SINOMICS JOURNAL
International Journal of Social Science, Education, Communication and Economics
ISSN (e): 2829-7350 | ISSN(p): 2963-9441

The Effect of Credit Interest Rates, Digital Marketing, and Social Influence on Millennial Generation's Interest in Adopting Online Loan Services (Peer to Peer Lending)

Zara Nita Safitri[1], Nurika Restuningdiah[2], Makaryanawati[3]
Universitas Negeri Malang, Indonesia
E-mail: zaranitasafitri689@gmail.com

Abstract

Current technological developments have made financial services, initially confined to conventional systems, now use more financial technology services. Fintech products are usually a system built to carry out specific financial transaction mechanisms, one of which is online lending (peer-to-peer lending). Some people choose to use peer-to-peer lending without looking at the credit interest rate and without first checking if the company is registered with the OJK or not. As a result, many default risks occur due to mistakes in analyzing peer-to-peer lending loans. As well as several fintech applications still need to be officially registered with the Financial Services Authority, resulting in people experiencing the risk of default with large loan interest. The purpose of this research is to discover the factors that influence the behavioral interest of the millennial generation in adopting online loan services. The research method used is convenient random sampling, with a total sample of 70 respondents. The results of this study show that digital marketing and social influence variables positively affect the millennial generation's interest in adopting online loan services. Meanwhile, loan interest rates have a negative impact because the lower the interest rate is given, the more people will use online loan services. The results of this study show that digital marketing and social influence variables positively affect the millennial generation's interest in adopting online loan services. Meanwhile, loan interest rates have a negative impact because the lower the interest rate is given, the more people will use online loan services. The results of this study show that digital marketing and social influence variables positively affect the millennial generation's interest in adopting online loan services. Meanwhile, loan interest rates have a negative impact because the lower the interest rate is given, the more people will use online loan services.

Keywords	*Financial Technology, Peer to Peerlending, Credit Interest Rates, Digital Marketing, Social Influence*

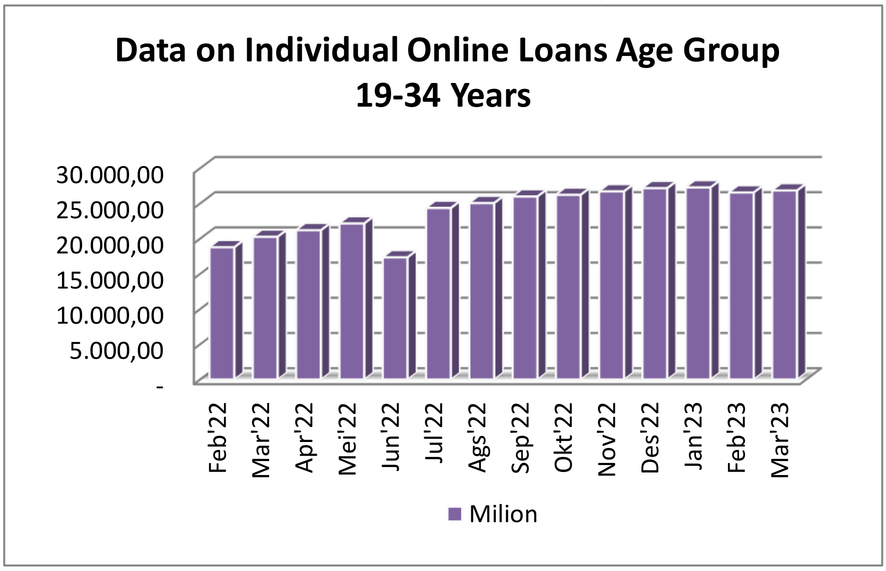
INTRODUCTION

Current technological developments facilitate the activities carried out by the community, such as with the emergence of internet technology. Internet technology helps people learn various kinds of new knowledge in life, not only in education. The Internet is also very important in the economic sector, one of which is in financial services. Current technological developments have made financial services, initially confined to conventional systems, use more financial technology services.

The Financial Services Authority revealed that Fintech Lending/Peer-to-Peer Lending/Online Loans provide financial services to bring together lenders/lenders with loan recipients/borrowers to enter into loan agreements in the rupiah currency directly through an electronic system. Dorfleitner et al. (2016) propose that, unlike traditional banking, peer-to-peer (P2P) online lending is a form of financial disintermediation, as lenders on P2P platforms face borrowers directly and decide whether to lend their money to borrowers.

Credit and online loan applications have begun to appear as if they are trying to bring banking solutions and offer different kinds of promotions to attract users' interest.

Table 1. Data on Individual Online Loans Age Group 19-34 Years



Source: Financial Services Authority

One theory related to action or behavior is the Theory of Planned Behavior. According to Ajzen (2002), the Theory of Planned Behavior (TPB) has a variable that causes the behavior of an attitude carried out, namely interest. According to Syarfi and Asandimitra (2020), everything that each individual does has goals and objectives to be achieved. The greater the intention in behaving, the more likely the performance will be. Theory of Planned Behavior (TPB), three variables can affect interest, namely attitudes, subjective norms (Subjective Norm) and perceived behavioral control (Perceived Behavioral Control). This study only used two variables included in the Theory of Planned Behavior (TPB) variables, namely Digital Marketing which is an advertisement to invite respondents to use online loan services (Peer to peer Lending), as well as social influence, which influences people's interest in taking loans at P2P Lending. This research will add another variable as an external factor, namely the interest rate for Fintech P2P Lending loans.

Kartika Dewi (2019) states that public perception of high and low-interest rates will determine individual interest in taking loans. Irwansyah's research (2018) and Sitanggang et al. (2021) state that interest rates do not directly affect customer interest, where the relationship is inversely proportional, namely, the lower the interest rate offered, the higher individual interest and vice versa. Based on this description, a hypothesis can be proposed:

H1 = The interest rate has a negative effect on the interest of the millennial generation in adopting online loan services (Peer to peer lending).

Andrian (2019) states that digital marketing can affect consumer buying interest in the online store, Shopee. Research by Zahra & Sukmalengkawati (2022) noted that digital marketing affects Mooda Outfit's Consumer Purchase Interest.

Randa's study (2021) shows that digital marketing impacts buying interest. Based on this description, a hypothesis can be proposed:

H2 = Digital marketing has a positive effect on the millennial generation's interest in adopting online loan services (Peer to peer lending).

Al-Okaily et al. (2020) and Alkhowaiter (2020) state that more influential people think using a digital wallet payment system is more beneficial. Putra & Kurnia (2020), and Soegesty et al. (2020) stated that social influence greatly influences the behavior intention to use. Based on this description, a hypothesis can be proposed:

H3 = Social influence has a positive effect on the millennial generation's interest in adopting online loan services (Peer to peer lending).

Seeing the phenomenon, the authors want to research the influence of lending rates, digital marketing, and social effects on millennials' interest in adopting online loan services (peer-to-peer lending).

The formulation of the problem in writing this research is as follows:

a. Do loan interest rates affect the millennial generation's interest in adopting online loan services (peer-to-peer lending)?
b. Does digital marketing affect millennials' interest in adopting online loan services (peer-to-peer lending)?
c. Does social influence affect the millennial generation's interest in adopting online loan services (peer-to-peer lending)?

METHOD

This research is a type of quantitative research. The method used is a descriptive analysis method, where the research results obtained are then processed and analyzed to conclude by looking at the causal relationship between interest rate variables, digital marketing, and social influence with the interest variable of the millennial generation in adopting online loans services (peer to peer lending). This study used a survey approach using a questionnaire distributed directly by the researchers via a web-based digital questionnaire (google form) to respondents. The measurement scale in the questionnaire used by researchers is the Likert scale. According to Sugiono (2012), the Likert scale is a scale used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena.

The population in this study is the Millennial Generation who have used or know the use of online loan services (peer to peer lending). The sampling method used in this study was convenient random sampling because the questionnaires were chosen randomly. To be the sample in this study, respondents had to meet several criteria: Ever made an online loan, what online loan platform was used, and Year of Birth.

Because the population size is not known with certainty, the use of research samples refers to research conducted by Hair et al. (2010), where the determination of the number of representative samples depends on the number of indicators multiplied by 5 to 10. The number of samples in this study is as follows:

Sample = Number of indicators x 5
= 14 x 5
= 70

According to the specified research model, this questionnaire measures the causal relationship between lending rates, digital marketing, and social influence on millennials' interest in adopting online lending services (peer-to-peer lending). The instrument grids to be developed in this study are presented in the following table:

Table 2. Research Instruments Grid

No	Variables	Indicators	Inquiry Numbers
1	Credit Interest Rate (Aditya, 2013; Tobing & Herman, 2020)	1. Interest rates	1, 2
		2. Comparison of interest rates	3, 4
		3. Provision of interest rates	5
		4. Firmness/steadiness in applying for credit	6
		5. Confidence in the proposed credit.	7
2	Digital Marketing (Pebryani, 2020)	1. Interest rates	1
		2. Comparison of interest rates	2, 3, 4, 5, 6
		3. Provision of interest rates	7
3	Social Influence (Tsu Wei et al., 2009)	1. Friends' suggestions and recommendations will influence individual decisions to use technology.	1
		2. Family members/relatives influence individual decisions to use technology	2
		3. The mass media (TV, newspapers, articles, radio) will influence individuals to use technology.	3
		4. Individuals will use technology if people in my community widely use it.	4
4	Interest (Utami, 2020; Venkatesh et al., 2012; Japarianto & Anggono, 2020; Venkatesh et al., 2003)	1. Behavioral intention to use	1, 2, 3
		2. Perceived ease of use	4, 5

Source: Processed data, 2023

RESULTS AND DISCUSSION

Instrument Test

a. Validity Test

The results of the validity test of credit interest rates can be seen in the following table:

Table 3. Results of the Validity Test on Credit Interest Rates

No	Items	R count	R table	Conclusion
1	SB_1	0.75	0.235	Valid
2	SB_2	0.66	0.235	Valid
3	SB_3	0.70	0.235	Valid
4	SB_4	0.78	0.235	Valid
5	SB_5	0.72	0.235	Valid
6	SB_6	0.71	0.235	Valid
7	SB_7	0.80	0.235	Valid

Source: Processed data, 2023

From the table above, it can be seen that the Pearson correlation (R count) for each item in the credit interest rate variable is SB_1 of 0.75, SB_2 of 0.66, SB_3 of 0.70, SB_4 of 0.78, SB_5 of 0.72, SB_6 of 0.71, SB_7 of 0.80. Each calculated R-value above exceeds the R table value (0.235). So, it can be concluded that all items in the variable credit interest rate are valid.

The results of the digital marketing validity test can be seen in the following table:

Table 4 Digital Marketing Validity Test Results

No	Items	Rcount	R table	Conclusion
1	DM_1	0.61	0.235	Valid
2	DM_2	0.65	0.235	Valid
3	DM_3	0.62	0.235	Valid
4	DM_4	0.62	0.235	Valid
5	DM_5	0.66	0.235	Valid
6	DM_6	0.67	0.235	Valid
7	DM_7	0.64	0.235	Valid

Source: Processed data, 2023

From the table above, it can be seen that the Pearson correlation (R count) for each item in the Digital Marketing variable is DM_1 of 0.61, DM_2 of 0.65, DM_3 of 0.62, DM_4 of 0.62, DM_5 of 0.66, DM_6 of 0.67, DM_7 of 0.64. Each calculated R-value above exceeds the R table value (0.235). So, it can be concluded that all items in the digital marketing variable are valid.

The results of the social influence validity test can be seen in the following table:

Table 5. Results of the Social Influence Validity Test

No	Items	Rcount	R table	Conclusion
1	SI_1	0.65	0.235	Valid
2	SI_2	0.69	0.235	Valid
3	SI_3	0.72	0.235	Valid
4	SI_4	0.73	0.235	Valid

Source: Processed data, 2023

The table above shows that the Pearson correlation (R count) for each item in the Social Influence variable is SI_1 of 0.65, SI_2 of 0.69, SI_3 of 0.72, and SI_4 of 0.73. Each calculated R-value above exceeds the R table value (0.235). Then the items in the social influence variable are valid.

The results of the interest validity test can be seen in the following table:

Table 6. Validity Test Results of Millennial Generation's Interest in Adopting Online Loan Services (Peer to Peer Lending)

No	Items	Rcount	R table	Conclusion
1	Y_1	0.60	0.235	Valid
2	Y_2	0.73	0.235	Valid
3	Y_3	0.69	0.235	Valid
4	Y_4	0.71	0.235	Valid
5	Y_5	0.65	0.235	Valid

Source: Processed data, 2023

From the table above, it can be seen that the Pearson correlation (R count) for each item in the Digital Marketing variable is Y_1 of 0.60, Y_2 of 0.73, Y_3 of 0.69, Y_4 of 0.71, Y_5 of 0.65. These calculated R values exceed the R table value (0.235). So the items in the millennial generation interest variable in adopting online loan services (peer to peer lending) are valid.

b. Reliability Test

The results of the reliability test can be seen in the following table:

Table 7. Reliability Test Results

No	Variables	Cronbach Alpha	Information
1	X1_SB	0.73	Reliable
2	X2_DM	0.73	Reliable
3	X3_SI	0.88	Reliable
4	Y	0.80	Reliable

Source: Processed data, 2023

SINOMICS JOURNAL
International Journal of Social Science, Education, Communication and Economics
ISSN (e): 2829-7350 | ISSN(p): 2963-9441

From the table above, it can be seen that each Cronbach alpha value is greater than 0.6. So, the measuring instrument uses the variables of loan interest rates, digital marketing, social influence, and the millennial generation's interest in adopting online loan services (peer to peer lending) used in this study is reliable.

Classic assumption test

a. Normality Test

The normality test results can be seen in the following table:

Table 8 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		70
Normal Parameters, b	Means	.0000000
	std. Deviation	5.42172140
Most Extreme Differences	absolute	079
	Positive	079
	Negative	-.064
Test Statistics		079
asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of true significance.

Source: Processed data, 2023

From the table above, it can be seen that the significant value is 0.200. This significance value is greater than 0.05. So, this study's data distribution has been normally distributed.

b. Multicollinearity Test

The results of the multicollinearity test can be seen in the following table:

Table 9. Multicollinearity Test Results

Coefficientsa

Model		Collinearity Statistics tolerance	VIF
1	(Constant)		
	CREDIT INTEREST RATE	.875	1.143
	DIGITAL MARKETING	.634	1,578

SOCIAL INFLUENCE	.708	1,412

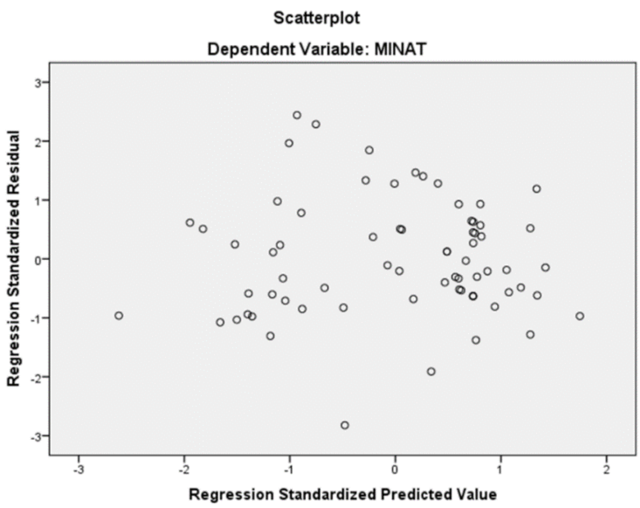
Source: Processed data, 2023

The table above shows that loan interest rates have a VIF (Variance Inflation Factor) value of 1.143, and Digital Marketing has a VIF value of 1.578 and a VIF social influence value of 1.412. The VIF value is less than 10. It can be concluded that there is no multicollinearity between the independent variables in this study.

c. Heteroscedasticity Test

The results of the heteroscedasticity test can be seen in the following figure:

Figure 1 Heteroscedasticity Test Results



Source: Processed data, 2023

The picture above shows that the data points are spread above and below or around the number 0, the data points do not gather only above or below, and the distribution of data points does not form a pattern. So, in this study, there was no heteroscedasticity problem.

Analysis of the Coefficient of Termination

Table 10. Results of Multiple Regression Coefficient Analysis Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.664a	.441	.416	5.54357

a. Predictors: (Constant), SOCIAL INFLUENCE, CREDIT INTEREST RATE, DIGITAL MARKETING
b. Dependent Variables: INTEREST
Source: Processed data, 2023

The table above shows that the R square value is 0.441 or 44.1%, which means that credit interest rates, digital marketing, and social influence can influence millennials' interest in adopting online loan services (peer-to-peer lending) by 44 .1 %. In comparison, the remaining 55.9% is influenced by other factors not included in this research model.

Hypothesis testing

a) Partial Test (T-Test)

The partial results of hypothesis testing can be seen in the following table:

Table 11 Partial Test Results (T-Test)

Coefficientsa

Model		Standardized Coefficients Betas	t	Sig.
1	(Constant)		3,520	001
	CREDIT INTEREST RATE	-.199	-2,023	047
	DIGITAL MARKETING	.393	3,397	001
	SOCIAL INFLUENCE	.387	3,542	001

a. Dependent Variables: INTEREST

Source: Processed data, 2023

Based on the table, the results of the t-test are as follows:

H1: Loan interest rates harm millennials' interest in adopting online loan services (Peer to peer lending).

Based on the results of testing the hypothesis, it is known that the credit interest rate variable on millennial generation's interest in adopting online loan services (Peer to peer lending) has a significant value of 0.047 <0.050, which means that hypothesis H1 is accepted, and Ho is rejected. So, it can be concluded that the credit interest rate variable harms the millennial generation's interest in adopting online loan services (Peer to peer lending).

H2: Digital marketing positively affects the millennial generation's interest in adopting online loan services (Peer-to-peer lending).

Based on the results of testing the hypothesis, it is known that the digital marketing variable for the millennial generation's interest in adopting online loan services (Peer to peer lending) has a significance value of 0.001 <0.050, which means that hypothesis H2 is accepted, and Ho is rejected. It can be concluded that digital marketing variables positively affect millennials' interest in adopting online loan services (Peer to peer lending).

DOI: https://doi.org/10.54443/sj.v2i4.183

H3: Social Influence has a positive effect on the millennial generation's interest in adopting online loan services (Peer-to-peer lending).

Based on the results of testing the hypothesis, it is known that the social influence variable on the interest of the millennial generation in adopting online loan services (Peer to peer lending) has a significant value of 0.001 <0.050, which means that hypothesis H3 is accepted, and Ho is rejected. So, the social influence variable has a positive effect on the millennial generation's interest in adopting online loan services (Peer to peer lending).

b) Simultaneous Test (F Test)

The results of simultaneous hypothesis testing can be seen in the following table:

Table 12 Simultaneous Test Results (F Test)

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	1602,612	3	534,204	17,383	.000b
	residual	2028.259	66	30,731		
	Total	3630871	69			

a. Dependent Variable: INTEREST

b. Predictors: (Constant), SOCIAL INFLUENCE, CREDIT INTEREST RATE, DIGITAL MARKETING

Source: Processed data, 2023

From the table above, it is known that credit interest rates, digital marketing, and social influence simultaneously significantly affect the millennial generation's interest in adopting online loan services (Peer to peer lending). The significant value of the f test is 0.000, where this significant value is less than 0.05. It can be concluded that credit interest rates, digital marketing, and social influence simultaneously have a substantial effect on the millennial generation's interest in adopting online loan services (Peer-to-peer lending).

CONCLUSION

The conclusion that can be drawn from the results of this study is the interest ratefactorfor loans, Digital Marketing, and Social Influence can affect the millennial generation's interest in adopting online loan services. In this study, there is a negative effect of loan interest rates on the millennial generation's interest in adopting online loan services. This happens because the lower the interest rate, the more people will use online loan services. In research, the millennial generation's interest in adopting online loan services has a narrow research scope. This research is still examining the claims of the millennial generation with 3 variables. In the future, analysis can be carried out using other variables to analyze more individual interests in online loan services.

ISSN (e): 2829-7350 | ISSN(p): 2963-9441

REFERENCES

Alkhowaiter, W. (2020). Digital Payment and Banking Adoption Research in Gulf Countries: A Systematic Literature Review. International Journal of Information Management

Al-Okaily, M., et al. (2020). The Determinants of Digital Payment Systems' Acceptance under Cultural Orientation Differences: The Case of Uncertainty Avoidance. Technology in Society.

Andrian. (2019). Digital Marketing and Product Variety on Consumer Buying Interest in Shopee Online Shops (Case Study on Management Study Program Students, Faculty of Economics, University of Bhayangkara Jakarta Raya, Class of 2016). Journal of Business and Management, Volume 3, Number 1, p. 14-24.

Az-Zahra, P., & Sukmalengkawati, A. (2022). The Influence of Digital Marketing on Consumer Purchase Interest. MEA Scientific Journal (Management, Economics, and Accounting) Vol. 6 No. 3

Chen, J., Zhang, Y., Yin, Z., (2018). Education Premium In The Online Peer-To-Peer Lending Marketplace: Evidence From The Big Data in China. Surprise. Econ. Rev. 63(1), 45–64.

Chen, X., Huang, B., Ye, D., (2018). The Role Of Punctuation In P2P Lending: Evidence From China. Econ. Model. 68, 634–643.

Dewi & Jatmiko. (2022). The Effect of Digital Marketing and Consumer Trust on Customer Retention through Consumer Satisfaction in the Select Credit Aggregator Application. Journal of Education and Entrepreneurship Vol. 9 No. 3

Dewi, N., & Gorda, A., (2021). Millennials' Interest in Adopting Online Loan Services (Peer to Peer Lending). Journal of Accounting and Tax, 22(02), 2021, 855.

Dewi, N., & Purbadharmaja, I. (2019). The interest of business owners of the bamboo handicraft industry in the People's Business Credit Program (KUR) in Bangli Regency. Journal of Applied Quantitative Economics Vol. 12 No. 2.

Ding, J., et al., (2019). Is There an Effective Reputation Mechanism In Peer-To-Peer Lending? Evidence From China. financec. Res. Let 30, 208–215.

Dorfleitner, G., et al, (2015). Description-Text Related Soft Information in Peer-To-Peer Lending – Evidence from Two Leading European Platforms. Journal of Banking & Finance.

Emekter, R., & Jirasakuldech, B. (2015). Evaluating Credit Risk and Loan Performance in Online Peer-To-Peer (P2P) Lending. appl. Econ. 47(1), 54–70.

Gunawan, K., et al., (2020). The Influence of Promotional Factors, Services, Products, and Interest Rates on Students' Interest in Saving at Commercial Banks (Case Study of BNI 46). Warmadewa Economic Development Journal 3 (2) 2020 45-51.

Hadinata, A., & Aprillia, A. (2021). The Effect of Relationship Marketing Practices on Customer Retention: Customer Satisfaction as a Mediating Variable (Study on Indihome Pekanbaru Customers). MEBC Proceedings 2021.

Khan, M. & Xuan, Y. (2021). Drivers of Lending Decision in Peer-To-Peer Lending in Malaysia. Review of Behavioral Finance Vol. 14 No. 3, 2022 pp. 379-393 © Emerald Publishing Limited.

Lin, X., Li, X., Zheng, Z., (2017). Evaluating Borrower's Default Risk in Peer-To-Peer Lending: Evidence from a Lending Platform in China. appl. Econ. 49 (35), 3538–3545.

Nuary, F., (2010). Implementation of Theory of Planned Behavior in E-Commerce Adoption by SMEs. Eleven March Institutional Repository

Financial Services Authority

Pebryani, R. (2020). The Influence of Online Digital Marketing on Consumer Purchase Interest to Make Reservations Online at Anggrek Shopping Hotel Bandung. Thesis: Sangga Buana University Foundation.

Pradnyawati, N., & Sulindawati, N. (2023). The Influence of Interest Rates, Credit Procedures, Service Quality, and Guarantees on Credit Decisions of MSME Actors in Mendoyo District. Scientific Journal of Accounting Students at Ganesha University of Education, Vol: 14 No: 02.

Sari, Z., & Wulandari, P. (2019). The Influence of Subjective Norms, Perceived Behavioral Control and Perceptions of Security on People's Interest in Using Peer-To-Peer Lending (Case Study in Malang City). Faculty of Economics and Business, Brawijaya University.

Sitanggang, R., et al., (2021). Analysis of the Effect of Interest Rates, Exchange Rates, and the Presence of the Covid-19 Pandemic on the Demand for MSME Credit in North Sulawesi. EMBA Journal Vol.9 No.3.

Soegesty, N., et al., (2020). Study of Factors Influencing Peer to Peer Lending System Adoption. Journal of Technology Management, 19(1).

Swandayani, D., & Kusumaningtyas, R. (2012). The Influence of Inflation, Interest Rates, Foreign Exchange Rates, and the Money Supply on Profitability in Islamic Banking in Indonesia in the 2005-2009 Period. ACCRUALS 3 (2) (2012): 147-166 e-ISSN: 2502-6380.

Syarfi, S., & Asandinitra, N. (2020). Implementation of Theory of Planned Behavior and Risk Tolerance Against Peer-to-Peer Lending Investment Intentions. Journal of Management Science Volume 8 Number 3.

Wang, C., et al., (2021). Credit Guarantee Types for Financing Retailers Through Online Peer-To-Peer Lending: Equilibrium and Coordinating Strategy. European Journal of Operational Research.

Wijhah, HS., et al., (2021). The Effect of Credit Analysis on Online Loans on Increasing Community Loan Needs During the Covid19 Pandemic. Volume 4 Issue 2 (2021) Pages 547 - 553 YUME: Journal of Management.

Wu, Y., & Zhang, T. (2020). Can Credit Ratings Predict Defaults in Peer-To-Peer Online Lending? Evidence From a Chinese Platform. Finance Research Letters.

Yue, W., (2019). Peer-to-Peer Lending Platforms in China: Exploring Alternative Intermediation Models and Outcomes. A thesis submitted in partial fulfillment of the requirements of the University of Brighton for the degree of Doctor of Philosophy.