

The Effect of Self Management and Financial Literacy on the Management of Online Loans by Young Entrepreneurs in South Sumatera

Ratih Eka Sakti^{1*}, Fatma Oktarendah², Susyanto Tunut³

123 Bachelor of Entrepreneurship Study Program, Universitas PGRI Silampari, Lubuklinggau,
South Sumatera, Indonesia
Ratih.Ekasakti@unpari.ac.id

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ABSTRACT



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This study aims to analyze the influence of self-management and financial literacy on the management of online loan funds among young entrepreneurs in South Sumatra Province. The background of this research lies in the increasing use of online lending (financial technology lending) as an alternative source of financing for young entrepreneurs, which often leads to ineffective fund management due to poor self-regulation and low financial literacy. This study employs a quantitative explanatory approach with a population of young entrepreneurs in South Sumatra who have used online loans. A total of 120 respondents were selected using purposive sampling. Data were collected through questionnaires and analyzed using multiple linear regression with SPSS version 26. The results indicate that self-management and financial literacy have a positive and significant effect on online loan fund management, both partially and simultaneously. The coefficient of determination (R^2) of 0.512 shows that 51.2% of the variation in online loan fund management can be explained by these two variables, while the remaining 48.8% is influenced by other factors such as financial attitude, business experience, and social influence. The study concludes that self-regulation and financial understanding are key determinants of healthy and productive financial behavior among young entrepreneurs. The findings are expected to serve as a basis for local governments, financial institutions, and fintech providers in developing financial literacy and self-management training programs to encourage responsible and sustainable online loan utilization.

Keywords: *self-management, financial literacy, online loans, young entrepreneurs, fund management*

1. Introduction

Despite the rapid growth of fintech-based online lending among young entrepreneurs in South Sumatra, empirical evidence indicates that increased access to digital credit has not been accompanied by adequate financial capability to manage borrowed funds effectively. Many young entrepreneurs utilize online loans without sufficient self-management skills or financial literacy, resulting in poor budgeting practices, misallocation of funds, overlapping debts, and heightened financial vulnerability. This condition reflects a critical research problem, namely the imbalance between technological ease of borrowing and the behavioral and cognitive readiness of entrepreneurs to manage financial obligations responsibly. Existing studies have largely focused on loan adoption and access, while limited attention has been given to the internal factors particularly self-management and financial literacy that determine how online loan funds are actually managed after disbursement. Consequently, there remains a lack of empirical understanding regarding the extent to which these two factors influence online loan fund management among young entrepreneurs in South Sumatra, making this issue both academically relevant and practically urgent to investigate.

The development of MSMEs, especially young entrepreneurs in South Sumatra Province, has

increased from year to year based on data from the Central Statistics Agency in 2022. There are 3,423 MSMEs, including 2,349 young entrepreneurs spread across several cities and regencies. The growth of young entrepreneurs is due to the difficulty of finding work and the emergence of public awareness that entrepreneurship is better, so they prefer to become entrepreneurs. In addition, many banks and financial institutions facilitate capital for young entrepreneurs so that they can take out loans to increase their business capital. According to data from the Central Statistics Agency (2022), the number of entrepreneurs in Indonesia is only around 3.4% of the total population, or around 9.37 million people. The main cause of success or failure in entrepreneurship is closely related to finance, especially for young entrepreneurs who tend to always try new challenges and are not yet mature in their ability to implement business plans, especially in the financial sector. This is what causes the failure of young entrepreneurs, especially in the implementation of self-management and low financial literacy, which can be seen from constant and unlimited expenses and the difficulty of young entrepreneurs to prevent these expenses from occurring. The phenomenon of online loans is increasingly

* Corresponding author

E-mail addresses: Ratih.Ekasakti@unpari.ac.id

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- This phenomenon is widespread throughout Indonesia, as can be seen from the Financial Services Authority (OJK) report in December 2023, which states that there are approximately 18.07 million online loan recipients (pinjol) throughout Indonesia. All of these borrowers have an outstanding loan value of Rp59.64 trillion. Data released by the Financial Services Authority (OJK) shows that South Sumatra Province is among the 10 provinces with the most online loan debt entities. This study focuses on examining and analyzing the relationship between self-management skills and financial literacy levels in the management of online loans by young entrepreneurs in South Sumatra Province. More specifically, the research focuses on the following:

1. Level of Self-Management of Young Entrepreneurs

Identifying and analyzing the level of self-management possessed by young entrepreneurs, including their ability to control their emotions, manage their time, and make the right decisions in the context of fund management.

2. Level of Financial Literacy

Analyzing the level of financial literacy of young entrepreneurs, which includes their understanding of basic financial concepts, debt management, investment, and risks associated with online loans.

3. Online Loan Fund Management

Describing how young entrepreneurs manage funds obtained from online loans, including planning the use of funds, budgeting, and controlling expenses.

2. Literature Review and Hypothesis

(Robbins and Judge, 2017) state that individuals with high levels of self-management tend to be able to make more rational decisions and are not easily influenced by external pressures, including in financial decision-making. In the Emotional Intelligence framework, self-management is part of emotional intelligence which includes:

- Self-control,
- Trustworthiness,
- Conscientiousness,
- Adaptability,
- Achievement drive.

- Research by (Lestari & Amini, 2021) shows that self-management influences individual financial decisions, particularly in the context of consumption and borrowing. Young entrepreneurs with good self-management skills will be more cautious in accessing loans, including online loans. Self-management is important because:

- Young entrepreneurs face financial and emotional pressure when managing their businesses.
- The ability to control impulsive urges (such as being tempted by quick loan offers) is very important.
- Those with high self-management tend to make more rational and strategic financial decisions.

In South Sumatra Province, including the city of Lubuklinggau, the phenomenon of increasing online loan users, especially among young entrepreneurs, reflects the need for a deep understanding of borrowing behavior and the factors that influence it (OJK Sumsel, 2024). Without adequate self-management and

financial literacy skills, young entrepreneurs have the potential to get caught in a cycle of debt that is dangerous for the continuity of their business.

Theories Underlying Fintech Lending

a. Disintermediation Theory

Fintech lending eliminates the role of intermediaries (banks) in financial transactions. This enables faster processes, lower costs, and wider access, including for those who are unbanked or underbanked.

b. Technology Acceptance Model (TAM) – Davis (1989)

The decision to use online loans is greatly influenced by:

- Perceived Ease of Use: the extent to which users find the system easy to use.
- Perceived Usefulness: the extent to which users feel that using the system will improve their performance.

This model is suitable for explaining the adoption of fintech services among the younger generation and MSME players.

3. Research Methods

This research is a quantitative research method. This study uses a non-probability sampling approach, namely the convenience sampling technique, which is used to determine the sample. The sample involved in this study was 120 young entrepreneurs in South Sumatra Province. The data collection technique for this study was derived from the distribution of offline and/or online questionnaires created using direct data entry and/or Google Forms.

The population of this study comprises all young entrepreneurs in South Sumatra Province who have utilized online loan (fintech lending) services for business purposes. Based on data from the Central Statistics Agency (BPS) of South Sumatra (2022), there are 2,349 young entrepreneurs actively operating micro and small enterprises in the province who meet the general characteristics of this research population.

To determine the sample size, this study employs the Slovin formula, which is commonly used when the population size is known and the researcher seeks to control the margin of error. The Slovin formula is expressed as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

nn = sample size

NN = population size

ee = margin of error

Using a margin of error of 9% (0.09), which is acceptable for social science research with a relatively homogeneous population, the sample size is calculated as follows:

$$n = \frac{2,349}{1 + 2,349(0.09)^2}$$

$$n = \frac{2,349}{1 + 19.03}$$

$$n = \frac{2,349}{20.03} \approx 117$$

Based on this calculation, the minimum required sample size is 117 respondents. To enhance data reliability and anticipate incomplete responses, the sample size was rounded up to 120 respondents. The respondents were selected using purposive sampling, based on the following criteria: (1) young entrepreneurs with annual sales turnover between IDR 30,000,000 and IDR 100,000,000; (2) entrepreneurs engaged in production activities; and (3) individuals who have utilized online loan services for business financing.

Table 1. Characteristics of Respondents

No.	Characteristics	Category	Frequency (n)	Percentage (%)
1	Gender	Male	70	58
		Female	50	42
2	Age	20–24 years	–	–
		25–30 years	55	46
		>30 years	–	–
3	Business Duration	< 1 year	–	–
		1–3 years	65	54
		> 3 years	–	–
4	Purpose of Online Loans	Business capital	72	60
		Equipment purchase	28	23
		Personal needs/other debts	20	17

Table 2. Results of Partial Hypothesis Testing (t-test)

Statistics	Value
F-count	29,341
Sig.	0,000

Table 3. Results of Simultaneous Hypothesis Testing (F-test)

No.	Variable	t-value	Sig.	Result
1	Self-Management (X ₁)	4.215	0.000	Significant
2	Financial Literacy (X ₂)	3.847	0.001	Significant

4. Results and Discussion

Validity Test

The validity test results show that all indicators in the variables of self-management, financial literacy, and

online loan management have a calculated r value > 0.30. Therefore, all statement items are declared valid and can be used for further analysis.

Reliability Test

Cronbach's Alpha value for every variable is :

Variabel	Cronbach's Alpha	Keterangan
Self Management	0,845	Reliable
Financial Literacy	0,812	Reliable
Online loan Management	0,864	Reliable

All values are above 0.70, indicating that the research instrument is reliable and consistent.

Descriptive Analysis Results of Variables

The average score for each variable based on a 1–5 Likert scale is as follows:

Variable	Average	Category
Self Management	3,94	High
Financial Literacy	3,78	Standard
Online Loan Management	3,56	Medium

Young entrepreneurs in South Sumatra have good self-management skills and a fairly high level of financial literacy, but online loan management is still not optimal because not all funds are allocated productively.

Table 4. Coefficient of Determination Results (R²)

Statistic	Value
R	0.716
R ²	0.512
Adjusted R ²	0.498

Table 5. Multiple Linear Regression Analysis Results

Variable	Regression Coefficient (β)	Sig.
Constant	5.123	–
Self-Management (X ₁)	0.425	0.000
Financial Literacy (X ₂)	0.389	0.001

Interpretation of Equations

- Constant (a = 5.123): If self-management and financial literacy are considered constant, then the base value of online loan fund management is 5.123.
- Coefficient X₁ (0.425): Each 1-unit increase in self-management will increase the ability to manage online loan funds by 0.425 units.
- Coefficient X₂ (0.389): Each 1-unit increase in financial literacy will increase the ability to manage online loan funds by 0.389 units.

Partial Test Results (t-test)

Both variables have a Sig. value < 0.05, meaning that both self-management and financial literacy have a positive and significant effect on online loan fund management partially.

Simultaneous Test Results (F Test)

The Sig. value = 0.000 < 0.05, indicating that self-management and financial literacy simultaneously have a significant effect on online loan fund management.

Results of the Coefficient of Determination Test (R^2)

The R^2 value = 0.512 means that 51.2% of the variation in online loan fund management can be explained by the variables of self-management and financial literacy, while 48.8% is explained by other factors such as financial attitude, business experience, and social environmental influences.

Result

This study involved 120 young entrepreneurs ($N = 120$) in South Sumatra Province who had utilized online loan services for business purposes. The results indicate that self-management and financial literacy significantly influence online loan fund management, consistent with Self-Regulation Theory (Bandura, 1991) and Behavioral Finance Theory.

Self-management was measured through indicators of self-control, time management, emotional regulation, adaptability, and achievement orientation. The high mean score ($M = 3.94$) and significant regression coefficient ($\beta = 0.425$; $p < 0.05$) indicate that entrepreneurs with stronger self-regulation skills are better able to allocate online loan funds productively and avoid impulsive financial decisions. This finding supports the view that behavioral control plays a critical role in post-loan financial management.

Financial literacy was assessed based on indicators such as understanding of interest rates, debt repayment, budgeting, risk assessment, and financial planning. Although the average level of financial literacy was moderate ($M = 3.78$), the variable showed a significant positive effect on online loan fund management ($\beta = 0.389$; $p < 0.05$). This result aligns with Behavioral Finance Theory, which emphasizes that financial knowledge enhances individuals' ability to manage debt and reduce financial risk.

Simultaneously, self-management and financial literacy explain **51.2% of the variance ($R^2 = 0.512$)** in online loan fund management among respondents. This finding suggests that effective online loan utilization among young entrepreneurs is shaped by the interaction between behavioral self-regulation and financial understanding, rather than by access to fintech services alone.

5. Conclusion

The results of this study should be interpreted with caution and within the scope of the research design. The findings indicate that self-management and financial literacy are associated with better online loan fund management among young entrepreneurs; however, this does not imply that these factors are the sole determinants of financial behavior or that improving them will automatically eliminate financial problems. Instead, the results suggest that self-management and financial literacy function as supporting behavioral and cognitive capacities that help entrepreneurs make more responsible decisions when managing online loan funds.

Self-management, as reflected through indicators such as self-control, planning ability, and emotional regulation, does not guarantee optimal financial outcomes but rather increases the likelihood that entrepreneurs can discipline their spending and prioritize productive business needs. This interpretation is consistent with Self-Regulation

Theory, which views self-management as a process that guides behavior rather than a fixed predictor of success. Therefore, the influence of self-management should be understood as conditional and context-dependent.

Similarly, financial literacy should not be interpreted merely as financial knowledge that directly leads to correct decisions. Instead, it represents an individual's capacity to understand financial information and evaluate risks associated with online loans. In line with Behavioral Finance Theory, financial decisions are shaped by both rational understanding and behavioral tendencies. Thus, even entrepreneurs with adequate financial knowledge may still face challenges if external pressures, business uncertainty, or social influences intervene.

Overall, this study does not suggest that fintech lending itself causes poor financial management, nor does it claim that self-management and financial literacy independently determine entrepreneurial success. Rather, the findings highlight that responsible online loan management emerges from the interaction between internal capabilities and external financial environments. This clarification ensures that the results are interpreted as associative and explanatory, not deterministic or causal beyond the limits of the quantitative explanatory approach used.

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