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## PAYLATER USAGE BEHAVIOR AMONG UNIVERSITY STUDENTS: A MODIFICATION OF THE THEORY OF PLANNED BEHAVIOR

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### ABSTRACT

This study aims to empirically test the interrelationship of Paylater use which is suspected to be influenced by hedonic conformity and family financial education, as moderated by financial risk tolerance and self-control among students. This study applies the Theory of Planned Behavior (TPB) by modifying the determinant variables as determinants of Paylater usage behavior. By applying the purposive sampling method, 117 undergraduate and postgraduate students were selected as respondents. The findings revealed that hedonic conformity has a positive effect on the use of Paylater, while family financial education has a negative effect on the use of Paylater. Furthermore, financial risk tolerance has been shown to moderate the hedonic conformity pathway on the use of Paylater, but self-control has not been demonstrated to moderate the effect of family financial education on the usage of Paylater.



## KEYWORDS

Theory of planned behavior, paylater, hedonic conformity, family financial education, financial risk tolerance, self-control.

## INTRODUCTION

A lifestyle that prioritizes practicality and efficiency encourages an increased use of e-commerce in society (Gao et al., 2022), including in Indonesia. In 2020, e-commerce users in Indonesia reached 138.09 million, then increased by 15% to 158.65 in 2021, followed by an increase of 13% to 178.94 million users in 2022 (Statista Research Departement, 2024). E-commerce service features are equipped with various facilities to simplify consumer transactions, one of which is the Paylater facility. The results of a Katadata Insight Center survey in 2023 showed that there was a significant increase in the use of Paylater services in e-commerce, namely from 28.2% in 2022 to 45.9% in 2023 (Lavinda, 2023).

However, ironically, Paylater is not only accessed by people who already have a steady income, but it is also used by university students, most of whom do not yet have a steady income (Maulida et al., 2023; Yulianto & Wijaya, 2023). University students use the service because they believe it is easier to make purchases without having complicated requirements when experiencing liquidity constraints (Yasmin & Asmandani, 2023). Therefore, it is not surprising that problems eventually arise with installment payments

which threaten their financial well-being (Dhahana & Ulpah, 2023; Prijadi et al., 2022), and even risk the users' reputations when they want to apply for jobs or scholarships in the future (Pratika et al., 2021).

As reported from data from the Financial Services Authority (OJK) in 2023, the number of Paylater non-performing loans has reached 7.61%, where the majority of non-performing loan cases occurred in users under the age of 19 who did not have an income, with an average non-performing loan ratio of IDR 2.8 million per person (www.bbcnews.com, 2023). This phenomenon actually depicts good financial inclusion, but if it is not accompanied by adequate financial literacy and financial capabilities, it risks eroding the financial and psychological well-being of Paylater service users in the future (Lusardi & Streeter, 2023). Therefore, it is interesting to examine what factors contribute to the use of Paylater among students, so that this problem can be minimized.

There are several theories that explain how a behavior can be formed based on the factors that influence it. One theory that is often used in studies that predict human behavior is the Theory of Planned Behavior (TPB). TPB has been used in previous studies to



predict financial intentions and behavior, for example in retirement planning (Kumaraguru & Geetha, 2021), investment decisions (Warsame & Ileri, 2016), financing decisions (Ibrahim et al., 2017), and product purchases (Tarigan et al., 2021). TPB is a development of the Theory of Reasoned Action (TRA) which explains that a person's behavior is determined by one's attitudes and subjective norms (Ajzen & Fishbein, 1980). TRA was developed by adding a determinant of behavior, which is perceived behavioral control. TPB clarifies that humans tend to behave in specific ways according to their intentions and perceptions of control which come from three components, namely their attitudes, subjective norms, and perceptions of behavioral control (Ajzen, 1991).

Previous studies examining the determinants of an individual's intentions and behavior have used the variables in the original version of the TPB model (Ajzen, 1991), including attitude, subjective norms, and perceived behavioral control. Meanwhile, the development of the theory and the scope of research allows for the modification of other measurements and the addition of other variables in determining a person's intentions and behavior (Ali et al., 2017; Cooke et al., 2007; Oteng-Pepurah et al., 2020). This paper aims to accommodate the development of TPB by using other proxy variables according to the context of the object being studied. However, the intention variable was not observed in this study,

because several findings failed to prove the role of intention on certain behaviors (Norberg et al., 2007; Sutton, 1998). A person can act without having to initiate a specific intention (Fishbein et al., 2003) but is influenced by other factors such as behavioral routines and heuristic effects in the decision-making process (Norberg et al., 2007; Ouellette & Wood, 1998).

According to TPB, an individual's specific behavior is influenced by internal and external factors. One of the internal factors is attitude, which is defined as an individual's positive or negative feelings towards the behavior one performs (McIvor & Paton, 2007). In this study, an individual's evaluation of Paylater usage behavior can be proxied by the financial risk tolerance variable. When someone has a wider risk acceptance range, they tend to choose to use debt and are willing to bear the credit interest from this service (Yulianto & Wijaya, 2023), including the risk of debt default (Li, 2023). The next internal factor is perceived behavioral control, which indicates the degree to which a person feels that whether or not a behavior is performed is within his or her control (Krueger & Carsrud, 1993). A person's control in taking an action is often influenced by one's past/ childhood experiences in the family. Family financial education gained during childhood can be a strong consideration for someone in deciding whether or not to use Paylater. In accordance with the theory of social learning where someone learns by imitating events in the family environment, one's



learning starts from the family (Pahlevi & Nasrhullah, 2020). Another proxy for perceived behavioral control is self-control. When someone has a good foundation of family financial education and is supported by high self-control, the individual will tend to reduce debt behavior (Stromback et al., 2017). In this case, self-control strengthens the negative effects of family financial education on the use of Paylater.

Apart from the two internal factors above, the motivation for a person's behavior is caused by external factors, namely subjective norms, which express an individual's beliefs about how they will be viewed by their reference group if they carry out a certain behavior (Al-Swidi et al., 2014). In this study, one of the external influences that is suspected of contributing to someone using Paylater is hedonic conformity. Hedonic conformity is the tendency of an individual's attitude and behavior to adjust to their reference group to make pleasure or enjoyment the goal of life and to fulfill prestige (Oktafikasari & Mahmud, 2017). Technological advances that are realized in digital-based debt services increasingly facilitate this hedonistic behavior, especially when reinforced by the financial risk tolerance that it has. The interactions between external factors in the form of hedonic conformity and internal factors, namely financial risk tolerance, will strengthen the influence of hedonic conformity on the use of Paylater.

Based on the study conducted by the researcher, there is no known proxies for attitude, subjective

norms, and perceived behavioral control as proposed in this study. First, the use of the financial risk tolerance variable as a representation of an attitude that acts as a moderator in the hedonic conformity path towards the use of Paylater has not been found; second, the placement of self-control as a proxy for perceived behavioral control that can moderate the influence of family financial education on the use of Paylater has also not been done in previous studies. The findings of this study are expected to expand the application of TPB in the field of personal financial management, especially in the behavior of Paylater usage among students.

Based on the background described above, there are several research questions proposed in this study: a) Does hedonic conformity have a positive effect on the use of Paylater?; b) Does family financial education have a positive effect on the use of Paylater?; c) Does financial risk tolerance strengthen the effect of hedonic conformity on the use of Paylater?; and d) Does self-control strengthen the negative effect of family financial education on the use of Paylater?.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Theory of Planned Behavior (TPB)**

The Theory of Planned Behavior was developed by Ajzen (Ajzen, 1991). It describes a person's intention to perform a certain behavior. Intention is an indication of how hard a person is willing to try various efforts to perform the behavior (Ajzen &



Driver, 1992). Intention to behave is determined by (a) attitude, which is the belief that the behavior will produce a desired or undesired outcome, (b) subjective norm, which is the belief that the behavior is desired by others and a person is motivated to do it, and (c) perceived control behavior, which is an individual's belief about the ease of performing the behavior becomes important when the behavior is not entirely of one's own volition (Ajzen, 2005). In this study, the researcher modified TPB to test the determinants of Paylater usage behavior by applying proxy variables that are different from the original theory and other theories, namely financial risk tolerance, hedonic conformity, and family financial education.

#### **Paylater Usage**

Paylater is a means of financing to obtain goods and services that people can buy now and pay later. Paylater is an alternative payment method that adopts an online installment system without requiring a credit card with a repayment due date of less than or even more than a year (Salamah, 2022). Currently, Paylater is widely adopted by e-commerce in Indonesia, starting from entertainment companies, ticket and hotel bookings, marketplaces, to online transportation service providers (Prastiwi & Fitria, 2021).

#### **Hedonic Conformity**

Conformity is a type of social influence in which individuals change their attitudes and behavior to

conform to existing social/group norms, due to pressure from the group (Tannur & Roswiyani, 2021). Conformity occurs when a number of people in a group say or do something, and there is a tendency for members to say and do the same thing. A person conforms to his/her reference group because the individual wants to get recognition from the group (Capuano & Chekroun, 2024). Hedonism is a view that prioritizes the pleasures of life in order to adapt one's attitudes and behavior to those of one's group (Kurniaputri & Fatwa (2022); Oktafikasari & Mahmud (2017).

#### **Family Financial Education**

The first education for children is the family, including knowledge about finances. By providing financial management education from the family, children will learn several positive lessons related to spending, saving, and investing money correctly (Lusardi & Streeter, 2023). Parents are the main socialization agents of financial knowledge and provide direct role models in financial management. This will form a pattern of financial management for children that will be applied when they already have an income (Buccioli et al., 2022).

#### **Self-control**

Self-control is defined as a person's ability to stop bad habits, resist temptation, and overcome first impulses (Stromback et al., 2017). Self-control is the ability to organize, guide, regulate, and direct forms of behavior that can lead to positive consequences,



including in dealing with conditions in the surrounding environment (Lopez et al., 2024). Self-control is inherent in an individual and can be used when the individual is faced with purchasing and debt decisions.

### Financial Risk Tolerance

Financial risk tolerance is the maximum amount of uncertainty a person is willing to accept when making financial decisions (Grable & Joo, 2004). It refers to the extent to which a person is willing to accept investment risk (Ainia & Lutfi, 2019). Financial risk tolerance will be applied in the assessment of investment, debt, and other financial decisions. When associated with investor preferences in taking and accepting risks, investors can be divided into three types, namely: (a) a risk seeker/ risk lover is a type of investor who dares to take risks; (b) a risk neutral person or investor is one who is neutral in taking risks; and (c) a risk averter/ risk avoider is one who does not dare to take risks and even tends to avoid them (Cioca & Popescu, 2019).

### Hedonic Conformity and Paylater Usage

Hedonic conformity can occur in university students who generally have a community in their social life, and they are exposed to many examples of luxurious lifestyles through social media. This is reinforced by the influence of a community that also pursues the pleasures of life and has a tendency to make continuous purchases, have a luxurious lifestyle, and buy branded products (Oktafikasari & Mahmud, 2017). University students who enter the group will try to be

accepted into the group by imitating the attitudes and behavior of the group members (Moorthy et al., 2019). In other words, students who are in the hedonic group will also behave by prioritizing the pleasures of life in order to be accepted in their group. Activities seeking pleasure are generally done with friends so that someone tries to be the center of attention and appear more prominent with what they have (Giuntoli et al., 2021). Hedonic conformity can make individuals become consumerist and impulsive people who end up in debt (Besharat et al., 2015). This impulsive buying behavior and hedonic conformity are usually experienced by students who do not yet have stable financial capabilities but force themselves to fulfill their lifestyles (Maharani et al., 2024). This can make someone do various actions to meet their lifestyle needs, such as borrowing money or making purchases of goods using debt (Paylater).

H1: Hedonic conformity has a positive influence on the use of Paylater among university students.

### Family Financial Education and Paylater Usage

The family financial education will be internalized in the child's attitude when the child already has an income and then manages it (Buccioli et al., 2022), including one's financial condition in old age. Parents' simple attitude in financial management, the habit of financial planning and saving, will shape children's habits in the future. With good financial planning and management, children will tend to plan when buying goods and avoid debt because they tend to prioritize





basic needs over satisfying consumptive desires. In accordance with Ahzab et al. (2023), Rohim et al. (2022) discovered that someone who receives financial education from one's family has better financial management and lower debt levels.

H2: Family financial education has a negative effect on the use of Paylater among university students.

The Effect of Hedonic Conformity on Paylater Usage with the Moderation of Financial Risk Tolerance

The greater a person's risk tolerance is, the more the person is willing to accept greater risks. When students have a community that prioritizes the pleasures of life or a hedonistic lifestyle, they will follow the group norms or engage in a hedonistic lifestyle in order to gain recognition from their group (Moorthy et al., 2019). Among university students who do not yet have fixed incomes, hedonic conformity will actually increase the tendency to use Paylater when accompanied by a high tolerance for financial risk (Li, 2023; Minh 2020).

H3: Financial risk tolerance strengthens the positive effect of hedonic conformity on Paylater usage among university students.

The Effect of Family Financial Education on Paylater Usage with the Moderation of Self-Control

In daily interactions in the family, parents provide real examples and act as role models in financial management such as having a simple attitude, planning, investing, and saving (Buccioli et al., 2022), which will form a pattern in a person to avoid debt, especially for consumptive items. Internal factors such as self-control also affect individual behavior related to debt. An individual with strong self-control will be able to resist the temptation of impulsive behavior, so that the person will tend to avoid debt especially consumptive debt (Atchziger et al., 2015; Lopez et al., 2024). Thus, the negative influence of family financial education on the use of Paylater will be stronger with good self-control.

H4: Self-control strengthens the negative effect of family financial education on Paylater usage among university students.

Figure 1 below is a visualization of the conceptual framework of this research.

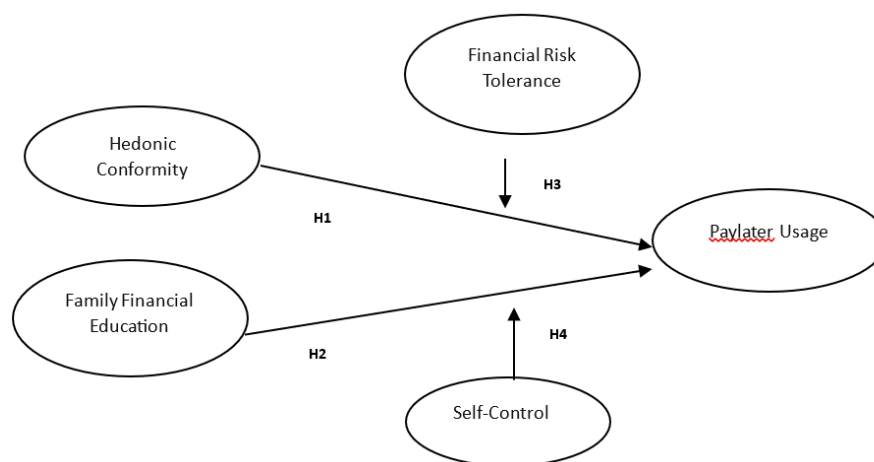


FIGURE 1. Conceptual Framework

Source: Designed by the Researcher

## METHOD

### Population and Sample

This study used an explanatory quantitative approach to test the hypotheses proposed by the researcher. A total of 117 undergraduate and postgraduate students of the Faculty of Economics and Business (FEB) of Universitas Kristen Satya Wacana (UKSW) in Salatiga were taken as the population. Although Salatiga is a small city in the Semarang area, Central Java Province, but the behavior of its people also shows the widespread use of Paylater as found in big cities.

According to (Hair et al., 2014), the minimum number of samples required for a model consisting of  $\leq 5$  variables is 100. The student data that was retrieved for the sample was obtained from the student database in each study program of FEB UKSW. There were 3 undergraduate study programs and 4 postgraduate study programs. The online questionnaires were distributed via students' emails,

and only the respondents who met the criteria set by the researcher were used as samples for this study. By using the purposive sampling method, students who had "ever used" and/or "currently use" Paylater were selected as samples. This sampling method was chosen because it provided the best information from the sample in accordance with the research objectives, even when some important aspects could not be ignored (Rai & Thapa, 2015).

Primary data was utilized in this study and obtained from online surveys to undergraduate – doctorate degree level students of FEB UKSW by having the surveys distributed via email to all the students. The data obtained contained the respondents' answers to each question that represented all the latent variables, as well as the respondents' personal data.

### Research Variables

This study consisted of four latent variables, namely three exogenous variables (hedonic conformity,



family financial education, and self-control), one moderating variable (financial risk tolerance), and one endogenous variable (Paylater usage). The operational definitions of the research variables and their indicators are explained in Table 1 below.

TABLE 1. Operational Definitions of the Research Variables

Variable	Operational Definition	Indicator
Hedonic Conformity (HC)	The tendency to adjust a person’s attitudes and behavior to those of his/her reference group with the aim of achieving pleasure or enjoyment in life.	(Adapted from Oktafikasari & Mahmud, 2017) <ul style="list-style-type: none"><li>• Follow trends</li><li>• Influence of social information (positioning information and groups as primary sources of thought)</li><li>• Social pressure to be accepted in a group</li><li>• Group recognition</li></ul>
Family Financial Education (FFE)	Having an understanding that parents instill in children about the value of money, attitudes, and behavior in managing one’s personal finances.	(Adapted from Syuliswati, 2020) <ul style="list-style-type: none"><li>• Teaching to be accustomed to saving</li><li>• The child is trusted to manage one’s own finances</li><li>• The parents encourage their children to discuss family financial problems</li><li>• Assist with household chores to earn additional pocket money</li></ul>
Self-control (SC)	A person’s ability to stop bad habits and resist impulses.	(Adapted from Strömbäck et al., 2017). <ul style="list-style-type: none"><li>• The habit of saving</li><li>• Consider risks and advantages before taking an action</li><li>• Have a long-term focus in making decisions</li><li>• Can resist temptations of discount shopping</li></ul>
Financial	An individual’s willingness to	(Adapted from Cordell, 2001)



Variable	Operational Definition	Indicator
Risk Tolerance (FRT)	accept uncertainty and costs in financial decision making.	<ul style="list-style-type: none"><li>• I prefer to shop with credit than cash</li><li>• I am willing to bear additional costs when shopping online (for instance: shipping costs, transfer fees, and interest fees)</li><li>• I do not mind paying more for goods in online stores than for those in offline stores</li><li>• I prefer to purchase goods through credit to secure my cash liquidity now</li></ul>
Paylater Usage (PU)	The utilization of a digital-based consumer financing service.	(Adapted Rahima & Cahyadi, 2022) <ul style="list-style-type: none"><li>• Length of usage</li><li>• Intensity</li><li>• Credit time period</li><li>• Late payments</li></ul>

Based on the indicators of each variable above, the researcher compiled a research instrument using a closed question model by providing answer options for the respondents. The answer options were given in a Likert scale of 6 (six) scores, with the consideration of avoiding the chance of a social bias by having the instrument compiled on an even scale (Garland, 1991). There may be a tendency of respondents to avoid giving scores that are too low or too high, so that they will give a middle score, because the middle value is considered a safe value for respondents.

ANALYSIS TECHNIQUE

This study used the PLS-SEM method to process the primary data, because it is considered more suitable for research aimed at predicting, exploring, or developing theories; it used a measurement philosophy in the form of total variance (composite-

based) with reflective and formative model measurement specifications; it could be used for small samples (<100) or large samples (>100); and it was not sensitive to data distribution requirements (Hair et al., 2017).

The regression equation to be tested in this study was formulated as follows:

$$\text{Paylater Usage} = \alpha + \beta_1 \text{ Hedonic Conformity} + \beta_2 \text{ Family Financial Education} + \beta_3 \text{ Financial Risk Tolerance} + \beta_4 \text{ Self-Control} + \beta_5 \text{ Hedonic Conformity*Financial Risk Tolerance} + \beta_6 \text{ Family Financial Education*Self-Control} + \epsilon \dots (1)$$

ANALYSIS AND DISCUSSION

Respondents' Profile

This study obtained 117 students who used Paylater as respondents. The demographic characteristics of the respondents are described in Table 2 below.



TABLE 2. Respondents’ Profile

Demographic Characteristics	Total (%)
<b>Gender:</b>	
Male	56 (48%)
Female	61 (52%)
Total	117 (100%)
<b>Age:</b>	
≤ 20 years old	32 (27%)
21 – 25 years old	74 (63%)
26 – 44 years old	11 (10%)
Total	117 (100%)
<b>Education Level:</b>	
Undergraduate	96 (82%)
Postgraduate	21 (18%)
Total	117 (100%)
<b>Status:</b>	
Unemployed	77 (66%)
Employed (including part-time)	40 (34%)
Total	117 (100%)
<b>Ethnic Group:</b>	
Outside of Java	27 (23%)
Javanese	72 (62%)
Chinese	18 (15%)
Total	117 (100%)
<b>Paylater Application Used:</b>	
GoPay Paylater	11 (10%)
Shopee Paylater	52 (44%)



Other	54 (46%)
Total	117 (100%)

Source: Processed primary data (2024)

In terms of gender, most of the respondents were female (52%). When viewed from the age range, 63% of respondents were between 21-25 years old. This age range is in line with the level of education of the respondents where most were undergraduate students (82%). Most of the respondents were also unemployed (66%). This is very possible because most of the respondents in this study were undergraduate students who were still focused on pursuing their education. Furthermore, when viewed from ethnicity, 62% of the respondents were Javanese, 23% outside Java, and 15% Chinese. The types of Paylater used by most of the respondents were Shopee Paylater (44%) and GoPay Paylater (10%). Besides that, the respondents also used Akulaku Paylater, Kredivo Paylater, Traveloka Paylater, Home Credit, Tokopedia, Visa, and Mastercard. The student respondents use

Paylater considering the completeness of the features, the interest rates charged, the ease of use, the number of discounts offers, the variety of credit terms, and the ease of obtaining credit.

Validity and Reliability Testing 1

The results of the validity and reliability tests on the research instrument (Table 3) show that there are two indicator items, namely FFE2 and FRT2, which have loading factors below 0.7, so these two indicators were removed from the next testing process because they were not valid (Hair et al., 2017). In addition, the results of the reliability test indicate that all variables have an AVE score > 0.5, so that they can be declared reliable. The internal consistency reliability is also met with CR > 0.7, and there is no multicollinearity as indicated by the full collinearity of VIF <10 (Hair et al., 2017).

TABLE 3. First Validity and Reliability Testing

Construct		Item	Loading Factor	Average Variance Extracted (AVE)	Composite Reliability Coefficient (CR)	Cronbach's Alpha	Full Collinearity of VIF
Hedonic (HC)	Conformity	HC1	0.861	0.781	0.934	0.906	2.518
		HC2	0.897				2.967
		HC3	0.902				3.243
		HC4	0.875				2.815
Family Education (FFE)	Financial	FFE1	0.920	0.606	0.859	0.825	1.552
		FFE2	0.684*				1.518
		FFE3	0.776				2.444
		FFE4	0.713				2.390
Financial Tolerance (FRT)	Risk	FRT1	0.921	0.602	0.845	0.760	3.076
		FRT2	0.315*				1.303
		FRT3	0.833				2.266



Construct	Item	Loading Factor	Average Variance Extracted (AVE)	Composite Reliability Coefficient (CR)	Cronbach's Alpha	Full Collinearity of VIF
Self-control (SC)	FRT4	0.877	0.655	0.883	0.823	2.463
	SC1	0.783				1.683
	SC2	0.877				2.478
	SC3	0.844				2.256
	SC4	0.724				1.519
Paylater Usage (PU)	PU1	0.847	0.743	0.920	0.885	2.353
	PU2	0.896				2.607
	PU3	0.830				2.051
	PU4	0.873				2.503

Explanation: \* indicator deleted because the outer loading factor < 0.70

Source: Processed primary data (2024)

Descriptive Statistics

The descriptive statistics of each variable indicator are explained in Table 4. The average respondent has a hedonic conformity of 3.03, family financial education of 4.22, financial risk tolerance of 3.41, and self-control of 4.23. The average of the four variables is in the moderate category. In addition, the average use of Paylater is 2.56 and is in the low category.

TABLE 4. Descriptive Statistics of Each Construct

Construct & Indicator	Average per Indicator	Construct Average	Category
<b>Hedonic Conformity:</b>			
HC1	3.19	3.03	Moderate
HC2	3.43		
HC3	2.78		
HC4	2.72		
<b>Family Financial Education:</b>			
FFE1	4.72	4.22	Moderate
FFE3	3.95		
FFE4			
<b>Financial Risk Tolerance:</b>			
FRT1	3.50	3.41	Moderate
FRT3	3.06		
FRT4	3.67		
<b>Self-control:</b>			
SC1	4.10	4.23	Moderate
SC2	4.49		
SC3	4.45		
SC4	3.88		



Paylater Usage:				
PU1	2.50			
PU2	2.81	2.56		Low
PU3	2.68			
PU4	2.23			

Explanation: Average scores 1.00-2.67: low perception; >2.67-4.34: moderate perception; >4.34-6.00: high perception

Source: Processed primary data (2024)

Validity and Reliability Testing 2

Before conducting the hypothesis testing, the validity, reliability, and goodness-of-fit of model 2 were tested first. Table 5 illustrates the results of the discriminant validity testing using the Fornell-Larcker value (square root of AVE) for each construct, where the value must be greater than the correlation value between other constructs. Based on Table 5, it can be seen that all indicators can be said to have good discriminant validity.

TABLE 5. Fornell-Larcker Criterion

Construct	Hedonic Conformity	Family Financial Education	Financial Risk Tolerance	Self-control	Paylater Usage
Hedonic Conformity	0.884				
Family Financial Education	-0.318	0.811			
Financial Risk Tolerance	0.662	-0.148	0.880		
Self-control	-0.374	0.526	0.809	0.809	
Paylater Usage	0.619	-0.317	0.576	-0.382	0.862

Source: Processed primary data (2024)

Next, Table 6 depicts the results of the second convergent validity and reliability test after removing the PKK2 and TRK2 indicators. The results of the convergent validity test illustrate that the outer loading value for all indicators is > 0.7 and is in the range of 0.701 to 0.955. Likewise, if the AVE value for all constructs is > 0.5, then it can be concluded that all indicators have met the convergent validity criteria. Furthermore, for the results of the reliability test, it is also known that all constructs have met the reliability requirements as indicated by the Cronbach's alpha value > 0.70, composite reliability (CR) > 0.80, and VIF < 10.

TABLE 6. Second Validity and Reliability Testing

Construct	Item	Loading Factor	Average Variance Extracted (AVE)	Composite Reliability Coefficient (CR)	Cronbach's Alpha	Full Collinearity of VIF





Hedonic Conformity	HC1	0.861	0.781	0.934	0.906	2.518
	HC2	0.897				2.967
	HC3	0.902				3.243
	HC4	0.875				2.815
Family Financial Education	FFE1	0.955	0.656	0.850	0.813	1.493
	FFE3	0.773				2.431
	FFE4	0.701				2.166
Financial Risk Tolerance	TRK1	0.934	0.774	0.845	0.854	2.923
	TRK3	0.815				1.774
	TRK4	0.866				2.459
Self-control	SC1	0.783	0.655	0.911	0.823	1.683
	SC2	0.877				2.478
	SC3	0.844				2.256
	SC4	0.724				1.519
Paylater Usage	PU1	0.847	0.743	0.920	0.885	2.353
	PU2	0.896				2.607
	PU3	0.831				2.051
	PU4	0.873				2.503

Source: Processed primary data (2024)

Furthermore, Table 7 presents the results of the goodness-of-fit test. The Standardized Root Mean Square Residual (SRMR) has a value of 0.087. Meanwhile, the R2 value of 0.510 is greater than 0.1 and the Q2 value of 0.339 is also greater than 0. Thus, the model can be stated as fit.

TABLE 7. Goodness-of-Fit Testing

Criteria	Measurement	Limitation	Reference
Standardized Root Mean Square Residual (SRMR)	0.076	$SRMR < 0.10$	(Kock, 2017)
R-Square (R <sup>2</sup> ) of Paylater Usage	0.510	$R^2 > 0.10$	(Falk & Miller, 1992)
Q-Square (Q <sup>2</sup> ) of Paylater Usage	0.339	$Q^2 > 0$	(Hair et al., 2011)

Source: Processed primary data (2024)

Hypothesis Testing

The results of the hypothesis testing are explained in Table 8 and Figure 2.

TABLE 8. Hypothesis Testing Results

Regression Path	Original Sample	P-value	Conclusion
HC → PU	0.260	0.009**	H1 is supported
FFE → PU	-0.163	0.063*	H2 is supported
HC*FRT → PU	0.226	0.005***	H3 is supported

FFE*SC → PU	-0.030	0.689	H4 is rejected
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Note: \*, \*\*, \*\*\* are significant at alpha levels of 10%, 5%, and 1%.

Source: Processed primary data (2024)

The coefficient of influence of hedonic conformity on the use of Paylater is 0.260 and the p-value <0.01, so that H1 is accepted. Thus, it can be stated that hedonic conformity has a positive effect on the use of Paylater. The coefficient of influence of family financial education on the use of Paylater is -0.163 and the p-value <0.05, so that it is proven that family financial education has a negative effect on the use of Paylater (H2 is accepted). The testing of financial risk tolerance as a moderator between hedonic conformity and the use of Paylater produced a coefficient of 0.226 and is significant (p-value <0.01), so that H3 is accepted. Consequently, it is demonstrated that financial risk tolerance strengthens the influence of hedonic conformity on the use of Paylater. Furthermore, the testing results of the self-control variable as a moderator between family financial education and the use of Paylater depict a p-value >0.05, so that H4 is rejected. Hence, it can be stated that self-control does not moderate the influence of family financial education on the use of Paylater.

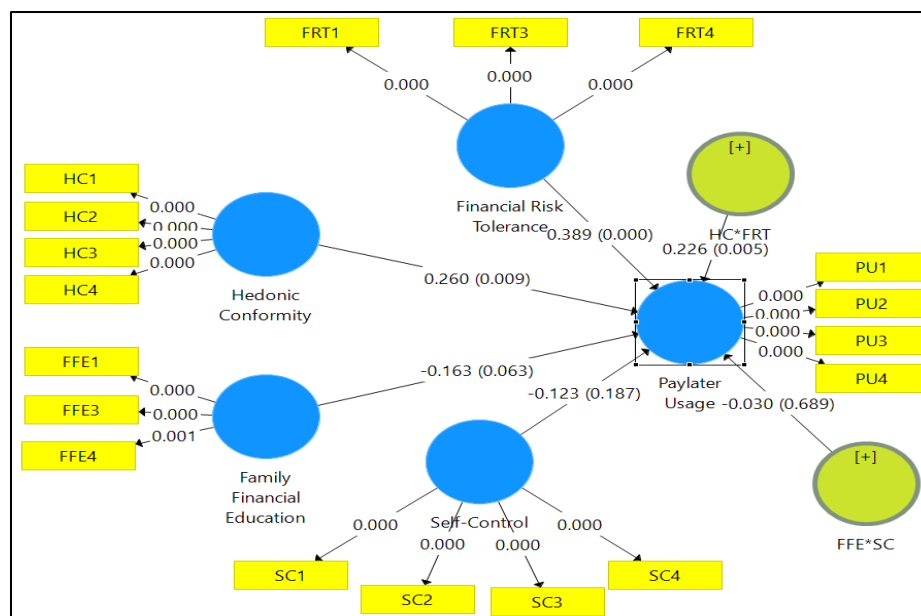


FIGURE 2. Output of Full Model Testing

## DISCUSSION

Hedonistic conformity has been demonstrated to have a positive effect on the use of Paylater. The life of a student who is constantly influenced by one's

surrounding community will affect his/her lifestyle and financial behavior. When the community prioritizes pursuing the pleasures of life, making continuous purchases, and a luxurious lifestyle, then the student



will follow suit in order to gain recognition from the group (Moorthy et al., 2019). The lack of a stable income and financial capabilities will encourage students to use debt to fulfill their lifestyles (Shulha et al., 2023), including debt in the form of Paylater. This is supported by the ease of getting access to Paylater, the varying credit terms, and the many discounts offered. The results of this study are in line with research by Besharat et al. (2015), who revealed that a hedonic lifestyle increases the use of debt.

The results of the hypothesis 2 testing convey that family financial education has a negative effect on the use of Paylater. The results of this study are in line with previous research (Ahzab et al., 2023; Rohim et al., 2022), who proved that better financial management and lower debt levels will be possessed by someone who has received financial education from one's family. When a student receives financial education from the family in the form of direct role models from one's parents in financial planning, saving, and investment, then this pattern will be carried over into the child's attitude when he is an adult and has his own income (Buccioli et al., 2022). A student who is accustomed to receiving financial education from his/her family will be accustomed to doing financial planning, avoiding consumer behavior, and circumventing debt to meet his/her consumer needs (Lusardi & Streeter, 2023), including not using Paylater services.

The results of the hypothesis 3 testing reveal that the level of financial risk tolerance strengthens the influence of hedonic conformity on the use of Paylater. The higher the level of risk tolerance of students, the more willing the students are to accept greater risks and uncertainties (Grable & Joo, 2004), such as the risk in using debt (Li, 2023; Minh, 2020). The tendency of students to adjust their attitudes to follow group norms, especially groups that prioritize the pleasures of life (hedonistic lifestyle) and consumerism will cause students to try to fulfill their lifestyles in various ways. The absence of a stable income will encourage students to "buy now and pay later" to fulfill their lifestyle desires. This will be further strengthened by the existence of a high level of risk tolerance because it allows students to dare to take risks in failing to pay their Paylater debts.

The results of the hypothesis 4 testing indicate that self-control does not moderate the influence of family financial education on the use of Paylater. Although the respondents have a moderate level of self-control, the majority of the respondents still use Paylater services, with an average payment period of less than six months and installment terms of 1-6 times. (Tangney et al., 2004)revealed that a lack of self-control can occur. This failure can occur because (1) there is a conflict between one's goals and a weakened self-control, such as a conflict between feeling better by shopping with the aim of saving; (2) difficulty in controlling oneself; and (3) self-control



which depends on resources such as strength and energy, and the reduction of these resources will make self-control less effective. The results of the study reveal that self-control does not support the negative effect of family financial education on the use of Paylater. A student decides not to use Paylater because of the family financial education that has been obtained, not because of the student's inherent self-control.

## **CONCLUSION**

This study, which reveals the use of Paylater among university students, attests that hedonic conformity and family financial education are shown to play a role as determinants, and financial risk tolerance as a moderator in using Paylater. These findings support the Theory of Planned Behavior in predicting financial behavior, especially student debt behavior by using different proxy variables from previous research. The subjective norms represented by the hedonic conformity variable has a positive effect on Paylater usage. Meanwhile, perceived behavioral control proxied by the family financial education variable is able to deter the use of Paylater. Furthermore, the attitude reflected by the financial risk tolerance variable is able to moderate the effect of hedonic conformity on the use of Paylater by students. This means that attitude strengthens subjective norms in determining debt behavior in using Paylater services. This study offers recommendations for students and higher education curricula at universities regarding

the importance of including elements of financial literacy and digital literacy in personal financial management materials for students, both at undergraduate and postgraduate levels. This content is not only intended for students of the Faculty of Economics and Business, but it can also be applied to multidisciplinary students considering the widespread phenomenon of abuse of Paylater services that also occurs among students in both large and small cities.

## **Limitations and Suggestions for Future Research**

This research on Paylater usage applied constructs from a financial discipline, while the discussion on financial technology also contains aspects of information technology. Therefore, further research can consider including other multidisciplinary variables such as digital literacy and/ or individual behavior towards e-commerce. In addition, the deductions of these findings are limited to the sample studied. Therefore, it is necessary to consider comparing the use of Paylater by university students in large versus small cities and even for non-student groups. In addition, the TPB modification implemented in this research was only limited to testing the determinants of Paylater usage; it has not revealed the positive or negative consequences that can arise from the use of Paylater. Therefore, this gap can be an agenda for future research to be conducted.

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