DIGITAL FINANCIAL LITERACY AND PERSONAL FINANCIAL HEALTH DURING THE COVID-19 PANDEMIC

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Abstract: This study aims to analyze the impact of digital financial literacy on personal financial health during the widespread of Covid-19 in Indonesia. Data collection was done through an online survey by questionnaires distribution which received 463 responses in return. SPSS was used to analyze the data. The result depicts digital financial literacy affects personal financial health significantly. That is to say, the more literate someone in digital finance then the better their financial well-being. Therefore, it is important to have the digital financial knowledge to improve personal financial health during pandemic, especially during the digitalization and technology era that can disrupt a person's financial situation.

Keywords: digital financial literacy, personal financial health, Covid-19 pandemic

INTRODUCTION
The sudden Covid-19 pandemic happened in various parts of the world. This pandemic initially occurred in Wuhan, China in 2019 and began to spread all over the world including Indonesia. Covid-19 is capable of causing a long-term economic loss through short-term financial shock and causing a great disruption in both political and socioeconomic which impedes all global development-related activities and processes, as well as financial issues for individual communities.

On the other hand, the Covid-19 pandemic made people realize of important literacy and financial management are. McKinsey in May 2020 found that many Indonesians were worried about not being able to meet their expense needs during the pandemic. These concerns are higher compared to the people in India and China. Based on the survey results, it was revealed that around 50% of people who are worried about their jobs, only have the savings for less than four months of their living costs. If the concern intensifies along with the decline of people's ability to consume, save, and invest, the individuals’ financial health will be affected.

Personal financial health is defined as a person's monetary condition related to savings, expenses, loans, and financial planning. An individual's financial health can be influenced by both intrinsic factors and extrinsic factors (Anand et al., 2021). Some traits included in intrinsic factors are individual demeanor, awareness, the ability to work with numbers, knowledge, risk-taking abilities, foresight, and innate behavior. Those factors are personalized and different between individuals.
Extrinsic factors comprise socio-economic, political, geographic, natural disasters, recessions, and pandemics. Extrinsic factors cannot be controlled and can cause financial shock. Thus, a healthy personal financial condition should also be able to prepare and protect oneself from financial shock rather than only meet the current needs and direct financial goals.

This study attempts to analyze the differences between personal economic health during the widespread of Covid-19 in men and women. Currently, people are increasingly aware and mindful of the coronavirus thus maintaining health protocols. This outbreak, especially with its uncertain extremity, also makes people have to be more careful in their both consumption and investment. Failure in money management triggers problems in personal financial health.

Preparation and protection against personal financial shock during a pandemic might be facilitated by digital financial literacy. The positive growth of internet users and the increasing number of Financial Technology (FinTech) makes the public is required to have a good literacy in digital finance. This is affirmed by the numerosness of internet users in Indonesia, which stood at 202.6 million or 73.7 percent out of 274.9 million of the total population in January 2021, and as many as 96.4 percent of it (195.3 million people) access the internet via smartphone (kompas.com, 2021). Unfortunately, this does not happen along with financial literacy, which is rather low. The National Financial Literacy Survey held by the Financial Services Authority (OJK) in 2019 revealed the index of financial literacy in Indonesia was still at 38.03% 9 (ojk.go.id., 2021).

The lack of financial literacy risks individuals in monetary transactions for consumption and investment using digital platforms. This confirms the importance of learning digital finance literacy, notably since digital financial technology contributes greatly to people's spending and saving behavior. Likewise, digital financial literacy is a pluridimensional concept (oecd.org., 2018). Digital financial literacy can consist of the apprehensive of digital financial products and services, risk awareness, digital financial risk control knowledge, and understanding of consumer rights and remedy procedures (oecd.org., 2018).

Lacking financial literacy can lead to short of savings and overspending onward (Lusardi, 2008). Frail saving and spending decisions perhaps are less concerning in the current days but will have serious implications for an individual's long-term financial security or health (Hung et al., 2009). Likewise, the lack of literacy in digital financial can affect important decision-making, such as the use of digital platforms for saving and spending, thus, it affects their financial health. Even the OECD recommends improving digital financial literacy as FinTech has unique characteristics, advantages, and risks (oecd.org., 2018).

There is a possibility that the awareness and concerns built during the Covid-19 pandemic allow people to have more interest in learning about personal financial management. Personal financial shock during a pandemic is possibly different between men and women. Okpara (2011) claimed that most women are not competent in financial management including bookkeeping, managing inventory and human capital, as well as basic marketing. This leads to a muddle in daily transactions and unable to calculate their spending and earnings by the end of the month. On the other hand, Sabri et al. (2020) explained that women in Malaysia were more skillful in financial...
management, for instance, as much as 86.1% of expenses records can be kept. This study aims to analyze the impact of digital finance literacy on personal financial health in Indonesia. Furthermore, this research is expected to contribute knowledge and spread awareness about financial management by enhancing digital financial literacy. This research also gives policy implications to strengthen and improve digital financial literacy during the pandemic.

LITERATURE REVIEW
Digital Financial Literacy
Digital Financial Literacy (DFL) covers knowledge related to online shopping and savings systems through online payments and banking [28]. [29] stated that DFL consists of two concepts: financial literacy and digital platform. Overall, DFL is described as financial literacy in digital financial technology which is the way someone can understand, experience, and have awareness about digital products and services. Similar to financial literacy, DFL is divided into four aspects consisting of basic financial knowledge, savings and borrowing, protection (insurance), and investment (Chen and Volpe, 1998).

Personal Financial Health
Personal financial health is specified by financial satisfaction and behavior, the individual’s point of view on financial health, and their objective financial status (Joo and Bagwell, 2003). Joo (2009) stated that financial health is a “multidimensional concept” combining objective and subjective components of prosperity. The research by Joo (2009) related the personal financial health definition and measurement was done by surveying 216 financial planning and counseling professionals. Results justified that financial health was reflected objectively by showing an insignificant amount of debt, actively involved in planning savings, and following the plan. Meanwhile, significant levels of satisfaction and less financial stress are the objective representation (Joo, 2009). This definition describes what we called financial health.

Hypothesis Development
As the cure for Covid-19 has not been successfully discovered, many countries including Indonesia strive to stop the spread by implementing lockdowns and social distancing. This situation affects one’s health both physically and mentally, yet financial health aspects are not quite studied. Therefore hypotheses suggested in this study include:
H1: Digital financial literacy significantly affects personal financial health during the widespread of Covid-19

RESEARCH METHOD
Quantitative research was conducted and aimed to explain the influence of digital financial literacy on an individual’s financial health. A simple regression analysis was used to test the hypothesis. This is survey-based research that used questionnaire instruments to collect data. The research population is all Indonesian people of productive age. Slovin formula was used to determine the sample size due to the large size of the population (Cochran, 1997). Sampling was done by using the purposive sampling technique based upon certain considerations such as population characteristics or identified characteristics (Sekaran and Bougie, 2013). The sample criteria in this study are as follows: 1) Have been employed; 2) Have experience in using Fintech (can be in the form of mobile payment, mobile remittance, crowdfunding, and P2P lending) for at least one year.

RESULTS AND DISCUSSION
Data was collected through questionnaire distribution. The information about
respondents’ characteristics is gathered and shown in Table 1 as follows:

Table 1. The Characteristics of Respondents

<table>
<thead>
<tr>
<th>Group</th>
<th>Amount</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>94</td>
<td>20.30</td>
</tr>
<tr>
<td>Female</td>
<td>369</td>
<td>79.70</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; Rp. 3,500,000</td>
<td>86</td>
<td>18.57</td>
</tr>
<tr>
<td>&gt; Rp. 3,500,000 -</td>
<td>141</td>
<td>30.45</td>
</tr>
<tr>
<td>Rp. 7,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Rp. 7,000,000 -</td>
<td>157</td>
<td>33.91</td>
</tr>
<tr>
<td>Rp. 10,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Rp. 10,500,000</td>
<td>79</td>
<td>17.06</td>
</tr>
</tbody>
</table>

The data of this research was collected by distributing questionnaires to respondents and received 463 responses in return consisting of 94 data from male respondents and 369 data from female respondents. As much as 33.91% of respondents have income > Rp. 7,000,000 - Rp. 10,500,000.

The research questionnaire has been tested for validity and reliability before being distributed to respondents. The validity and reliability test results reveal that all items in the digital financial literacy and personal financial health variables are reliable and valid. The results can be seen in Table 2.

Table 2. Validity and Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Total of Questionnaire items</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital financial literacy</td>
<td>11 items</td>
<td>Valid and reliable</td>
</tr>
<tr>
<td>Personal Financial health</td>
<td>4 items</td>
<td>Valid and reliable</td>
</tr>
</tbody>
</table>

Classic Assumption Test Result
Before being processed using simple linear regression, the data were tested using the classic assumption test. Results show that the data have a normal distribution and there is no heteroscedasticity. The results of the classical assumption test can be seen in Table 3.

Table 3. Classic Assumption Test Result

<table>
<thead>
<tr>
<th>Classic Assumption Test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normality Test</td>
<td>Data is normally distributed</td>
</tr>
<tr>
<td>Heteroscedasticity Test</td>
<td>No Heteroscedasticity</td>
</tr>
</tbody>
</table>

Regression Analysis
Simple linear regression analysis results show a significant impact of digital financial literacy on personal financial health during the widespread of Covid-19 (sig < 0.01), which means that hypothesis 1 is accepted. The regression equation shows that the higher digital financial literacy a person has, the better personal financial health can get during the pandemic.

Table 4. Regression Analysis

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Unstandardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Constant</td>
<td>2.092</td>
<td>.145</td>
</tr>
<tr>
<td>DFL</td>
<td>.430</td>
<td>.050</td>
</tr>
</tbody>
</table>

Discussion
Results in this study explain that digital financial literacy significantly affects a person’s financial health during the current Covid-19 pandemic. The more knowledge, experience, and awareness regarding digital financial literacy a person has, the healthier one’s financial condition will be. Moreover, the existence of more Financial Technology and digital financial transactions make it easier for someone to be influenced by conducting financial transactions both for consumption and investment. Hence, by having literacy related to digital finance, an individual can be more careful in spending their income. In addition, in an uncertain situation due to the pandemic, someone who has good digital financial literacy can establish a saving habit for their future. The results of this study have
good agreement with the research by Mien and Thao (2015) and Tamimi and Kali (2009).

CONCLUSION
This research is aimed to analyze the impact of digital finance literacy on personal financial health during the widespread of Covid-19. Results show the significant effect given from digital finance literacy towards personal financial health during the Covid-19 widespread. In other words, the more literate someone in digital finance then the better their personal financial wellbeing. Therefore, it is important to have digital financial knowledge to improve personal financial health during the pandemic. Moreover, the development of digitalization and technology will create financial risks and transactions that can disrupt a person's financial situation.

REFERENCES
Joo, S. Personal financial wellness. In Handbook of consumer finance research 2008 (pp. 21-33). Springer, New York, NY.