience, and access to broader financial information.

Then the self-control variable has an R-square value of 0.105, which is the variable with the weakest R-square. An R-square of 0.105 means that only 10.5% of self-control is influenced by financial technology. Meanwhile, 89.5% is due to factors outside the independent variables such as individual habits, social norms, and more complex emotional factors. Overall, the low R-Square value on these variables shows that the factors studied in this research only contribute a limited amount to risky credit behavior. This confirms that other external aspects, such as economic stability, financial regulations, and individual consumption patterns, may have a more significant role in shaping a person's credit behavior.

Hypothesis testing was conducted to determine the impact of each variable on other variables to understand the connection between the study's factors. Each study is based on the original sample and the P value, which provides an overview of the hypothesis being tested. The following are the results of the bootstrapping output hypothesis test shown in Table 6, which illustrates the relationship between variables and the results of the analysis.

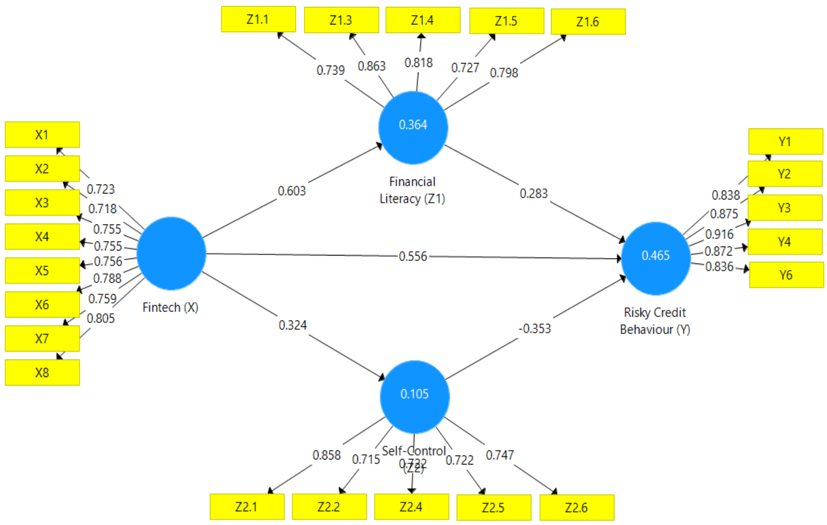

Figure 2. Outer Loading Path Diagram

Table 6. Bootstrapping Results

Hypothesis	Indicator Relationship with Latent Variable	Original Sample	P Value	Decision
H1	Financial Technology (X) → Financial Literacy (Z1)	0.283	0.006	Accepted
H2	Financial Technology (X) → Self-Control (Z2)	0.603	0.000	Accepted
H3	Financial Technology (X) → Risky Credit Behavior (Y)	0.556	0.000	Accepted
H4	Financial Literacy (Z1) → Risky Credit Behavior (Y)	0.324	0.001	Accepted
H5	Self-Control (Z2) → Risky Credit Behavior (Y)	-0.353	0.000	Accepted
H6	Financial Technology (X) → Financial Literacy (Z1) → Risky Credit Behavior (Y)	0.170	0.007	Accepted
H7	Financial Technology (X) → Self-Control (Z2) → Risky Credit Behavior (Y)	-0.114	0.009	Accepted

Based on Table 6 bootstrapping results, it shows that all hypotheses in the study are accepted because the p-value is smaller than 0.05. Financial technology is proven to have a significant influence on financial literacy (*P-value=0*.006), which indicates that the more financial technology used, the better one's financial literacy level. In addition, financial technology also has a significant influence on self-control (*P-value=0*.000), indicating that the use of financial technology can improve one's self-control. Financial technology also directly increases risky credit behavior (*P-value=0*.000), meaning that the higher the use of financial technology, the greater the likelihood of risky credit behavior. Conversely, higher financial literacy significantly reduces risky credit behavior (*P-value=0*.001), as well as high self-control significantly reduces risky credit behavior (*P-value=0*.000). In addition, the mediating variables of financial literacy and self-control are proven to be able to mediate the effect of financial technology on risky credit behavior because the p-value for the mediating effect is also smaller than 0.05, namely, (*P-value=0*.007) and (*P-value=0*.009). In other words, financial technology not only has a direct impact, but also indirectly affects risky credit behavior through the mechanism of increasing financial literacy and self-control.

Based on the findings above, H1 which states that financial technology affects financial literacy is accepted. It can be said that the use of financial technology directly helps improve the understanding of financial literacy. Fintech makes it easier to access financial services such as investment and savings, which in turn improves users' financial literacy. With more frequent use of these technologies, users become more familiar with financial concepts, enabling them to make wiser and more risk-aware financial decisions. In addition, the results show that the influence of financial technology, especially Paylater, on financial literacy is significant at the age of 18-23 years old. This age group tends to be immature in making financial decisions, relying more on technology without considering long-term risks. This may explain why the ease of access to Paylater influences their financial behavior more. In contrast, the level of adoption of financial technology, such as Paylater, is lower in the age group above 30 years old.

Gomber et al. (2018), also argue that the use of financial technology services can help individuals become more financially aware, which in turn has an impact on personal financial management.

Financial technology has a considerable influence on self-control. Therefore, H2 which states that financial technology affects self-control is accepted. The various features offered allow individuals to manage their finances with more discipline. Features such as automatic transaction recording, payment reminders, and spending limits can help a person control spending habits and avoid impulse purchases. With fintech, it is also easier for individuals to monitor their financial condition in real-time, which in turn can increase awareness of their financial decisions. However, the effectiveness of fintech in improving self-control may vary based on age.

Younger individuals, especially those who are just starting to manage their own finances, tend to have lower levels of self-control compared to those who are more mature. At this age, there is still a tendency to make impulsive financial decisions without considering the long-term impact. For businesses, especially in the e-commerce and fintech sectors, understanding these characteristics is an important business strategy. Services such as Paylater and digital credit are a major draw for this age group, as they offer flexibility in transactions. However, easy access to digital credit also increases the risk of uncontrolled credit if not accompanied by good self-control. Therefore, businesses must realize that financial education for consumers is a strategic tool to ensure users' financial health and reduce the risk of financial loss. On the other hand, individuals with a more mature age generally have more financial experience, making them more cautious in making financial decisions. They tend to be more selective in utilizing fintech and use it to support more systematic financial management, such as in budgeting and investment planning. Thus, although financial technology can help improve self-control, the impact is more significant for individuals with higher levels of financial maturity. This is in line with the research of Rohmah and Yucha (2023) and Widyaningrum et al. (2024) which states that users of financial technology have an effect on self-control.

Based on the findings, financial technology also has an influence on risky credit behavior, so H3 is accepted. Therefore, it can be said that the easy access to digital credit services, such as Paylater, allows individuals to make transactions instantly without careful consideration. This can lead to risky credit decisions, especially for those who do not have sufficient financial experience or are not used to managing debt wisely. Younger individuals tend to be more prone to risky credit behaviors due to impulsivity and lack of awareness of the long-term consequences of using credit. They tend to use Paylater to fulfill consumptive needs without careful calculation of their ability to pay. For businesses and financial service providers, this age group is a potential market, but also poses a high risk in debt management. Therefore, business strategies that focus on financial education and consumer protection features, such as credit limits tailored to user profiles, can help mitigate the risk of bad credit. Meanwhile, more mature individuals generally have more prudent decision-making patterns and consider aspects of financial sustainability before using credit facilities. In addition, misuse of financial technology in the form of excessive credit utilization can worsen an individual's financial condition, especially if they do not have a good debt management strategy. Mursalina (2024), the ease of access to financial technology such as SPayLater will increase the likelihood of impulse purchases, which can lead to increased debt, which is a risk of credit behavior.

Financial literacy affects risky credit, therefore it is concluded that H4 is accepted. Individuals who have good financial literacy about financial concepts allow one to make wiser credit decisions, avoid uncontrollable debt, and understand the long-term consequences of using credit facilities such as Paylater. Conversely, low financial literacy can cause individuals to be trapped in risky credit behavior due to a lack of understanding of how to manage finances properly.

Younger age groups tend to have lower levels of financial literacy than older age groups. Their lack of experience in managing finances and tendency to focus more on short-term needs makes them more vulnerable to making unwise credit decisions. They may use Paylater more frequently without considering their ability to pay, thus risking financial difficulties in the future. This poses a challenge for the fintech and e-commerce industries that offer digital credit services, as this age group is the main user of services such as Paylater. On the other hand, individuals with a more mature age generally have a better understanding of financial concepts, and are therefore better able to control their credit usage and avoid the risk of excessive debt. In addition, good financial literacy not only helps in understanding the risks of using credit but also increases awareness of the importance of maintaining a balance between expenses and income. This is in line with Lestari and Imronudin's research (2024) states that financial literacy and risky credit behavior have a positive relationship. Where if they have financial skills and awareness, they can reduce risky credit habits.

Based on these findings, self-control affects risky credit behavior, so H5 is accepted. Individuals with a high level of self-control tend to be wiser in using credit facilities and are able to avoid impulsive decisions that can lead to debt accumulation or default. From an age perspective, younger individuals tend to have a lower level of self-control compared to the older age group. Their limited emotional maturity and experience in managing finances makes them more susceptible to easy access to credit services such as Paylater. They may overuse credit without considering the long-term consequences, thus increasing the risk of uncontrollable debt. This poses a challenge for businesses and digital credit service providers, who need to implement risk mitigation strategies such as adaptive credit limits and financial education features to help users manage their finances with more discipline. In contrast, individuals with a more mature age tend to be more cautious in using credit facilities as they are more aware of the importance of maintaining long-term financial stability. In addition, a good level of self-control helps individuals to manage their finances in a more disciplined manner, including in avoiding excessive use of credit. Hadianto et al. (2023) states the same thing that credit card usage is negatively affected by self-control.

Financial technology affects risky credit behavior with financial literacy as a mediator, so it can be concluded that H6 is accepted. This shows that the more financial knowledge a person has, the less likely they are to engage in risky credit behavior. With more financial knowledge, individuals better understand what digital credit is, so they can make smarter financial choices.

Financial technology, especially digital credit products such as Pay Later, offers a great opportunity for Fintech companies to expand their market share, especially among the younger generation. However, without adequate financial literacy, this easy access to credit can increase the risk of credit usage and potential bad debts, especially for the younger generation who are not very good at managing money. Therefore, financial literacy is important as a mediator that can reduce the negative impact of financial technology on risky credit transactions. Fintech companies and business owners need to realize the importance of financial literacy of consumers, especially the younger generation, by taking proactive steps to educate them to utilize digital financial products responsibly and sustainably. In line with research conducted by Lusardi and Tufano (2015), people with better financial understanding tend to avoid actions that involve financial risk, such as taking on high-interest debt or poorly managed credit. Likewise, in their global study, Klapper et al. (2015) found that one of the main factors that led to many people being trapped in uncontrollable debt was a lack of financial literacy.

The results showed that self-control was able to mediate financial technology on risky credit behavior, so H7 in the study was accepted. Self-control has a positive influence on risky credit behavior. In other words, the higher one's self-control, the lower the possibility of risky credit behavior. With strong self-control, individuals will be more careful in using financial technology services and able to resist the urge not to go into debt beyond their means. Conversely, someone who lacks self-control will result in uncontrolled spending and increase credit risk.

This means that the role of self-control in mediating financial technology on risky credit behavior is very strong. Individuals with a low level of self-control have a greater tendency to experience excessive consumptive behavior, which in turn can lead to risky credit problems (Strömbäck et al., 2017).

Conclusion

Based on the results of the research data above, it shows that financial technology has a significant effect on financial literacy. The use of financial technology can help someone better understand how to manage finances properly. In addition, financial technology also has a significant effect on self-control. Individuals with a high level of self-control will be better able to manage their spending when using financial technology services. However, the convenience of fintech can also encourage people to engage in risky credit behavior. A person who does not understand their finances or does not have good self-control will be more vulnerable to being trapped in the use of unhealthy credit. Self-control helps reduce individuals' tendency to use risky credit, and financial literacy plays an important role in helping them understand the risks associated with credit use. In addition, this study found that financial literacy can reduce the negative impact of financial technology on risky credit behavior as individuals with financial knowledge are better able to use financial technology services wisely. In addition, self-control also plays a role in reducing the negative impact of financial technology on risky credit behavior as individuals with self-control tend to be more selective in using credit services.

Although financial technology provides various conveniences in financial transactions, users must have a good financial understanding and strong self-control to avoid being trapped in risky credit behavior. Therefore, improving financial literacy and strengthening self-control are essential to optimally utilize financial technology without incurring excessive financial risks. Financial technology service providers and financial institutions need to play an active role in providing education on good financial management and offering features that help customers to control their spending, such as credit limit warnings, installment calculation simulations, and clearer information on service fees and interest. This study has limitations in that the respondents were limited to one region, so the results may not be generalizable to a larger population. In addition, data collection was conducted through an online survey, which may contain bias as it only involves respondents who have direct access. For future researchers, we recommend focusing on specific subjects, such as young people and women who dominate the use of Paylater, to get more in-depth results. In addition, including a more diverse population and expanding the coverage area to larger cities with higher rates of Paylater usage may provide more representative results. To reduce selection bias, various data collection techniques can be used such as face-to-face surveys or a combination of online and offline methods.

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