

The Influence of BNPL (Buy Now Pay Later), Financial Literacy and Lifestyle on the Financial Management of Medan City Students in Using E-Commerce

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ABSTRACT

The problem addressed in this study is the low capability of MSME actors in maintaining proper financial records that are accurately prepared and clearly separated from personal finances, which has led to a decline in business performance. Many MSME actors do not yet have adequate financial statements and face constraints such as limited understanding of accounting information systems and restricted access to their utilization. This study aims to examine the effect of Accounting Information System usage, Human Resource competence, and Information Technology utilization on the performance of MSMEs in Medan City. The population of this study consists of MSMEs in the Food and Beverage (F&B) sector in Medan City, with a sample of 68 respondents selected using purposive sampling and the Lemeshow formula. The sample includes owners or employees of MSMEs who have implemented accounting information system applications. Data were analyzed using multiple linear regression, t-tests, F-tests, and the coefficient of determination (R^2). The results indicate that Accounting Information System usage, Human Resource competence, and Information Technology utilization have a positive and significant effect on MSME performance. Simultaneously, these variables significantly affect MSME performance in the Food and Beverage sector in Medan City, with an Adjusted R^2 value of 0.608.

Keywords: Buy Now Pay Later (BNPL), Financial Literacy, Lifestyle, Student Financial Management, E-Commerce

BACKGROUND

The phenomenon of poor financial management among college students is becoming increasingly concerning in today's digital age. Many students struggle to manage their income, prioritize spending, and resist impulse purchases. Many also end up in debt due to unplanned use of digital financial services, such as Buy Now Pay Later

(BNPL). This situation indicates that students' personal financial management skills are still low, despite their growing demand for financial independence. Without adequate financial knowledge and skills, students are easily swept away by the consumerist lifestyle prevalent in social media and digital environments.

According to Gitman and Zutter (2015), financial management is the process of planning, organizing, controlling, and monitoring financial resources with the goal of achieving financial well-being. With good financial management, individuals are able to allocate income effectively to meet needs, save, invest, and prepare for future financial risks. Kapoor, Dlabay, and Hughes (2012) also explain that personal financial management encompasses the ability to manage income, expenses, savings, investments, and debt to achieve long-term financial stability. Meanwhile, Horne and Wachowicz (2009) emphasized that healthy financial management is characterized by the ability to budget, control expenses, and maintain consistent savings habits. These three perspectives emphasize that financial management is not simply about recording incoming and outgoing cash, but rather the skill of making rational economic decisions oriented toward long-term well-being.

Furthermore, research and field data reveal the dark side of BNPL's convenience. According to a report by CekaJa (2024) and the Fintech Report by DailySocial (2023), approximately 35% of Gen Z BNPL users experienced late payments or defaulted at least once in the past six months. Meanwhile, data from the Financial Services Authority (OJK) (2023) shows that non-performing loan (NPL) rates for fintech-based paylater services have increased significantly, with the majority of borrowers being young people under 30. This phenomenon illustrates that easy access to digital credit is often misused by the younger generation without careful financial consideration. Students seeking to follow consumer trends or fulfill modern lifestyles often use BNPL to purchase non-essential items, such as gadgets, clothing, and entertainment. As a result, many of them struggle to make repayments, leading to mounting debt that becomes a source of psychological stress and disrupts their financial well-being.

Beyond BNPL use, financial literacy is a fundamental factor determining how well a person can manage their finances. Huston (2010) defines financial literacy as a combination of knowledge, skills, and attitudes needed to make sound financial decisions. Individuals with high financial literacy better understand the risks and benefits of using financial products, are able to budget, save regularly, and avoid detrimental consumer behavior. According to Lusardi and Mitchell (2014), financial literacy plays a crucial role in improving an individual's financial well-being because it aids in long-term decision-making. Students with low financial literacy tend to have difficulty distinguishing between needs and wants, lack spending planning, and are easily influenced by e-commerce promotions

or discounts. Research by Putri & Priantilianingtiasari (2024) also found that financial literacy significantly influenced the consumer behavior of PayLater students, indicating that financial knowledge plays a significant role in shaping healthy financial behavior.

Another factor contributing to student financial management is lifestyle. Engel, Blackwell, and Miniard (1995) define lifestyle as a person's pattern of living reflected in their activities, interests, and opinions regarding their social and economic environment. In the digital age, students' lifestyles tend to be influenced by social media, consumption trends, and the desire for social recognition. Activities such as online shopping, hanging out in cafes, following fashion trends, and purchasing branded goods are often symbols of a modern lifestyle. However, this type of behavior has the potential to lead to excessive consumerism, which can disrupt financial well-being. Research by Gama, Buderini, and Astuti (2023) demonstrates that a consumerist lifestyle negatively impacts the financial management skills of Generation Z students, where the more consumerist their lifestyle, the more likely they are to become.

RESEARCH METHODS

This research was conducted in Medan City. Medan was chosen as the research location because it is considered representative of the financial behavior of students in urban areas, particularly in terms of financial technology use and consumer lifestyles. In this study, the researchers chose to sample 20 campuses. The sample selection technique used purposive sampling, selecting respondents based on certain criteria, namely students who actively use e-commerce and have used BNPL. The sample size was determined using the Raosoft Sample Size Calculator developed by Raosoft, Inc. (2004). Raosoft is an online statistical tool used to calculate the minimum sample size so that research results have a scientifically acceptable level of confidence and accuracy (margin of error). This tool is commonly used in social research and surveys, especially when the population size is unknown or too large to be counted individually. Based on these calculations, the recommended minimum sample size is 377 respondents.

The dependent variable in this study is Student Financial Management. The independent variables are BNPL (Buy Now Pay Later), Financial Literacy, and Lifestyle. The data analysis techniques are descriptive statistical analysis, analysis and multivariate analysis using the Smart PLS SEM (Partial Least Square – Structural Equation Modeling) software data analysis method with the help of SPSS software.

RESULTS AND DISCUSSION

This chapter presents the research results obtained from processing questionnaire data collected from respondents. This section includes the following: (1) respondent demographics, (2) validity and reliability of the research questionnaire, and descriptive analysis of the research variables. Respondents in this study consisted of students from the 2020-2023 intake spread across several universities: Medan State University, North Sumatra University, Medan Area University, Open University, Harapan University Medan, Nommensen University Medan, and Prima Indonesia University, totaling 397 respondents.

Descriptive statistics were used to provide an overview of the research data obtained from respondents. This analysis aimed to determine the trends in respondents' responses to each research variable, including BNPL use (X1), financial literacy (X2), lifestyle (X3), and student financial management (Y). Descriptive statistics in this study are presented through minimum, maximum, average (mean), and standard deviation values.

Descriptive statistical analysis of the Buy Now Pay Later (BNPL) usage variable aims to obtain a general overview of student behavior in utilizing BNPL services for e-commerce transactions, as measured by frequency of use, ease of access, and payment discipline.

The descriptive statistical results indicate that the average student financial literacy is in the moderate to high category. This indicates that most students have a basic understanding of financial management, such as budgeting, spending management, and an understanding of the risks of using digital financial products.

However, the standard deviation values indicate differences in financial literacy levels among respondents. These differences may be due to educational background, personal experience in managing finances, and access to financial literacy education. This indicates that some students still need to improve their financial understanding and skills.

1. Outer Model Analysis

Convergent validation aims to determine the extent to which indicators within a construct represent the latent variables being measured. Based on the processing results and using SmartPLS 3, all indicators in the BNPL (Buy Now Pay Later), Financial

Literacy, Lifestyle, and Financial Management variables have outer loading values

	BNPL_(X1)	LifeStyle (X3)	Financial Literacy (X2)	Financial Management (Y)
BNPL_(X1)	0,840			
LifeStyle_(X3)	0,807	0,876		
Financial Literacy (X2)	0,568	0,655	0,861	
Financial Management (Y)	0,723	0,730	0,789	0,860

above 0.50. Furthermore, the average variable extracted (AVE) value.

Table 1. Results of Discriminant Validity Test

The test results show that the square root of the AVE value for each variable (BNLP, Financial Literacy, Lifestyle, and Financial Management) is greater than the values for each of the other variables. This indicates that each construct is able to measure its indicators better than the indicators of the other constructs.

Table 2. Results of Construct Reliability Test

BNPL	Cronbach's Alpha	Composite Reability	Pengolahan Keuangan_(Y)
BNPL_(X1)	0,860	0,905	Reliabel
Gaya Hidup_(X3)	0,899	0,930	Reliabel
Literasi Keuangan_(X2)	0,884	0,919	Reliabel
Pengelolaan_Keuangan (Y)	0,883	0,919	Reliabel

The reliability test results showed that all variables had Cronbach's Alpha and Composite Reliability values above 0.70. Thus, all constructs in this study were deemed reliable and had good internal consistency.

2. Inner Model Analysis

1). The coefficient of determination (R-Square) test was used to determine the extent to which the independent variables explain the variation in the dependent variable. Based on data processing using SmartPLS, the R-Square value for the financial management variable was $R^2 = 0.739$. This value indicates that 73.9% of the variation in students' financial management can be explained by BNPL, financial literacy, and lifestyle, while the remaining 26.1% is influenced by other variables outside the research model.

2). The Effect Size (F-Square) test was used to determine the contribution of each independent variable to the dependent variable. Based on the results of the effect size (F-Square) test, it can be concluded that financial literacy is the most dominant variable influencing the financial management of Medan City students in using e-commerce. Meanwhile, BNPL has a relatively small influence, and lifestyle has a very small influence on student financial management. The Path Coefficient test was used to determine the direction and strength of the influence between the independent variables on the dependent variable. Path coefficient values range from -1 to +1, where positive values indicate a unidirectional relationship, while negative values indicate an inverse relationship.

Based on the inner model analysis, the three independent variables—BNPL (X1), lifestyle (X3), and financial literacy (X2)—all have a positive effect on student financial management (Y). The respective path coefficients are: financial literacy 0.522; BNPL 0.323; and lifestyle 0.128. This means that financial literacy has the strongest and most dominant influence on financial management, followed by BNPL, which shows a moderate contribution, while lifestyle has only a relatively weak effect.

Interpretatively, improving students' financial understanding tends to be most effective in improving their financial management skills. The use of BNPL can also improve financial management if understood and used responsibly, while lifestyle changes have only a small impact on financial management when other factors remain constant.

Hypothesis testing was conducted using the bootstrapping method in SmartPLS, using the following decision criteria: the hypothesis is accepted if the t-statistic is > 1.96 and the p-value is < 0.05 ; Conversely, it is rejected if the t-statistic is ≤ 1.96 and the p-value is ≥ 0.05 . Thus, based on the path coefficient and significance, all hypotheses regarding the influence of independent variables on financial management can be evaluated according to these criteria.

Discussion of Research Findings

The results show that financial literacy has a positive and significant influence on the financial management of Medan City students ($t = 10.703$; $p = 0.000$). Financial literacy is the main foundation for developing disciplined financial behavior—including budget planning, spending control, and understanding risks—so that students are better able to make rational financial decisions. This finding is consistent with personal financial management theory (Gitman & Zutter, 2015) and previous research emphasizing the importance of instilling literacy from an early age.

Lifestyle also had a positive and significant influence on financial management ($t = 2.317$; $p = 0.021$), but its contribution was relatively smaller than financial literacy (low F-square effect). This indicates that consumption patterns and lifestyle control influence financial management, but their role is more optimal when supported by adequate financial knowledge.

The use of BNPL (Buy Now Pay Later) services was found to have a positive and significant influence on student financial management ($t = 6.210$; $p = 0.000$). BNPL can help manage short-term cash flow when used in a planned manner and with an understanding of the payment scheme; however, its impact depends on the user's level of literacy and self-control, as without it, BNPL has the potential to encourage impulsive consumption.

CONCLUSION

Based on the research results and discussion outlined in the previous chapter regarding the influence of BNPL (Buy Now Pay Later), financial literacy, and lifestyle on the financial management of Medan City students using e-commerce, the following conclusions can be drawn:

1. Financial literacy has a positive and significant effect on student financial management. The results show that financial literacy is the most dominant factor influencing student financial management. Students with a good financial understanding tend to be able to plan, control, and evaluate their financial situation more effectively. This confirms that financial literacy plays a crucial role in developing healthy financial behaviors among students, especially in the digital age.
2. Lifestyle has a positive and significant effect on student financial management. This finding indicates that students' lifestyles also influence how they manage their finances. Students who are able to adapt their lifestyles to their financial situation tend to have better financial management. However, the contribution of lifestyle to financial management is relatively smaller than financial literacy, so lifestyle can be considered a supporting factor in student financial management.
3. BNPL (Buy Now Pay Later) has a positive and significant effect on student financial management. The results of this study indicate that the use of BNPL can have a positive impact on student financial management if used wisely and responsibly. Students who understand the BNPL mechanism and its associated payment obligations are more likely to be able to utilize the service without causing serious financial problems.

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4. Simultaneously, BNPL, financial literacy, and lifestyle significantly influence student financial management. Based on the coefficient of determination (R-Square), these three variables explain most of the variation in financial management among students in Medan City. This indicates that student financial management is influenced by a combination of knowledge, behavior, and consumption habits.

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