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The Effect of Financial Literacy, Financial Technology Literacy, and Risk Perception on The Decision To Use Online Loans Among Generation Z

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Abstract
This study aims to analyze the influence of financial literacy, financial technology literacy, and risk perception on the decision to use online loans among Generation Z. The study used a quantitative approach with a survey method. Primary data were obtained by distributing questionnaires to 131 Generation Z respondents who met the research criteria using a purposive sampling technique. Data analysis was carried out with the help of IBM SPSS 29 through validity tests, reliability tests, descriptive statistical analysis, and multiple linear regression. The results showed that financial literacy had a positive and significant effect on the decision to use online loans with a significance value of 0.000 and a regression coefficient of 0.543. Financial technology literacy also had a positive and significant effect on the decision to use online loans with a significance value of 0.000 and a regression coefficient of 0.483. Meanwhile, risk perception had a negative and significant effect on the decision to use online loans with a significance value of 0.000 and a regression coefficient of -0.333. These findings indicate that the higher the level of financial literacy and financial technology literacy possessed by Generation Z, the better and more responsible their decisions in using online loan services. Conversely, the higher the perceived risk, the lower their likelihood of using these services. This study concludes that financial literacy, financial technology literacy, and risk perception are important factors influencing Generation Z's decision to use online loans. Therefore, increased education regarding financial management, the use of financial technology, and an understanding of digital financial risks is necessary to encourage wiser and more responsible use of online loans.

INTRODUCTION

Online loans are internet-based financial services that allow people to obtain loans without having to visit a bank or financial institution in person. Technological advances have transformed the financial services system, making it faster, easier, and more practical, resulting in an increasing use of online loans to meet both consumer and productive needs. According to Dewanto and Yanti (2025), the use of online loans reflects the use of digital financial services to meet people's financial needs with a simpler process than conventional financial services.

This ease of access is increasingly relevant in the digital era, especially for Generation Z, which, according to the Central Statistics Agency (2023), is defined as individuals born between 1997 and 2012. This group is known for being very familiar with technology and the internet, making it easier to access various digital financial services. However, Fakhmi Zakaria et al. (2025) explain that Generation Z tends to use online loans to meet consumption and shopping needs, indicating a reliance on digital financial services without careful financial planning. Their consumptive behavior and lack of financial control encourage them to make hasty decisions about using online loans without considering the long-term impact.

The increasing use of online loans is also accompanied by various risks, such as high interest rates, late fees, and the potential for misuse of personal data. Therefore, risk perception is a crucial factor in the decision-making process regarding online loan use. Nasution (2025) states that an individual's ability to understand risk is greatly influenced by their level of understanding of the financial information and technology available in these services. Individuals with a low level of understanding tend to have difficulty understanding the mechanisms, costs, and risks of online loans, making them more susceptible to making poor decisions.

In addition to risk perception, financial literacy and financial technology literacy also play a crucial role in determining the quality of online loan decisions. Financial literacy relates to an individual's ability to manage finances, understand the benefits and risks of financial products, and make informed financial decisions. Meanwhile, financial technology literacy indicates a person's ability to understand and use digital financial services safely and effectively. According to Putri and Rahmawati (2023), individuals with low levels of financial literacy and financial technology literacy tend not to fully understand how online loan services work, the costs, and the risks involved. This can lead to hasty decision-making and increase the likelihood of future financial problems.

This phenomenon is increasingly important to study as the use of online loans in Indonesia continues to experience significant growth. This growth is driven by advances in digital technology, easy access to services, and aggressive marketing strategies through social media and various digital applications. Various promotions offering fast processing, easy requirements, and instant disbursement are key attractions for the public. According to data from the Financial Services Authority (OJK), total online loan disbursement in 2024 reached IDR 75.44 trillion, with IDR 1.65 trillion in non-performing loans. In 2025, this figure increased by approximately 15% compared to the previous year, accompanied by an increase in non-performing loans. This data indicates that the growth in online loan use has not been matched by the public's ability to manage financial obligations wisely. Therefore, a better understanding of financial literacy, financial technology literacy, and risk perception is needed when making decisions about using online loans.

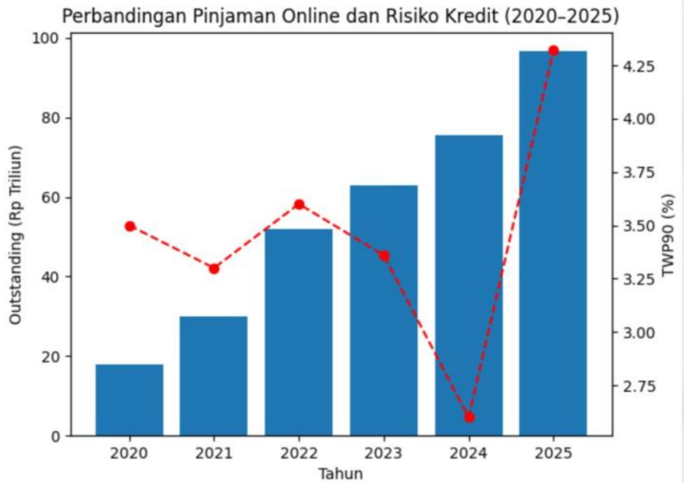

Figure 1.

The development of online lending in Indonesia during the 2020–2025 period shows significant growth. The number of outstanding loans continues to grow annually and peaks in 2025. However, this increase is not accompanied by improvements in credit quality. The 90-Day Default Rate (TWP90) indicator actually shows a fluctuating trend and increases again in 2025. This data aligns with the Financial Services Authority (OJK) report (2024), which shows that the growth in online lending is accompanied by increasing credit risk. This situation indicates that the more people use online loans, the greater the potential for default, especially among the younger generation who are not yet fully capable of managing their financial obligations. Furthermore, the high TWP90 rate indicates that easy access to online loans is not matched by an adequate understanding of the associated risks. Therefore, increased financial literacy and financial technology literacy are needed to enable individuals to make wiser decisions when using these services.

Analysis by age group indicates that Generation Z is the group with a relatively higher risk of default. According to data from the Financial Services Authority (OJK), between 2020 and 2022, the 19–24 and 25–29 age groups had relatively stable TWP90 levels, with small differences. However, from 2023 to 2025, there was a sharper increase in risk, particularly among the 19–24 age group. In 2024, the TWP90 for the 19–24 age group reached 5.0%, higher than the 3.5% for the 25–29 age group. In 2025, the figure increased again to 5.2% for 19–24 age groups and 3.8% for 25–29 age groups. This increase indicates that young people are more vulnerable to the risk of default than other age groups. This high risk is thought to be related to easy access to digital technology, which is not always matched by the ability to manage finances wisely, and the tendency to make quick decisions without considering long-term consequences. The phenomenon of high risk among young people is also exacerbated by the widespread use of illegal online loans. Putri et al. (2025) stated that the use of illegal online loans is prevalent among the 18–25 age group, which includes Generation Z, influenced by low financial literacy and a consumerist lifestyle. Nopriansyah and Wafi (2024) added that illegal online loans carry high risks and often ensnare students and young people because they offer easy access without considering the user's repayment capacity. These findings are reinforced by Haryanti et al. (2023), who stated that consumer behavior is one of the main factors driving young people into using illegal online loans. Ease of access, unclear requirements, and high interest rates make illegal services more attractive to young people who have limited understanding of the legality and risks of digital financial services.

In the context of online lending, financial literacy is a crucial factor because it relates to an individual's ability to understand, manage, and make rational financial decisions. Individuals with high financial literacy tend to be able to assess repayment capacity, understand interest rates, and consider the risks of using online loans, thus making more informed decisions. This finding aligns with Nasution's (2025) research, which showed that financial literacy influences decisions to use digital financial services. Furthermore, financial technology literacy plays a crucial role because it reflects an individual's ability to understand and safely utilize digital-based financial services. In online lending services, understanding application procedures, personal data security, and the legality of service providers are crucial. Arianti and Purbowati (2024) found that financial technology literacy influences fintech usage behavior, particularly in choosing safe and reliable services.

In addition to these two factors, risk perception also influences the decision to use online loans. Risk perception relates to how individuals assess the potential for potential losses, such as high interest rates, late fees, and misuse of personal data. Individuals with high risk perceptions tend to be more cautious when using online lending services, while those with low risk perceptions are more likely to make decisions without considering the long-term impact. This finding aligns with research by Nugroho (2023), which states that risk perception influences decisions to use digital financial services. Furthermore, Bangsawan (2025) emphasized that financial literacy and financial technology literacy significantly influence financial decision-making among Generation Z, suggesting that individuals with a good level of understanding tend to be more rational and less impulsive in using digital financial services.

Although numerous studies have been conducted on fintech and digital financial services, most studies have focused on fintech use in general and have not specifically examined decisions to use online loans, which carry a higher level of risk than other digital financial services. Furthermore, previous research generally only examined a single factor, such as financial literacy or risk perception, thus not providing a comprehensive picture of the factors influencing decisions to use online loans. In fact, these decisions are the result of the interaction of various aspects, including financial literacy, financial technology literacy, and risk perception.

Several previous studies have shown the influence of these factors on the use of digital financial services. Dewanto and Yanti (2025) and Fakhmi Zakaria et al. (2025) found that the increase in online loan use is influenced by ease of access and the consumerist nature of the younger generation. Nasution (2025) and Putri and Rahmawati (2023) stated that financial literacy influences decisions to use digital financial services. Nugroho (2023) and Nugroho and Widyastuti (2023) found that understanding finance and technology influences fintech usage behavior. Arianti and Purbowati (2024) showed that financial technology literacy supports optimal use of digital financial services, while Chandra and Kohardinata (2021) stated that risk perception also influences decisions to use fintech services.

Based on these phenomena, there appears to be a gap between ease of access to online lending services and Generation Z's ability to understand and manage financial risk. Furthermore, previous research on the influence of risk perception has yielded mixed results. Therefore, research is needed that simultaneously examines the influence of financial literacy, financial technology literacy, and risk perception on online loan decisions among Generation Z. This research is expected to provide more comprehensive empirical evidence regarding the digital financial behavior of the younger generation and enrich the study of factors influencing online loan decisions.

Based on the above background, this study aims to: (1) Obtain empirical evidence and analyze the influence of financial literacy on online loan decisions among Generation Z. (2) Obtain empirical evidence and analyze the influence of financial technology literacy on online loan decisions among Generation Z. (3) Obtain empirical evidence and analyze the influence

Hypothesis Development

H1: Financial Literacy has a positive effect on Online Loan Decisions
H2: Financial Technology Literacy has a positive effect on Online Loan Decisions
H3: Risk Perception has a negative effect on Online Loan Decisions

METHODS

This study is a causality study that aims to identify and prove the causal relationship between financial literacy, financial technology literacy, and risk perception on the decision to use online loans in Generation Z. The study uses a quantitative approach with a survey method and questionnaire instrument measured using a five-point Likert scale. The dependent variable in this study is the decision to use online loans, which is defined as an individual's action in determining the use of online loan services based on needs, benefits, and risks to meet financial needs (OJK, 2023; Putra & Ramadhani, 2026). The independent variables include financial literacy, financial technology literacy, and risk perception. The research instrument consists of 20 statement items adapted from research by Dewanto and Yanti (2025), Zakaria et al. (2025), Ramadhani and Putra (2024), Lusardi and Mitchell (2014), Nasution (2025), Putri and Rahmawati (2023), Nugroho and Widyastuti (2023), Arianti and Purbowati (2024), Wardani and Susanti (2023), Nugroho (2023), Maulana and Dewi (2023), and Chandra and Kohardinata (2021).

The sampling technique used was purposive sampling. According to Sugiyono (2019), purposive sampling is a sampling technique based on specific considerations in line with the research objectives. Ghozali (2021) states that this technique is used to select respondents with specific characteristics to ensure more relevant data. Respondent criteria included Generation Z aged 17–30, familiar with or previously exposed to information about online loans, and having used, currently using, or intending to use online loan services. The sample size was determined using Akdon's (2020) Rule of Thumb approach, which is six times the number of research indicators. With 20 indicators, the minimum sample size required was 120 respondents. Primary data was obtained through a Google Form questionnaire distributed via WhatsApp, Instagram, Twitter (X), and various student or Generation Z communities.

Data analysis was conducted using IBM SPSS version 29 using multiple linear regression techniques. According to Ghozali (2021), multiple linear regression is used to determine the effect of one or more independent variables on the dependent variable. Prior to hypothesis testing, descriptive statistical analysis, validity testing, reliability testing, and normality testing were performed. Sugiyono (2018) explains that descriptive statistics are used to describe data through mean, median, mode, standard deviation, maximum, and minimum values. Validity testing was conducted using Pearson Product Moment correlation, which, according to Ghozali (2021), is considered valid if the significance value is less than 0.05. Reliability testing used Cronbach's Alpha, with a reliability criterion of greater than 0.60 (Ghozali, 2021). Normality testing was performed using the Kolmogorov-Smirnov method, with data declared normal if the significance value was greater than 0.05 (Ghozali, 2021).

Hypothesis testing was conducted using the coefficient of determination (R^2), F-test, and t-test. According to Ghozali (2021), the coefficient of determination is used to measure the ability of independent variables to explain variation in the dependent variable. The F-test is used to determine the effect of independent variables simultaneously on the dependent variable, while the t-test is used to examine the effect of each independent variable partially. All tests were conducted at a 5% significance level to determine whether to accept or reject the research hypothesis.

RESULTS AND DISCUSSION

Data Description

Respondent Characteristics

This study involved 131 Generation Z respondents who all met the sample criteria: aged 17–29, familiar with or had been exposed to information about online loans, and had used, currently used, or intended to use online loan services. The questionnaire was distributed via Google Forms, utilizing social media platforms such as WhatsApp, Instagram, Twitter (X), and student and Generation Z communities. The targeted distribution strategy ensured that all participating respondents matched the required characteristics, ensuring that all data was suitable for analysis.

In terms of gender, the respondent composition was relatively balanced. 67 female respondents, or 51%, were male, while 64 male respondents, or 49%, were male. This very small difference indicates that the use of and interest in online loan services is not dominated by one particular gender. The slight dominance of female respondents may be attributed to the characteristics of the respondents, who are mostly students and do not have a steady income, making online loans a convenient alternative for meeting urgent financial needs.

In terms of age, the 21–24 age group dominated the study with 54 respondents, or 41%, followed by the 17–20 age group with 50 respondents, or 38%, and the 25–29 age group with 27 respondents, or 21%. Thus, approximately 79% of respondents were under 25. This indicates that the study truly represents Generation Z, who are still in the early stages of their financial lives. This younger age group is generally still students with limited income, making them more susceptible to using online loan services as a solution to urgent financial needs. Ease of access, fast disbursement of funds, and minimal administrative requirements are the main reasons these services are more attractive than conventional financial institutions.

Characteristics based on status or profession show that students constitute the largest group with 61 respondents, or 47%, followed by employed respondents with 52 respondents, or 40%, and students with 18 respondents, or 13%. The dominance of students indicates that many users or potential users of online loans come from groups without a steady income. Most students also fall into relatively low-income brackets, making online loans an alternative to meet needs that cannot be met with a monthly allowance. However, the high proportion of employed respondents indicates that the use of online loans is not solely influenced by limited income. Other factors such as urgent needs, ease of access, and consumption patterns also play a role in the decision to use these services. These findings indicate that online loans have reached various economic groups within Generation Z.

In terms of monthly income, the group with an income or allowance of Rp1,500,000–Rp2,000,000 was the largest, representing 40 respondents (31%). Furthermore, 32 respondents (25%) had an income between Rp2,000,000 and Rp3,500,000, while 30 (22%) had an income between Rp500,000 and Rp1,500,000, 21 (16%) had an income above Rp3,500,000, and 8 (6%) had an income below Rp500,000. Overall, 59% of respondents had an income or pocket money below Rp2,000,000 per month. This indicates that the majority of respondents come from groups with relatively limited financial capacity. In such situations, online loans are an attractive option because they offer a fast, easy process, require no collateral, and can be accessed directly via smartphone.

Based on their experience using online loans, the largest group were respondents who had used the service once or twice, namely 43 respondents (33%). The group that has never used but has the intention to try is 31 people (24%), respondents who have used 3–5 times are 25 people (19%), and respondents who have used more than 5 times or regularly are 22 people (17%). Meanwhile, only 9 respondents (7%) have never used and have no intention to try. Overall, 69% of respondents have used online loans at least once, while 17% are classified as regular users. These findings indicate that online lending services have become a fairly close part of the financial lives of Generation Z. The low proportion of respondents who are not at all interested in online loans also shows the high penetration of these services among the younger generation.

In terms of information sources, respondents most often learned about online loans through advertisements on apps or websites, with 40 respondents (31%). The next sources of information were social media platforms like Instagram, TikTok, and YouTube (33 respondents, or 25%), friends or family (30 respondents, or 23%), lecture or school materials (17 respondents, or 13%), and online news or articles (11 respondents, or 8%). These results indicate that the digital environment is the primary channel for disseminating information about online loans. Combined, digital advertising and social media accounted for 56% of all respondents' information sources. However, the influence of interpersonal communication remains quite strong, with nearly a quarter of respondents learning about online loans through friends or family. These findings suggest that Generation Z's exposure to information about online loans comes not only from extensive digital promotion but also from recommendations and experiences within their social circles. Overall, the characteristics of the respondents indicate that the majority of Generation Z participants in the study were young, students, had relatively limited incomes, had used or were interested in using online loans, and obtained information about these services primarily through the digital ecosystem. Data Analysis

Descriptive Statistics

Table 1. Descriptive Statistics Test Results

Variable	Indicator	N	Min	Max	Mean	St. Dev
Financial Literacy (LK)	X1	131	1	5	3,27	1,19
	X2	131	1	5	3,15	1,29
	X3	131	1	5	2,97	1,38
	X4	131	1	5	3,12	1,32
	X5	131	1	5	3,09	1,27
Financial Technology (TK)	X6	131	1	5	2,91	1,31
	X7	131	1	5	2,99	1,29
	X8	131	1	5	2,75	1,31
	X9	131	1	5	2,83	1,34

	X10	131	1	5	2,82	1,28
Risk Perception (PR)	X11	131	1	5	3,20	1,24
	X12	131	1	5	3,22	1,18
	X13	131	1	5	3,20	1,16
	X14	131	1	5	2,98	1,18
	X15	131	1	5	3,12	1,18
Online Loan Usage Decision (KPPO)	X16	131	1	5	3,09	1,37
	X17	131	1	5	2,84	1,33
	X18	131	1	5	2,83	1,37
	X19	131	1	5	3,08	1,37
	X20	131	1	5	2,96	1,38

Source: Data processing results (SPSS 29)

Based on Table 1 above, the independent variable Financial Literacy shows that respondents gave the lowest score on a scale of 1 for all indicators (LK1, LK2, LK3, LK4, and LK5). The highest score given by respondents was recorded on a scale of 5 for all five indicators in the questionnaire. The average score for the Financial Literacy variable ranged from 2.977 to 3.275. The highest standard deviation was found for indicator LK3, with a value of 1.384. This indicates that respondents' answers for this indicator were spread farther from the mean, reflecting significant variation in the data. Conversely, the lowest standard deviation was found for indicator LK1, with a value of 1.196. This indicates that respondents' answers for this indicator tended to be closer to the mean, reflecting low variation in the data.

The independent variable, Financial Technology Literacy, showed that the lowest score given by respondents was 1 for all indicators TK6, TK7, TK8, TK9, and TK10. Respondents gave the highest score, 5, for all five indicators in the questionnaire. The mean score for the Financial Technology Literacy variable ranged from 2.748 to 2.992. The highest standard deviation was observed for indicator TK9, with a value of 1.337. This indicates that respondents' responses for this indicator were spread farther from the mean, indicating significant variation in the data. Conversely, indicator TK10 had the lowest standard deviation, 1.286. This indicates that respondents' responses for this indicator tended to be closer to the mean, indicating low variation in the data.

The independent variable, Risk Perception, showed that the lowest score given by respondents was 1 for all indicators PR11, PR12, PR13, PR14, and PR15. The highest score given by respondents was 5 for all five indicators in the questionnaire. The average value for the Risk Perception variable ranged from 2.985 to 3.221. The highest standard deviation was observed for indicator PR11, with a value of 1.245, indicating that respondents' responses for this indicator were spread further from the mean, indicating significant variation in the data. Conversely, the lowest standard deviation was found for indicator PR13, with a value of 1.162. This indicates that respondents' responses for this indicator tended to be closer to the mean, indicating low variation in the data.

The dependent variable, Decision to Use Online Loans, showed that the lowest score given by respondents was 1 for all indicators KPPO16, KPPO17, KPPO18, KPPO19, and KPPO20. The highest score given by respondents was 5 for all five indicators in the questionnaire. The average score for the Decision to Use Online Loans variable ranged from 2.832 to 3.099. The highest standard deviation was found for the KPPO16 indicator, with a value of 1.375, indicating that respondents' answers for this indicator were spread farther from the mean, reflecting significant data variation. Conversely, the lowest standard deviation was found for the KPPO17 indicator, with a value of 1.329, indicating that respondents' answers for this indicator tended to be closer to the mean, reflecting low data variation.

Validity Test

Table 2. Validity Test Results

Variable	Indicator	Pearson Correlation	Sig. (2-tailed	Conclusion
Financial Literacy (LK)	LK1	0.547	0,000	Valid
	LK2	0.509	0,000	Valid
	LK3	0.629	0,000	Valid
	LK4	0.526	0,000	Valid
	LK5	0.578	0,000	Valid
Financial Technology (TK)	TK6	0.593	0,000	Valid
	TK7	0.586	0,000	Valid
	TK8	0.570	0,000	Valid
	TK9	0.570	0,000	Valid
	TK10	0.571	0,000	Valid
Risk Perception (PR)	PR11	0.304	0,000	Valid
	PR12	0.312	0,000	Valid
	PR13	0.389	0,000	Valid
	PR14	0.270	0,002	Valid
	PR15	0.338	0,000	Valid
Online Loan Usage Decision (KPPO)	KPPO16	0.651	0,000	Valid
	KPPO17	0.657	0,000	Valid

	KPPO18	0.620	0,000	Valid
	KPPO19	0.668	0,000	Valid
	KPPO20	0.634	0,000	Valid

Source: Data processing results (SPSS 29)

Based on the validity test results in Table 2 above, all 20 statement item indicators from the four research variables showed Pearson correlation values greater than the table r value of 0.144 (df = 129, α = 0.05). Most indicators showed a 2-tailed significance value of 0.000, except for indicator PR14, which showed a significance value of 0.002, but remained below the 0.05 significance limit. Therefore, all statement item indicators in this study can be considered valid, meaning that each statement item in this questionnaire accurately and precisely reveals each of the research variables being measured.

Reliability Test

Table 3. Reliability Test Table

Variables	Cronbach's Alpha	Conclusion
Financial Literacy (FI)	0,889	Reliable
Financial Technology (FIT)	0,883	Reliable
Risk Perception (RIS)	0,862	Reliable
Online Loan Usage Decision (KPPO)	0,909	Reliable

Source: Data processing results (SPSS 29)

Based on the reliability test results in Table 3 above, the four research variables—Financial Literacy, Financial Technology Literacy, and Risk Perception as independent variables, as well as the Decision to Use Online Loans as dependent variable—all demonstrated Cronbach's Alpha values greater than 0.60. Specifically, the Financial Literacy variable obtained a Cronbach's Alpha value of 0.889, the Financial Technology Literacy variable 0.883, the Risk Perception variable 0.862, and the Decision to Use Online Loans variable received the highest value of 0.909. Based on the reliability test decision-making criteria, all variables tested in this study can be declared reliable. This means that all respondents' answers in the questionnaire demonstrated good consistency and can be trusted as a reliable measurement tool in this study.

Classical Assumption Test
Normality Test

Table 4. Normality Test Table

	Unstandardized Residual Sig.	Conclusion
Monte Carlo. Sig. (2-tailed)	0,487	Normal

Source: Data processing results (SPSS 29)

Based on the normality test results in Table 4 above, the test was conducted using the One-Sample Kolmogorov-Smirnov Test on unstandardized residuals with a sample size of 131 respondents. The test results showed a Monte Carlo Sig. (2-tailed) value of 0.487, which is greater than the 0.05 significance level. Based on the decision-making criteria for the normality test, if the significance value is greater than 0.05, the data are considered normally distributed. Therefore, the data in this study meet the assumption of normality and are suitable for use in further regression analysis.

Hypothesis Testing

Table 5. Hypothesis Testing Results

Variables	Hypothesis	***Unstandardize Coefficient B***	Sig.	Conclusion
Constant		4,647	0,008	
Financial Literacy (FI)	+	0,543	0,000	Accepted
Financial Technology (F)	+	0,483	0,000	Accepted
Risk Perception (RIS)	-	-0,333	0,000	Accepted
F-Statistic		41,779		
F-Sig		0.000		Fit Model
Adjusted		0,485		

Multiple Linear Regression Equation

Table 5 shows that the constant value is 4.647. The regression coefficient for the independent variable, Financial Literacy, is 0.543. The regression coefficient for the independent variable, Financial Technology Literacy, is 0.483. The regression coefficient for the independent variable, Risk Perception, is -0.333. Based on these test results, the multiple linear regression equation is as follows:

KPPO = 4.647 + 0.543LK + 0.483LTK - 0.333PR

Description:
KPPO: Decision to Use Online Loans (Y)
LK: Financial Literacy (X1)
LTK: Financial Technology Literacy (X2)
PR: Risk Perception (X3)

Coefficient of Determination Test

The coefficient of determination test in this study was conducted to determine the extent to which the independent variables can provide the information needed to predict the dependent variable. The closer the Adjusted R Square value is to 1, the greater the ability of the independent variables to explain the dependent variable.

Based on the data listed in the test results table, the Adjusted R Square value is 0.485, which, when converted to a percentage, is 48.5%. This means that the variables Financial Literacy, Financial Technology Literacy, and Risk Perception collectively explain 48.5% of the Decision to Use Online Loans variable, while the remaining 51.5% is influenced by other variables not examined in this study.

F Test

The simultaneous test, or F test, in this study was conducted to determine the suitability of the research model used and to ensure that the regression model equation can be effectively used to assess the impact of the independent variables on the dependent variable as a whole. The basis for decision-making in the F test is by comparing the resulting F significance values. If the F significance value is greater than 0.05, the regression model used is not a good fit, whereas if the F significance value is less than 0.05, the regression model used is a good fit.

Based on the data listed in the test results table, the F value is 41.779 with an F significance value of 0.000, which is less than 0.05. Based on the aforementioned decision-making framework, it can be concluded that the regression model for the variables Financial Literacy, Financial Technology Literacy, and Risk Perception on the Decision to Use Online Loans among Generation Z is suitable and appropriate for explaining the influence between variables in this study.

T-Test

The partial test, or T-test, in this study was conducted to determine the influence of each independent variable on the dependent variable individually. The basis for decision-making in the T-test is by comparing the significance value of each independent variable tested. If the significance value is greater than 0.05, the independent variable has no effect on the dependent variable, whereas if the significance value is less than 0.05, the independent variable does have an effect on the dependent variable. Based on the hypothesis test results listed in the test results table, the T-test results are as follows:

1. The significance value of the Financial Literacy variable is 0.000, which is less than 0.05, with a positive regression coefficient of 0.543. Based on this decision-making framework, it can be concluded that Financial Literacy has a positive effect on the Decision to Use Online Loans among Generation Z, which means the first hypothesis is accepted.
2. The significance value of the Financial Technology Literacy variable is 0.000, which is smaller than 0.05, with a positive regression coefficient value of 0.483. Based on the basis of decision making, it can be concluded that Financial Technology Literacy has a positive effect on the Decision to Use Online Loans in Generation Z, which means the second hypothesis is accepted.
3. The significance value of the Risk Perception variable is 0.000, which is less than 0.05, with a negative regression coefficient of -0.333. Based on the decision-making basis, it can be concluded that Risk Perception negatively influences the decision to use online loans among Generation Z, meaning the third hypothesis is accepted.

Discussion of Results

The Influence of Financial Literacy on the Decision to Use Online Loans among Generation Z

Based on the hypothesis test results in Table, the Financial Literacy variable has a significance value of 0.000 (<0.05) with a positive regression coefficient of 0.543. These results indicate that financial literacy has a positive and significant effect on the decision to use online loans among Generation Z, thus H1 is accepted. The higher an individual's level of financial literacy, the greater their tendency to make decisions about using online loans in a planned, rational, and responsible manner.

From the perspective of the Theory of Planned Behavior, financial literacy plays a role in shaping individual attitudes toward financial behavior. According to Lusardi and Mitchell (2014), financial literacy is the knowledge, skills, and beliefs that influence a person's ability to manage finances and make sound financial decisions. Financial literacy is reflected in an understanding of personal financial management, the ability to distinguish between needs and wants, an understanding of loan interest rates, and the ability to manage financial risks. The better a person's understanding of these aspects, the greater their confidence and ability to assess the benefits, costs, and risks of using online loans. Thus, individuals tend to be more rational in considering their ability to repay and the financial consequences before deciding to use such services.

This finding is reinforced by the characteristics of the study respondents, the majority of whom were students and had an income or allowance of less than IDR 2,000,000 per month. These financial limitations encourage respondents to be more cautious in making financial decisions, including using online loans. A good understanding of loan interest rates, additional fees, late fees, and debt risks is crucial because ignorance of these aspects can increase the risk of default and worsen an individual's financial situation. Therefore, adequate financial literacy helps respondents develop a more responsible attitude when using online loan services.

The importance of financial literacy is also evident in the current situation in Indonesia. Data from the Financial Services Authority (OJK, 2024) shows that total online loans reached IDR 75.44 trillion in 2024, with IDR 1.65 trillion in non-performing loans. This figure will increase by approximately 15% in 2025, accompanied by a rise in non-performing loans. Furthermore, the default rate over 90 days (TWP90) among the 19–24 age group increased from 3.0% in 2020 to 5.2% in 2025, higher than the 3.8% rate for the 25–34 age group (OJK, 2024). The high default rate among younger age groups indicates that many Generation Z still lack an adequate understanding of interest mechanisms, loan costs, and debt risks. Conversely, respondents in this study with higher levels of financial literacy tended to make more measured and responsible decisions about using online loans. The results of this study are in line with the findings of Nasution (2025) and Mutmainah and Yumartono (2025) who stated that financial literacy has a positive effect on the decision to use online loans in Generation Z. Similar findings were also stated by Harahap et al. (2025) who found that financial literacy encourages wiser use of online loans, and Rahmawati and Yusuf (2024) who stated that the higher the level of financial literacy, the better the ability of Generation Z in making financial decisions. In addition, the majority of respondents obtained information about online loans through application advertisements and social media, which indicates that exposure to digital financial information contributes to shaping their financial understanding.

Overall, the results of this study confirm that financial literacy is a critical factor influencing Generation Z's decision to use online loans. Therefore, improving financial literacy requires attention from various parties, both through formal education and educational programs developed by the Financial Services Authority. Educational materials should include an understanding of loan interest, debt management, and digital financial risks to enable Generation Z to make wiser decisions and reduce the potential for increased non-performing loans and the TWP90 ratio in the future.

The Influence of Financial Technology Literacy on Generation Z's Decision to Use Online Loans

Based on the results of the hypothesis test, the Financial Technology Literacy variable has a significance value of 0.000 (<0.05) with a positive regression coefficient of 0.483. These results indicate that financial technology literacy has a positive and significant effect on Generation Z's decision to use online loans, thus accepting H2. The greater an individual's ability to understand and use digital technology-based financial services, the greater their tendency to use online loans in a more informed, safe, and responsible manner.

These findings are explained through the Technology Acceptance Model proposed by Fred Davis (1989), which states that a person's acceptance of technology is influenced by perceived usefulness and perceived ease of use. Financial technology literacy includes the ability to understand how applications work, service features, personal data security, and the ability to distinguish between legal and illegal online lending services. Individuals with good financial technology literacy tend to better understand the procedures for using digital services, the benefits, and the risks, thus feeling more confident in making decisions about using online loans.

This study's findings are supported by respondent characteristics, which show that 56% of respondents first learned about online lending services through advertisements on apps and social media. This is in line with 2023 data from the Indonesian Internet Service Providers Association (APJII), which shows that 97.1% of the population aged 19–34 are connected to the internet. This high level of exposure to the digital environment has made Generation Z increasingly familiar with various technology-based financial services, including online lending. Intense interaction with digital platforms helps them understand the features, mechanisms, and processes of using services, thus encouraging more confident decision-making when utilizing digital financial services.

However, this high level of digital exposure also carries various risks. As a generation that grew up in the digital era, Generation Z is more vulnerable to illegal online loans, which are widely circulated online. According to the Institute for Development of Economics and Finance (INDEF), easy access to illegal online loans makes these services increasingly accessible to the younger generation, while countermeasures undertaken by the Investment Alert Task Force have not been able to completely eradicate this practice (Wantimpres, 2023). Furthermore, urgent needs often drive Generation Z to make impulsive decisions without first checking the legality of service providers.

The Ministry of Communication and Digital (Komdigi, 2024) also noted that illegal online loans are one of the biggest threats to young people in the digital era. Low financial technology literacy not only increases the risk of using illegal platforms but also increases vulnerability to identity theft and misuse of personal data. Data provided during the loan application process has the potential to be exploited for various forms of fraud, intimidation, and other digital crimes. Therefore, financial technology literacy is crucial for individuals to understand digital security aspects, platform legality, and the risks of using technology-based financial services.

This study's findings align with those of Wardani and Susanti (2023), who found that financial technology literacy positively influences interest in using fintech lending services among the younger generation. Similar results were also found by Pertiwi and Mahmudah (2024), who stated that the ability to understand digital technology influences students' decisions to use online loans. Furthermore, Rahmawati and Anwar (2025) concluded that understanding financial technology can increase user confidence in utilizing online lending services.

Overall, the results of this study confirm that financial technology literacy is a crucial factor in Generation Z's decision to use online loans. Therefore, improving financial technology literacy should not only focus on the ability to use digital applications, but also include an understanding of the legality of service providers, personal data protection, digital transaction security, and the cost and risk mechanisms inherent in online loans. With a more comprehensive understanding, Generation Z is expected to be able to make wiser decisions about using online loans and avoid the various risks that arise in the digital financial ecosystem.

The Influence of Financial Risk Perception on Online Loan Decisions in Generation Z

Based on the results of the hypothesis test, the Risk Perception variable has a significance value of 0.000 (<0.05) with a negative regression coefficient of -0.333. These results indicate that risk perception has a negative and significant effect on online loan decisions in Generation Z, thus H3 is accepted. The higher the level of risk an individual perceives regarding online loan services, the lower their likelihood of using them. Conversely, individuals with a low risk perception tend to make decisions more easily to use online loans.

These findings are explained through the Theory of Planned Behavior proposed by Ajzen (1991). In this theory, risk perception is part of an individual's attitude in evaluating the potential consequences of a behavior. Ajzen (1991) stated that the greater the risk a person perceives of an action, the more negative the attitude they develop, thus reducing their intention and decision to perform that action. In the context of online loans, the risks considered include high interest rates, late payment penalties, the potential for misuse of personal data, and the possibility of default, which can impact long-term financial well-being. Awareness of these risks encourages individuals to be more cautious and selective in deciding to use online lending services.

The results of this study are supported by actual conditions demonstrated through data from the Financial Services Authority (OJK, 2024). The 90-day overdue (TWP90) rate among the 19–24 age group, the core of Generation Z, increased from 3.0% in 2020 to 5.2% in 2025. This figure is higher than the 3.8% rate among the 25–34 age group during the same period. The increase in TWP90 indicates that some young people are still using online loans without carefully considering the risks, resulting in repayment difficulties and default. Conversely, respondents in this study who had a moderate level of risk perception tended to be more cautious in making decisions about using online loans. This suggests that awareness of financial risks such as high interest rates, late fees, and misuse of personal data has become an important consideration in their decision-making process.

These findings also indicate that experience and exposure to information about the digital financial ecosystem play a role in shaping risk perception. The more information individuals receive about the potential disadvantages of using online loans, the greater their awareness. This awareness serves as a control mechanism that can prevent impulsive and unplanned use of online loans.

These research findings align with those of Nugroho (2023), who found that risk perception influences decisions to use digital financial services. Similar findings were presented by Maulana and Dewi (2023), who stated that data security risks and potential financial loss are primary considerations before individuals use fintech services. Furthermore, Saputra et al. (2023) also found that risk perception negatively influences intention to use fintech lending services. However, these results differ from those of Amelia and Sari (2025), who stated that risk perception does not always have a direct negative effect on decisions to use online loans because this influence can be moderated by trust in the platform. These differences in results are likely due to differences in respondent characteristics and the research context. This research focuses on Generation Z, who are still in the early stages of their financial lives, so their sensitivity to risk tends to be more dominant than their level of trust in service providers.

Overall, this research confirms that risk perception is a significant factor in suppressing the tendency to use online loans among Generation Z. Therefore, increasing understanding of digital financial risks requires attention from various parties. Educational institutions can integrate material on digital financial risks into the learning process, while regulators, such as the Financial Services Authority (OJK), need to continuously strengthen digital financial risk literacy programs. Improving appropriate risk perception among Generation Z is expected to help reduce the ever-increasing TWP90 rate and encourage wiser, more measured, and responsible use of online loans.

CONCLUSION

This study was conducted to examine the impact of financial literacy, financial technology, and risk perception on online loan usage choices among Generation Z. After conducting analysis and testing, the following conclusions were drawn from this study:

1. Financial literacy positively influences online loan usage decisions among Generation Z.
2. Financial technology literacy positively influences online loan usage decisions among Generation Z.
3. Risk perception negatively influences online loan usage decisions..

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