

The Impact of Financial Literacy, Perception of Debt, and Perception of Risk Toward Student Willingness to Use Online Student Loan

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Abstract : One of the impacts of the rapid advancement of technology is the rise of digital finance, including peer-to-peer lending (P2P). P2P lending has been widely marketed, including an online student loan that used the P2P platform. This study aims to analyze the effect of financial literacy, perception of debt, and perception of risk toward student willingness to use the online student loan (P2P lending). Using a cross-sectional study design, in collecting the data this study employed an online survey method, with a total sample of 280 undergraduate students of IPB university, Indonesia. This study found that financial literacy, perception of debt, perception of risk, and interest in using online student loans are categorized as low level. While the level of knowledge is found to be the lowest, the first-year students showed a higher level in terms of willingness to use the online student loan. In addition, the second year students recorded a positive perception toward debt. This study showed that level of study, attendance in personal finance course, and student' GPA is positively related to financial knowledge. While debt perception is negatively related to financial attitudes. Similarly, the negative relationship is found between risk perception and the willingness to use the online student loan. The determinant factor of the willingness to use online student loans is the level of study, debt perception, financial risk perception, and time risk perception. Students with a higher level of study are more likely to have a lower interest in using online student loans. Moreover, students who perceived debt as a financial stimulator, as well as those with higher level of financial risk perceptions and time risk perceptions, tend to show more interest to use the loan.

Keywords : financial literacy, willingness to use, online student loan, perception of risk, perception of debt

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