



# Financial Literacy and Financial Behavior of Indonesians in the Digital Era

Syalaisha Alifia Jauhari<sup>1\*</sup>

<sup>1</sup> Universitas Negeri Yogyakarta, Yogyakarta, Indonesia

---

## Abstract

---

### Article history:

Received: July 13, 2023

Revised: August 24, 2023

Accepted: October 25, 2023

Published: December 30, 2023

---

### Keywords:

Digital Era,  
Fintech,  
Financial Behavior,  
OJK.

---

### Identifier:

Zera Open

Page: 163-179

<https://zeraopen.com/journal/ibr>

Financial literacy has become a crucial aspect in facing economic dynamics in the digital era. Advances in financial technology bring both opportunities and risks that require individuals to possess adequate knowledge, skills, and prudent financial behavior. According to the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK), financial literacy encompasses understanding financial products, managing money, and the ability to avoid illegal investments to achieve financial well-being. This study employs a Systematic Literature Review (SLR) method by examining various studies related to financial literacy, financial behavior, and the role of fintech in Indonesia. The findings indicate that good financial literacy improves decision-making, encourages saving, promotes proper investment practices, and reduces potential risks related to debt and digital fraud. However, the financial literacy level of Indonesian society remains relatively low, as indicated by the 2022 OJK survey, which only reached 49.68%. Therefore, it is necessary to implement inclusive, technology-based financial education strategies to enhance the quality of financial management among the public in the digital era.

---

\*Corresponding author:  
(Syalaisha Alifia Jauhari)



## **1. Introduction**

Financial literacy has become one of the important pillars in improving the welfare of modern society. In the digital era, marked by the acceleration of financial technology, an individual's ability to understand, manage, and utilize financial resources has become increasingly crucial. The Financial Services Authority (OJK) defines financial literacy as the knowledge, skills, and confidence that influence attitudes and behavior to improve the quality of financial decision-making and management in order to achieve well-being (Ashshiddiqi & Rahmat, 2022). Digital transformation has changed people's financial transaction patterns. The emergence of technology-based financial services (financial technology or fintech), such as digital wallets, online loans, and online investment platforms, provides both convenience and risks. Access to financial products is becoming more open, but on the other hand, challenges have emerged in the form of vulnerability to consumer debt, digital fraud, and illegal investments. This condition demands strong financial literacy so that people do not just become users, but also smart and protected consumers (Panos & Wilson, 2020).

The level of financial literacy in Indonesia remains a serious challenge, this means that even though access to financial services is relatively widespread, most people do not have an adequate understanding of how to manage these products and services. This creates a gap between the level of use of financial services and the ability to optimize them. A number of studies confirm that financial literacy is closely related to financial behavior. Individuals who have high financial literacy tend to be able to make budget plans, save consistently, avoid excessive debt, and make

appropriate investment decisions (Firmansyah & Susetyo, 2022). Conversely, low financial literacy is often associated with impulsive behavior in consumption and a tendency to get caught up in consumer debt.

The younger generation, especially millennials and Gen Z, are the group most exposed to the development of fintech. On the one hand, they are relatively adaptive to technology; but on the other hand, they are also vulnerable to consumer temptations and financial product offers that are not always safe (Setiawan et al., 2022). Therefore, financial literacy in this generation has a strategic role in shaping healthy and sustainable financial behavior. Furthermore, financial literacy is not only related to the knowledge aspect, but also to skills and attitudes. OJK emphasizes the importance of financial education that can increase people's confidence in making financial decisions. This includes an understanding of basic financial concepts such as inflation, compound interest, investment risk, and the skills to use digital financial instruments safely (Kharisma, 2021).

In a macroeconomic context, financial literacy contributes to the stability of the national financial system. Financially literate people will be more careful in using financial products, so they can minimize the risk of credit default and increase participation in the formal financial market. On the other hand, low financial literacy can increase the potential for economic vulnerability, both at the individual and national levels (Sharif & Naghavi et al., 2021). Based on this background, this study aims to examine the relationship between financial literacy and financial behavior in the digital era by referring to the perspective of the OJK and various recent studies. Through the Systematic Literature Review (SLR) method, this study collects,

analyzes, and synthesizes the results of the latest research to provide a comprehensive overview of the importance of financial literacy in supporting the financial well-being of the Indonesian people.

## **2. Literature Review**

### **2.1. Financial Literacy in the Digital Era**

Financial literacy is essentially a combination of an individual's knowledge, skills, and attitudes in managing finances effectively and responsibly. This concept not only emphasizes a person's ability to understand money as a medium of exchange and a means of fulfilling daily needs but also includes how individuals are able to plan, make decisions, and evaluate their financial condition to be more balanced. In the digital era, financial literacy has experienced a significant expansion of meaning because it is not only limited to traditional aspects such as saving, managing expenses, utilizing credit, and making simple investments, but also touches on the ability to use modern financial technology safely, efficiently, and intelligently (Rahayu et al., 2022).

Digital financial literacy includes more complex abilities, including an understanding of online transaction mechanisms, skills in using digital wallets, managing virtual accounts, utilizing mobile banking applications, and awareness of the growing risk of cybercrime amid the rapid digitalization of the financial sector. This proficiency requires individuals to not only be passive users of digital services but also to be critical, vigilant, and able to protect personal data from potential misuse. Kharisma's (2021) research reinforces the importance of this by showing

that digital financial literacy has a significant influence on consumer protection and transaction security. This means that the higher a person's level of digital financial literacy, the greater the opportunity for that individual to avoid fraudulent practices, data leaks, and financial losses, so that the security and trust of the community in the digital financial system can continue to increase.

## **2.2. Financial Behavior and the Influence of Financial Literacy**

Financial behavior essentially refers to the way, habits, and strategies of individuals in managing their financial resources to meet daily needs and long-term goals. This behavior is reflected in various activities, from how a person prepares a budget, allocates income, controls expenses, to making decisions related to savings, investments, and credit use. Financial literacy has been shown to have a close relationship with financial behavior, where individuals who have a high level of financial literacy generally show positive habits such as getting used to saving consistently, investing some of their funds in productive instruments, and controlling debt so that it does not exceed their ability to pay (Pangestu & Karnadi, 2020).

Conversely, low financial literacy is often associated with the emergence of excessive consumer behavior, a tendency to use credit facilities unproductively, and a lack of attention to long-term investment. This makes individuals more vulnerable to financial problems, difficulty managing cash flow, and even potentially facing the risk of future losses. The research by Nugraha et al. (2022) confirms that financial literacy, financial attitudes, and the use of financial technology or fintech simultaneously have a significant effect on financial behavior, especially for MSME

players in Indonesia. These findings show that the better the financial understanding and attitude, and the more optimal the use of fintech services, the healthier, more productive, and more business-sustainable the financial behavior of MSMEs will be.

### **3. Methods**

This study adopts a Systematic Literature Review (SLR) approach, which is designed to identify, evaluate, and synthesize previous research related to financial literacy, financial behavior, and the impact of financial technology in Indonesia. The SLR methodology was selected because it enables researchers to gather scientific evidence in a systematic manner, providing a thorough and structured understanding of the phenomenon under investigation (Mohamed Shaffril et al., 2021). The process of conducting the SLR begins with the formulation of the research question: How does financial literacy influence the financial behavior of the Indonesian people in the digital era? This question serves as the foundation for selecting search keywords, which include financial literacy, financial behavior, fintech, OJK, and Indonesia. The search was carried out using indexed academic journal databases, primarily through Google Scholar.

The inclusion criteria for the study consisted of peer-reviewed journal articles, research focused specifically on the Indonesian context, publications in either Indonesian or English, and studies addressing topics related to financial literacy, financial behavior, and financial technology. Articles that did not pertain to the Indonesian context were excluded from consideration. The initial search yielded a large number of articles. These were then filtered based on title, abstract, and

relevance, resulting in a set of core articles that met the established criteria. Subsequently, these selected articles were analyzed in depth, with attention to their objectives, methodologies, principal findings, and relevance to the current study.

The analysis employed a thematic approach, through which major themes emerged, including financial literacy in the digital era, the relationship between financial literacy and financial behavior, the role of fintech in either enhancing or diminishing the quality of financial behavior, and the policies and role of OJK in improving public financial literacy during this period. By employing the SLR approach, this study not only presents findings from individual research articles but also integrates them to generate a more comprehensive and cohesive understanding of the subject. The outcomes of this systematic review process are detailed and discussed in the following section, providing a clear synthesis of the literature and insights into the strategic role of financial literacy and fintech in shaping financial behavior in Indonesia.

#### **4. Results**

Findings from research using a Systematic Literature Review (SLR) reveal that financial literacy plays a significant role in shaping the financial behavior of the Indonesian population in the digital era. A detailed examination of numerous studies demonstrates that financial literacy extends beyond mere theoretical knowledge, encompassing practical competencies that directly affect the financial stability and well-being of both individuals and households. These competencies allow people to make informed financial choices, efficiently manage their resources, and plan for

short-term needs as well as long-term objectives. The Financial Services Authority (OJK) highlights that financial literacy forms a crucial foundation for enhancing decision-making quality, promoting responsible consumer behavior, and protecting the public from the rising incidence of illegal investment schemes that have accompanied the expansion of digital financial services. In today's digital era, where financial transactions increasingly occur online and innovative financial products are rapidly introduced, financial literacy becomes even more essential, helping individuals navigate complex financial environments, avoid fraudulent activities, and maintain sustainable financial security over time.

The change in economic structure triggered by the development of financial technology has created a condition where access to financial services is easier and more widespread. Digital financial products, ranging from electronic wallets, peer-to-peer lending, to online investment platforms, have become an inseparable part of people's daily lives. However, this ease of access is also accompanied by new risks that require financial literacy readiness. For example, the phenomenon of the increasing use of illegal online loans which often traps users with high interest rates and unethical billing practices. The research by Panos and Wilson (2020) confirms that financial literacy has a significant effect on how individuals interact with fintech services, where those who have a high level of literacy tend to be more careful in choosing digital financial products.

The results of the study also found a gap between the level of financial inclusion and financial literacy of the Indonesian people, this means that many people already have access to financial products but do not understand how to use

them wisely. This gap creates a risk of unhealthy financial behavior, such as using consumer loans without careful calculation or investing in instruments whose legality is unclear. The younger generation, especially millennials and Gen Z, are the group most exposed to the development of fintech. They are relatively more adaptive to technology, but at the same time are more vulnerable to consumer behavior due to exposure to digital lifestyles. Research by Setiawan et al. (2022) found that financial literacy has an important role in shaping the investment behavior of the young generation in Indonesia, especially in avoiding the trap of fraudulent investments that are widely promoted through social media. This generation shows a high level of confidence in using financial technology, but lacks a deep understanding of the risks contained in modern financial instruments.

In addition, financial literacy is closely related to debt control and saving habits. The research by Firmansyah and Susetyo (2022) shows that individuals with a good level of financial literacy tend to have more positive financial behavior, such as paying bills on time, allocating funds for savings, and investing in instruments that are in accordance with their risk profile. Conversely, Low financial literacy is closely associated with consumer behavior patterns, including a high reliance on consumer loans and limited engagement in long-term investment. Individuals with insufficient knowledge and understanding of financial principles often make spending decisions that prioritize immediate gratification over future financial security. This lack of literacy can lead to poor money management, increased vulnerability to debt, and reduced ability to plan for retirement or other long-term financial goals. Consequently, enhancing financial literacy is essential to promote responsible

financial behavior, encourage sustainable investment practices, and reduce overdependence on credit-based consumption.

The results of the literature review also identified the important role of financial literacy in supporting small and medium-sized businesses (MSMEs). MSMEs are the backbone of the Indonesian economy, but many of them face challenges in financial management. Research by Ashshiddiqi and Rahmat (2022) found that digital financial literacy can improve the quality of MSME financial decision-making, including in terms of using capital loans, cash flow management, and investment strategies. Thus, financial literacy contributes not only at the individual level, but also to business sustainability and national economic stability. Meanwhile, Nugraha et al. (2022) revealed that financial literacy, financial attitudes, and the use of financial technology together influence the financial behavior of MSME players. MSME players who have higher financial literacy tend to be more disciplined in managing their budgets and more selective in utilizing fintech services, compared to those with a low level of literacy. This proves that financial literacy is one of the important keys to increasing the competitiveness of MSMEs amid increasingly tight global competition.

Another interesting finding is the link between financial literacy and the level of financial inclusion of the younger generation. The research by Pangestu and Karnadi (2020) shows that financial literacy functions as a mediating variable between financial behavior and the financial inclusion of Generation Z in Indonesia. This indicates that financial literacy not only influences individual behavior, but also expands their participation in the formal financial system. In other words, financial

literacy can be a catalyst that encourages the involvement of the younger generation in more productive and sustainable financial activities. The role of regulatory institutions, especially the OJK, is also an important factor in efforts to increase public financial literacy. Through various education programs, the OJK seeks to increase people's understanding of financial products and services, as well as provide protection against digital financial risks. The research by Kharisma (2021) highlights that digital-based financial education efforts need to be strengthened to increase public awareness of consumer protection, transaction security, and prevention of technology-based financial fraud.

The results of the study also show that financial literacy is not only related to cognitive aspects, but also affective and behavioral aspects. Adequate financial knowledge must be accompanied by a positive attitude towards financial management and habits that support financial well-being. This is confirmed in the research by Rahayu et al. (2022) which shows that the financial literacy of the millennial generation in Indonesia has a significant effect on their daily financial behavior, especially in managing expenses and investments. In addition, the influence of financial literacy on investment decisions is also an important finding in this study. The research by Krische (2019) found that financial literacy has a positive relationship with the quality of investment decisions, where individuals with a high level of literacy tend to be more selective in choosing investment instruments and are able to recognize existing risks. Conversely, low financial literacy often causes people to get caught up in illegal or scam investments that promise high returns in a short time.

On the other hand, Sharif and Naghavi (2021) confirmed that the financial literacy of Generation Z affects their financial inclusion, along with other factors such as financial attitudes and financial skills. This proves that increasing financial literacy in the younger generation can be an effective strategy to expand financial inclusion in Indonesia. By integrating these various findings, the results of this study show that financial literacy is a key variable that influences individual financial behavior, both in the context of daily financial management, investment decisions, and the use of financial technology. High financial literacy is able to encourage healthier financial behavior, increase financial inclusion, and strengthen the economic resilience of the community in the digital era.

## **5. Discussion**

The findings from the literature review indicate that financial literacy plays a highly strategic role in influencing the financial behavior of individuals in the digital era. The discussion underscores several key aspects revealed by the research, including the disparity between financial literacy and financial inclusion, the impact of financial technology, the challenges faced by the younger generation, and the role of regulators in enhancing and strengthening the digital financial ecosystem. First, the gap between financial inclusion and financial literacy in Indonesia is a major challenge that must be addressed. A high level of financial inclusion that is not balanced by financial literacy poses a risk of unhealthy financial behavior. People who have access to financial products but do not understand how to use them are more likely to get caught up in consumer loan practices, digital fraud, and illegal

investments (Krische, 2019). This shows that financial literacy is not just an individual issue, but also a structural challenge that requires intervention from the government and regulatory bodies.

Second, the development of financial technology has an ambivalent impact on people's financial behavior. On the one hand, fintech expands public access to financial services, increases transaction efficiency, and opens up broader investment opportunities. However, on the other hand, fintech also increases vulnerability to consumer behavior and digital security risks. The research by Panos and Wilson (2020) confirms that financial literacy is a determining factor in how individuals respond to the penetration of fintech in their daily lives. Without adequate literacy, people are actually vulnerable to misusing fintech services for unproductive consumption. Third, the younger generation is the most relevant group in the discussion of financial literacy in the digital era. The millennial and Gen Z groups are the biggest users of digital technology and fintech services, so their level of financial literacy will greatly determine the direction of Indonesia's financial behavior in the future. The findings of Setiawan et al. (2022) show that even though the younger generation has high skills in accessing financial technology, they are still vulnerable to the temptation of fraudulent investments and consumer behavior due to social media exposure. Therefore, financial education strategies aimed at this generation must be digital-based, interactive, and able to link financial literacy with their daily context.

Fourth, financial literacy contributes directly to investment behavior and risk management. The research by Krische (2019) shows that individuals with a high level

of literacy are more able to make rational investment decisions and avoid the trap of illegal investments. This confirms that financial literacy not only functions as a basic skill but also as a consumer protection mechanism in facing the complexity of the modern financial market. Finally, the role of regulators such as the OJK is very important in strengthening the financial literacy ecosystem. The OJK has launched various education programs to increase public awareness of financial products, including the use of digital platforms as a medium for education (Kharisma, 2021). However, these efforts still face challenges in reaching vulnerable groups, such as MSME players in rural areas and low-income communities. For this reason, collaborative strategies between the government, educational institutions, industry players, and community need to be strengthened to expand the impact of financial literacy at all levels of society. This discussion confirms that financial literacy is an important foundation for shaping healthy financial behavior in the digital era. Good literacy not only increases an individual's ability to manage finances but also contributes to the stability of the national financial system.

## **6. Conclusion**

This study highlights that financial literacy is a crucial determinant in shaping the financial behavior of Indonesians in the digital era. Based on a Systematic Literature Review, it was found that financial literacy significantly influences budgeting, saving practices, debt management, and the quality of investment decisions. Individuals with strong financial literacy tend to exhibit healthier financial behaviors, minimize dependence on consumer loans, and safeguard themselves from

the risks of illegal investments and digital fraud. Although Indonesia demonstrates a relatively high level of financial inclusion, a considerable gap remains with regard to financial literacy, presenting a serious challenge.

The younger generation, as primary users of financial technology, represents a strategic demographic that requires targeted financial literacy initiatives. Moreover, financial literacy has been shown to enhance the competitiveness of MSMEs and promote broader financial inclusion among Generation Z. The Financial Services Authority (OJK) and other regulatory bodies play a vital role in designing financial literacy strategies that are responsive to digital advancements. Coordinated efforts among regulators, educational institutions, industry stakeholders, and civil society are essential to building an inclusive, secure, and sustainable financial ecosystem. By improving financial literacy, it is expected that Indonesians will not only become active users of digital financial services but also informed, protected consumers capable of achieving long-term financial security and well-being.

## References

Ashshiddiqi, M. T., & Rahmat, T. (2022). Optimizing the financial management behavior of Msme actors through digital financial knowledge in the digital era. *International Journal of Nusantara Islam*, 10(1), 34-48.

Firmansyah, D., & Susetyo, D. P. (2022). Financial behavior in the digital economy era: Financial literacy and digital literacy. *Jurnal Ekonomi Dan Bisnis Digital*, 1(4), 367-390.

Kharisma, D. B. (2021). Urgency of financial technology (Fintech) laws in Indonesia. *International Journal of Law and Management*, 63(3), 320-331.

Krische, S. D. (2019). Investment experience, financial literacy, and investment-related judgments. *Contemporary Accounting Research*, 36(3), 1634-1668.

Mohamed Shaffril, H. A., Samsuddin, S. F., & Abu Samah, A. (2021). The ABC of systematic literature review: the basic methodological guidance for beginners. *Quality & quantity*, 55(4), 1319-1346.

Nugraha, D. P., Setiawan, B., Nathan, R. J., & Fekete-Farkas, M. (2022). FinTech adoption drivers for innovation for SMEs in Indonesia. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(4), 208.

Pangestu, S., & Karnadi, E. B. (2020). The effects of financial literacy and materialism on the savings decision of generation Z Indonesians. *Cogent Business & Management*, 7(1), 1743618.

Panos, G. A., & Wilson, J. O. (2020). Financial literacy and responsible finance in the FinTech era: capabilities and challenges. *The European Journal of Finance*, 26(4-5), 297-301.

Rahayu, R., Ali, S., Aulia, A., & Hidayah, R. (2022). The current digital financial literacy and financial behavior in Indonesian millennial generation. *Journal of Accounting and Investment*, 23(1), 78-94.

Setiawan, M., Effendi, N., Santoso, T., Dewi, V. I., & Sapulette, M. S. (2022). Digital financial literacy, current behavior of saving and spending and its future foresight. *Economics of Innovation and New Technology*, 31(4), 320-338.

Sharif, S. P., & Naghavi, N. (2021). Online financial trading among young adults: Integrating the theory of planned behavior, technology acceptance model, and theory of flow. *International Journal of Human–Computer Interaction*, 37(10), 949-962.