

## Financial Literacy Level Of Gojek Drivers In Malang City Online Loans User As An Effort To Improve Welfare

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### Abstract

*This study aims to determine the level of financial literacy and the level of financial inclusion of Gojek drivers who use online loans in Malang City. As well as knowing financial literacy and inclusion as an effort to improve welfare. This study uses a phenomenological approach with the assumption of a constructivist philosophy. This study also uses a qualitative descriptive approach which is a method based on post-positivism philosophy. The instrument used uses a survey with 100 Gojek driver participants in Malang City. The results of the study show that the literacy of Gojek drivers in Malang City is measured at a level of 67.92% which indicates a moderate level with only 7% having a high literacy level. Meanwhile, the inclusion level of Gojek drivers in Malang City is measured at a level of 66.83%. There is a gap of 19.7% with the average inclusion rate in Malang City. It also shows that only 7% have a high level of financial inclusion. There are 2% of Gojek drivers in Malang City, each of whom has a high level of financial literacy and inclusion. Other results show that 88% are declared prosperous under the UMR category, and 84% are also declared prosperous by calculating the income exchange rate. Subjectively, 91% are categorized as prosperous with the highest indicator being family harmony at 73%. Followed by a good living environment by 60%. However, housing and asset indicators are considered low at only 37%.*

**Keywords:** Financial Literacy, Financial Inclusion, Welfare, Online Loans.

## **INTRODUCTION**

Financial literacy and inclusion are needed in applying for a loan. Moreover, applying for loans on informal or illegal platforms. The low level of financial literacy can also increase the risk of fraud on financial products and services chosen by the public. OJK noted that there are at least 406 companies involved in fraudulent investments that offer unreasonable interest benefits. Good financial literacy is very important for families, which contributes to making family financial decisions.

From OJK publications regarding the level of financial literacy by KOJK region, it shows that the level of financial literacy in Malang City is measured at the level of 69.43% or much higher than the national average, which is 49.68%. In the publication, the demography of respondents is 80% working in the formal sector with 60% tertiary education level. And there are still many Gojek drivers who use online loans. Therefore, special research is needed on the level of literacy and financial inclusion of Gojek drivers in Malang City.

Peer to Peer Lending (Online Loans) is considered potential because it can reach unlimited digital-based financial services and the lack of financial access for Online Drivers causes a low level of economic productivity. Apart from that, another potential is the massive level of smartphone users, therefore there is no need to make loans or direct investments that involve complicated bureaucratic and administrative processes (Anisa, N, 2021). Therefore, a Peer to Peer platform is needed because it can increase economic productivity, financial inclusion, and can balance uncertain income.

The existence of two sides of the coin to the views of Gojek drivers in Malang City on the Peer to Peer Lending platform makes this an interesting matter to study. The phenomenon of online lending in the context of this research refers to the level of financial literacy and inclusion as well as new breakthroughs, although its presence is inseparable from the positive and negative sides that go hand in hand, this depends on the perception and wisdom of the user (Gojek Driver). This research is considered very interesting with the existence of a pandemic which has resulted in a decrease in the income of online motorcycle taxi drivers, and the availability of the Peer to Peer Lending platform as a way out to short-term prosperity, and depending on how these drivers use it, it is questionable what the driver's level of literacy and financial inclusion is.

**METHOD**

This study uses a qualitative descriptive method with a phenomenological approach. The philosophical assumptions in this study are constructivist. Qualitative descriptive is a research method based on post positivism philosophy. In qualitative research, it does not use the term population, but uses the term social situation, which consists of three elements, namely: places, actors and activities that interact synergistically (Sugiyono, 2010). Determination of the sample in this study refers to Fraenkel and Wallen (2009), where the minimum acceptable sample size for descriptive studies is not less than 100. The required informants in phenomenological research are around <10 where all informants follow the phenomenon intensely. Data collection instruments used questionnaires and interviews with manual coding analysis techniques and categorization described by Saldana J. (2009). Intended as a way of deriving words or phrases that determine the presence of salient psychological facts, capture the essence of facts, or mark psychological attributes that emerge strongly from a number of linguistic or visual data sets. Welfare is also calculated using objective and subjective approaches. The objective approach uses the minimum wage and household exchange rates as a basis. While the subjective approach uses 10 happiness indexes.

**RESULT AND DISCUSSION****Participant Demographics**

Participants were 100 individuals with an average age of 33 years. The minimum age is 21 years and the maximum is 57 years. The highest number of ages, namely at the age of 31, was 10% of the total participants. The marital status of the participants was 59% married, 27% single, and 14% widowers/widows.

The education level of the participants showed that 3% were elementary school graduates, 10% junior high school graduates, 70% high school graduates, and 17% tertiary graduates. Participants who have income < Rp. 2,000,000 is 1%. And income between Rp. 2.000000 – Rp. 4,000,000 is 57%. And income > Rp. 4,000,000 by 42%. With spending < Rp. 2,000,000 at 2%, spending Rp. 2.000000 – Rp. 4,000,000 by 79%, and spending > Rp. 4,000,000 by 19%.

The online loan applications used by participants include Shopee with 28%, Akulaku with 25%, Kredit pintar with 24%, followed by other applications. While the reasons for participants using online loans were 41% for credit reasons, 25% for fast money reasons, 19% for paying debts, followed by other reasons.

### **Financial Literacy Level of Gojek Drivers Online Loans user in Malang City**

According to Chen and Volpe (1998) financial literacy is the ability to manage finances so that life can be more prosperous in the future. It's not just knowledge to manage finances, but it can also be implemented in the behavior of each individual to increase financial literacy. The financial literacy of Gojek drivers in Malang City is measured at a level of 67.92%. This figure indicates that the financial literacy of Gojek drivers in Malang City is at a moderate level. This is in accordance with a survey conducted by OJK where the literacy rate of poor people is 69.43% which is also at a moderate level.

The results of the study also show that the number of Gojek drivers who have a high literacy level is relatively low. That is, there are only 7%. This means that only 7% have financial knowledge, practice good financial behavior, prioritize short and long term attitudes, and good money management skills. As many as 16% of participants were also categorized at a low literacy level. In other words, 16% only have knowledge of financial service institutions, financial products and services. Most of the participants were at the moderate literacy level. 77% of Gojek drivers in Malang City have a moderate literacy level. Which means that 77% have knowledge and beliefs about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.

### ***Financial Literacy Level Knowledge Dimension***

As many as 40% of Gojek drivers in Malang City have a high level of financial literacy in the knowledge dimension. This means that 40% of participants have understood various concepts about finance well. And only 6% of the participants had a low level of financial literacy in the knowledge dimension and 64% at a moderate level. This shows that the level of financial knowledge of Gojek drivers in Malang City is quite good where the majority are at medium and high levels.

***Financial Literacy Level Behavioral Dimension***

As many as 22% of Gojek drivers in Malang City have a good behavioral dimension of financial literacy. This shows that only 22% of participants make purchases carefully, pay bills on time, have long-term financial goals, carry out savings activities, and exercise consideration in choosing financial products. The results also show that 35% have a low level of financial literacy in the behavioral dimensions and 43% have a moderate level. Compared with the results of the knowledge dimension, it also shows that even though Gojek drivers in Malang City have financial knowledge, they do not yet have good financial behavior. Long-term financial behavior still looks not good enough. The majority of participants only think about short-term finances. This can also be influenced by financial conditions and family welfare. Knowledge of finance must be followed by good financial behavior in order to achieve prosperity.

***Financial Literacy Level Attitude Dimension***

21% of Gojek drivers in Malang City have a good financial attitude. Which means that only 21% of participants have the attitude that the existence of money is not only needed for short-term needs or just to be spent, but is also needed for long-term interests. The results of the study also show that 22% of Gojek drivers in Malang City have a low level of financial literacy at the attitude dimension and 57% at a moderate level. These results are lower than the dimensions of knowledge and behavior. Where it shows that even though they have financial knowledge, they do not necessarily have good financial behavior and attitudes.

***Financial Literacy Level Skills Dimension***

19% of Gojek drivers in Malang City have high financial skills. This shows that only 19% do financial budgeting, and are able to apply financial knowledge in everyday life. The results also show that 14% of Gojek drivers in Malang City have a low skill level of literacy and 67% at a moderate level. It also shows that only 19% of participants who know about finance also apply it to everyday life. 19% of Gojek drivers in Malang City also have the ability in investment, interest, costs and risks in understanding financial products and services. Not only does it provide benefits, but also has risks and costs that must be borne.

### **Financial Inclusion Level of Gojek Drivers Online Loans user in Malang City**

The financial inclusion level of Gojek drivers in Malang City is 66.83%. This shows that access to financial products and services owned by Gojek drivers in Malang City is lower than the Malang City inclusion level published by OJK. There is a gap of about 19.7% in the inclusion level of Gojek drivers in Malang City with the average inclusion rate in Malang City. This also shows that access, availability, use, and quality of financial products and services are somewhat lower.

The results of the study also showed that there were 7% of participants who had a high inclusion rate. Which means that only 7% of Gojek drivers in Malang City have physical affordability and the price of financial products and services, Availability of financial services and products and make maximum use of them, actually use financial products and services, and get optimal benefits from the use the financial products and services. As many as 6% of Gojek drivers in Malang City have a low level of financial inclusion. And as much as 87% have a moderate level of inclusion.

#### ***Level of Financial Inclusion Access Dimension***

As many as 20% of Gojek drivers in Malang City have a high level of financial inclusion in the access dimension. This means that 20% of participants have access to financial institutions, products and services for financial service businesses. They also have the ability to use formal financial services in terms of physical affordability and price. The results also show that 37% have a low level of financial inclusion with access dimensions. that means 37% of Gojek drivers in Malang City do not have access to formal financial products and services. And they lack physical affordability and price. Also, 43% of Gojek drivers in Malang City have a moderate level of financial inclusion with access dimensions.

#### ***Level of Financial Inclusion Availability Dimension***

As much as 27% of Gojek drivers in Malang City have a level of financial inclusion in the dimensions of the availability of financial products and services. This means that 27% of participants have the ability to take advantage of the availability of financial products and services. The availability of financial products and services by

financial service businesses must also be in accordance with the needs and capabilities of the community. There are 28% of Gojek drivers in Malang City who have a low level of financial inclusion in the dimensions of availability. That means 28% of participants do not have the ability to reach the availability of financial products and services. Meanwhile, 45% of Gojek drivers in Malang City have a moderate level of financial inclusion in the dimensions of availability.

#### ***Level of Financial Inclusion Use Dimensions***

32% of Gojek drivers in Malang City have a high level of financial inclusion in the dimensions of using financial products and services. This shows that 32% of participants actually use financial products and services by households or individuals. Financial products and services must be in accordance with the needs and capabilities of the community with the aim of increasing financial inclusion. There are also 20% of Gojek drivers in Malang City who have a low level of financial inclusion in the dimensions of using financial products and services. which means that 20% of the participants did not actually use financial products and services either by households or individually. And also 48% of Gojek drivers in Malang City have a moderate level of financial inclusion in the dimensions of using financial products and services.

#### ***Level of Financial Inclusion Quality Dimensions***

As many as 25% of Gojek drivers in Malang City have a high level of quality dimension financial inclusion. That means the financial products and services used have met the needs. 25% of participants also get optimal benefits from using financial products and services. The results also show that 17% of Gojek drivers in Malang City have a low level of financial inclusion in the quality dimension. This means that as many as 17% of participants use financial products and services but do not meet their needs. They also do not get optimal benefits from the use of financial products and services. 58% of Gojek drivers in Malang City are also measured to have a moderate level of financial inclusion in the quality dimension.

## The Relationship between Literacy and Financial Inclusion of Gojek Drivers Online Loans User in Malang City

Financial literacy and inclusion are two things that are interrelated. People will dare to use financial services if they understand the uses, regulations, systems of financial service products. Financial literacy refers to knowledge, behavior, attitudes, skills regarding money and financial products and services. Meanwhile, financial inclusion relates to how people use the products and financial services offered. The following is a cross between financial literacy and financial inclusion.

**Table 1. Cross Tabulation of Financial Literacy and Financial Inclusion**

		Financial Inclusion			Total
		Low	Moderate	High	
Financial Literacy	Low	0	16	0	16
	Moderate	6	66	5	77
	High	0	5	2	7
Total		6	87	7	100

Source: Data Processed 2023

The table above shows that 2% of Gojek drivers in Malang City have a high level of financial literacy and inclusion. This means that these participants have good knowledge, behavior, attitudes and skills that have a positive relationship to the use of various formal financial products and services.

The table above also shows that only 2% of Gojek drivers in Malang City have the knowledge, behavior, attitudes, and financial skills that have encouraged a household or individual to use the financial products and services offered. So, someone who already has good financial literacy will be careful to use the products and financial services offered. One indicator of good financial inclusion is quality. The quality that determines is a person's financial knowledge and financial behavior. And, the goal of good financial literacy is to change the behavior and attitudes of a household in financial terms.

## Welfare of Gojek Drivers in Malang City

To determine the level of welfare, three criteria are used that are commonly used in measuring the level of family welfare. The first uses the value of the Regional Minimum Wage. Each region has its own UMR which is determined by the Governor at the provincial level and the Regent/Mayor at the Regency/City level. The second is to use



the Household Income Exchange Rate. Welfare status can be measured based on the proportion of household expenditure. A household can be categorized as prosperous if the proportion of spending on basic needs is lower than the proportion of income per month. On the other hand, households with expenditure on basic needs that are greater than their income can be categorized as households with an unprosperous status. The third is by using 10 happiness indices according to the Central Bureau of Statistics.

### *Welfare of Gojek Drivers in Malang City with an Objective Approach*

The minimum wage level in Malang City itself amounts to Rp. 3,194,143. With this benchmark, it can be concluded that 12% of Gojek drivers in Malang City are said to be not prosperous. And 88% of Gojek driver families in Malang City are categorized as prosperous. With this, only 12% of Gojek drivers in Malang City do not feel safe and happy because their basic needs for nutrition, health, education, housing and income can be met.

While the Household Income Exchange Rate obtained an average value of 1.1. This shows that as a whole the household of gojek drivers can meet their daily basic needs. With the not prosperous category of 2% of the participants. Which means that 2% of Gojek drivers in Malang City cannot fulfill a sense of security and happiness because nutritional, health and education needs cannot be met properly. Meanwhile, 84% of Gojek drivers in Malang City are categorized as prosperous and 14% have the same expenses and income.

**Table 2. Cross Tabulation of Financial Literacy and Welfare with an Objective Approach (Minimum Wage)**

		Welfare		Total
		Prosperous	Not Prosperous	
Financial Literacy	Low	13	3	16
	Moderate	68	9	77
	High	7	0	7
Total		88	12	100

Source: Data Processed 2023

From the table above it can be concluded that 13% of Gojek drivers in Malang City have a low literacy level but are categorized as prosperous. This shows that 13% of the participants, despite having poor financial knowledge and attitudes, were still able to achieve prosperity by generating a higher minimum wage and having lower expenses.

**Table 3. Cross Tabulation of Financial Literacy and Household Income Exchange Rate**

		Welfare			Total
		Prosperous	Less Prosperous	Not Prosperous	
Financial Literacy	Low	10	6	0	16
	Moderate	67	8	2	77
	High	7	0	0	7
Total		84	14	2	100

Source: Data Processed 2023

The same results were also obtained for welfare by calculating the Household Income Exchange Rate value. There are 10% of Gojek drivers in Malang City who have low financial literacy but still achieve prosperity. This shows that 10% of the participants, even though they have less financial knowledge and attitude, can still achieve prosperity by making expenditures lower than their income. From the interview results it can also be concluded that even though they have low financial literacy, Gojek drivers still do daily budgeting.

### ***Welfare of Gojek Drivers in Malang City with a Subjective Approach***

Only 9% of Gojek drivers in Malang City are categorized as not prosperous. And the remaining 91% are categorized as prosperous. It was found that 73% of the participants were satisfied with the indicators of family harmony. This condition shows that the majority of Gojek drivers in Malang City are very satisfied with the conditions of interaction or harmony that exist in their families. This condition can occur because Gojek drivers have flexible time so they have lots of free time for their families. It was proven by 45% of the participants were satisfied with the indicators of availability of free time. The second biggest indicator is the environment which is 60%. Which shows that the living environment of fellow Gojek drivers in Malang City is very friendly and has a solid community. The lowest indicator is housing and assets, which is only 37%.

**Table 4. Cross Tabulation of Financial Literacy and Welfare with a Subjective Approach**

		Welfare (Subjective)		Total
		Prosperous	Not Prosperous	
Financial Literacy	Low	15	1	16
	Moderate	69	8	77
	High	7	0	7
Total		91	9	100

Source: Data Processed 2023

From the table above it can be concluded that 15% of Gojek drivers in Malang City have a low literacy level but are categorized as prosperous. This shows that 15% of the participants, although they have less financial knowledge and attitudes, are still able to achieve prosperity using the happiness index.

**Table 5. Cross Tabulation of Objective and Subjective Welfare**

		Subjective Welfare		Total
		Prosperous	Not Prosperous	
Objective Welfare	Prosperous	80	8	88
	Not Prosperous	11	1	12
Total		91	9	100

Source: Data Processed 2023

It was concluded that there were 11% of Gojek drivers in Malang City who, although they did not achieve prosperity objectively, could achieve subjective prosperity. The data above is also appropriate where individual happiness is not based on material alone but many influencing aspects such as family harmony, availability of free time, and a good living environment. Another interesting result that can be seen is that there are 8% of Gojek drivers in Malang City who achieve prosperity objectively but do not achieve prosperity subjectively. This means that 8% of the participants meet their material needs but cannot achieve aspects of the happiness index such as family harmony, free time, and a good living environment.

## **CONCLUSION**

Based on the findings of the field and the analysis that has been carried out, the following conclusions can be drawn: 1) The level of financial literacy of Gojek drivers in Malang City is measured at the level of 67.92%. Indicates that the driver's financial literacy is at a moderate level. There are only 7% of drivers who are classified as well literate. 77% are classified at the sufficient literate level and 16% are classified at the less literate level. 2) There is a gap of about 19.7% in the inclusion level of Gojek drivers in Malang City with the average inclusion rate in Malang City. This also shows that access, availability, use, and quality of financial products and services are somewhat lower. 3) Only 2% of drivers have a high level of financial literacy and inclusion. This means that only 2% have good knowledge, behavior, attitudes and skills in finance and have a positive relationship with the use of various formal financial products and services. 4) 11% did not achieve prosperity objectively but could achieve subjective prosperity. These aspects are family harmony, availability of free time, and a good living environment. 8% also achieve prosperity objectively but not subjectively. Which means that 8% can meet material needs but cannot reach the happiness index aspect.

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