THE INFLUENCE OF FINANCIAL LITERACY AND INTEREST RATE PERCEPTION ON PAYLATER USAGE DECISIONS FOR BUSINESS CAPITAL WITH RISK PERCEPTION AS A MODERATING VARIABLE (Study on MSMEs in Genuk District, Semarang)

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ABSTRACT

The growth of digital financing services such as Paylater in Indonesia has increased rapidly, but its utilization as a source of business capital by MSMEs actors is still relatively low. This phenomenon is evident from the low understanding of MSMEs actors regarding Paylater mechanisms, high concerns about financial risks, and negative perceptions related to interest rates and service fees. This study aims to analyze the influence of financial literacy and interest rate perception on Paylater usage decisions as business capital, as well as to examine the moderating role of risk perception on MSMEs in Genuk District, Semarang. The research method uses a quantitative approach with probability sampling technique and simple random sampling of 98 MSME respondents. Data analysis was conducted using PLS-SEM. The results show that financial literacy has a positive and significant effect on Paylater usage decisions, while interest rate perception has a negative but not significant effect. Furthermore, risk perception is proven to moderate the influence of financial literacy on Paylater usage decisions positively and significantly, indicating that MSMEs actors with high literacy and good risk awareness are more selective in utilizing Paylater services. Risk perception also moderates the influence of interest rate perception on Paylater usage decisions positively and significantly, so that MSMEs actors' sensitivity to borrowing costs increases when risk is considered. The research model has an R-square value of 0.954, indicating very good predictive capability. These findings emphasize the importance of improving financial literacy and risk education to encourage wiser financial decisions in the use of Paylater services for MSMEs.

INTRODUCTION

The rapid growth of digital financing services such as Paylater in Indonesia has created new opportunities for micro, small, and medium enterprises (MSMEs). According to the Indonesian Financial Services Authority (OJK), the outstanding receivables of Paylater grew 23.9% to IDR 6.13 trillion in March 2024 compared to the previous year, with the number of active users reaching 13.4 million people as of December 2023. Central Java Province contributed 12.46% of total users, ranking fourth nationally (Untari, 2024; Radio Republik Indonesia, 2024).

However, despite this significant growth, the utilization of Paylater as a source of business capital by MSMEs actors remains relatively low. Based on a preliminary survey of 15 MSME actors in Genuk District, Semarang, it was found that 60% of respondents did not understand the working mechanism of Paylater services, 66.7% felt that using Paylater had high risks that could endanger business continuity, and 73.3% stated that Paylater service costs, including interest and administrative fees, were considered too high.

This phenomenon indicates a gap between the availability of digital financing services that should facilitate capital access and the low interest and decision to use such services among MSMEs. This condition is interesting to study considering that MSMEs are the backbone of the Indonesian economy that contribute significantly to GDP and employment absorption, yet face significant challenges in accessing business capital.

Financial literacy plays an important role in financial decision-making. According to Malhotra and Baag (2021), financial literacy refers to a person's knowledge and ability to understand basic financial concepts such as the value of money, inflation, and risk. Previous research by Juliani et al. (2024) showed that financial literacy has a positive and significant effect on the decision to use QRIS among MSMEs in Singkawang City. Similarly, Sady et al. (2024) found that financial literacy positively and significantly affects credit-taking decisions.

In addition to financial literacy, interest rate perception is also an important consideration in the use of financing services. According to Sormin et al. (2022), interest rate perception refers to how individuals view and interpret interest rates in the context of financing. However, previous research shows inconsistent results. Giove Morris Ardjodi (2024) found that interest rates had no significant effect on Paylater usage decisions, while Indriyani & Halik (2024) found that interest rates had a significant effect on usage interest.

Furthermore, risk perception plays an important role in financial decision-making. According to Misale (2020), risk perception is a person's ability to quickly identify sources of danger. Research by Mufallihah, Ekowati, & Suprayitno (2023) shows that risk

perception significantly affects purchase decisions using Shopee PayLater. However, Septiliyani & Wibowo (2025) found that risk perception had no effect, while financial literacy had a significant effect on usage interest.

Based on this background, this research aims to analyze the influence of financial literacy and interest rate perception on Paylater usage decisions as business capital, as well as to examine the moderating role of risk perception on MSMEs in Genuk District, Semarang. This research is expected to provide important contributions both theoretically in the development of financial literature for MSMEs, and practically for MSMEs actors, Paylater service providers, and government/regulators.
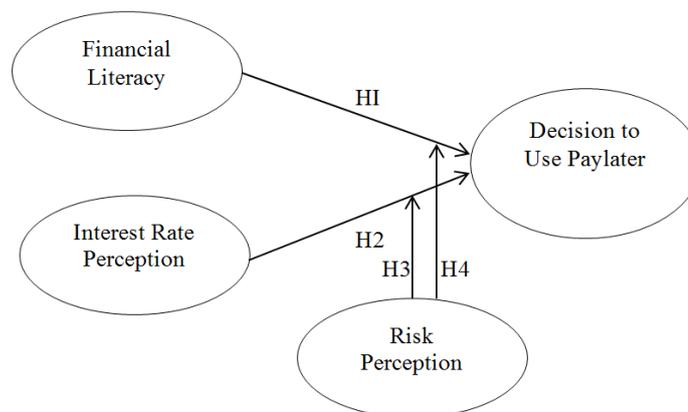

Figure 1 Research Thinking Framework

METHOD

This research uses a quantitative approach with a causal associative design that shows the influence of independent variables on dependent variables. The population in this study were all MSMEs in Genuk District, Semarang, totaling 919 MSMEs based on Semarang City government data in 2022. The sampling technique used was probability sampling with simple random sampling method.

Sample determination used the Margin of Error (MoE) formula with a confidence level of 95% and a 10% error tolerance, resulting in a sample of 98 MSME respondents. Data collection was conducted through offline questionnaires using the "Paper" method distributed directly to respondents.

The research variables consist of: (1) Financial Literacy (X1) as an independent variable measured through indicators of general financial knowledge, understanding of savings and loans, understanding of insurance, and understanding of investment; (2) Interest Rate Perception (X2) as an independent variable measured through indicators of competitive credit interest rates, low credit interest rates, low administrative costs, and adjustment of interest rates to the BI rate; (3) Risk Perception (Y) as a moderating variable measured through indicators of financial risk, functional risk, physical risk, social risk, and

time risk; and (4) Paylater Usage Decision (Z) as a dependent variable measured through indicators of product commitment, habit of using products/services, recommendations to others, and repeat usage.

Data measurement used a Likert scale with five answer choices ranging from Strongly Disagree (1) to Strongly Agree (5). Data analysis was conducted using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0 software. The analysis stages include descriptive analysis, validity and reliability testing, structural model evaluation (inner model), and hypothesis testing through the bootstrapping method.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

Table 1 Characteristics of Research Respondents

Characteristics	Category	Frequency	Percentage (%)
Gender	Female	66	67.35
	Male	32	32.65
Age	20-30 Years	45	45.92
	31-40 Years	53	54.08
Education Level	High School/Vocational	92	93.88
	Bachelor (S1)	6	6.12
Business Duration	< 1 Year	7	7.14
	1-3 Years	77	78.57
	4-6 Years	14	14.29
Paylater Platform Used	Shopee	88	89.80
	Kredivo	4	4.08
	Akulaku	5	5.10
	Indodana	3	3.06
	Combination	2	2.04
Information Source	Social Media	72	73.47
	Advertisement	25	25.51
	Friends	1	1.02
Business Category	Culinary	82	83.67
	Retail/Online Shop	8	8.16
	Services	8	8.16

Source: Primary data processed (2025)

Table 1 shows that the majority of respondents are female (67.35%), aged 31-40 years (54.08%), with high school/vocational education (93.88%), and have been operating

for 1-3 years (78.57%). The culinary sector dominates at 83.67%, with Shopee PayLater being the most widely used platform (89.80%). Most respondents learned about Paylater through social media (73.47%).

Validity Test Results

Table 2 Outer Loading Factor Test Results

Variable	Indicator	Outer Loading	Status
Financial Literacy (FL)	FL1 - FL8	0.769 - 0.913	All Valid
Interest Rate Perception (IRP)	IRP1 - IRP8	0.870 - 0.924	All Valid
Risk Perception (RP)	RP1 - RP10	0.743 - 0.927	All Valid
Paylater Usage Decision (PUD)	PUD1 - PUD8	0.869 - 0.923	All Valid

Source: Primary data processed with SmartPLS (2025)

All indicators have outer loading values > 0.70, indicating that all measurement items are valid and can accurately measure their respective constructs.

Table 3 Average Variance Extracted (AVE) Test Results

Variable	AVE Value	Status
Financial Literacy	0.735	Valid
Interest Rate Perception	0.811	Valid
Risk Perception	0.743	Valid
Paylater Usage Decision	0.797	Valid
Moderating Effect FL-RP-PUD	1.000	Valid
Moderating Effect IRP-RP-PUD	1.000	Valid

Source: Primary data processed with SmartPLS (2025)

All variables have AVE values > 0.50, indicating good convergent validity. More than 50% of indicator variance can be explained by their constructs.

Reliability Test Results

Table 4 Composite Reliability and Cronbach's Alpha Test Results

Variable	Cronbach's Alpha	Composite Reliability	Status
Financial Literacy	0.948	0.957	Reliable
Interest Rate Perception	0.967	0.972	Reliable
Risk Perception	0.961	0.966	Reliable
Paylater Usage Decision	0.964	0.969	Reliable

Source: Primary data processed with SmartPLS (2025)

All variables have Composite Reliability and Cronbach's Alpha values > 0.70, indicating excellent internal consistency. The research instrument is highly reliable for measuring the intended constructs.

Structural Model Evaluation (Inner Model)

The R-square test results show a value of 0.954 with an adjusted R-square of 0.952 for the Paylater Usage Decision variable. This value indicates that the variables of Financial Literacy, Interest Rate Perception, Risk Perception, and moderation effects are able to explain 95.4% of the variability in Paylater Usage Decisions, while the remaining 4.6% is explained by other variables outside the research model. This R-square value > 0.75 indicates that this research model is in the strong model category.
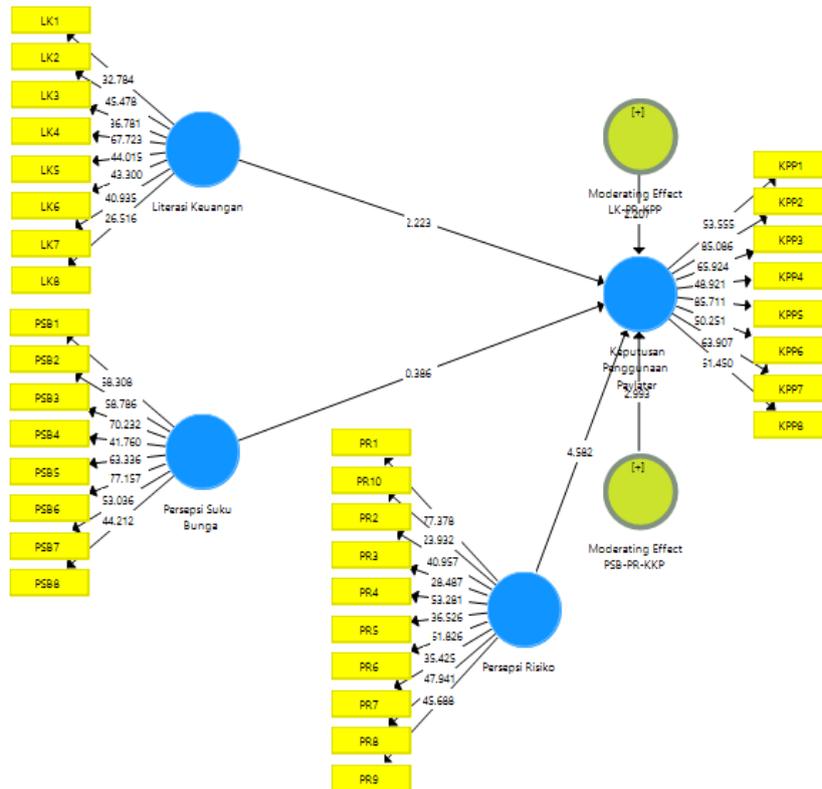

Figure 2 Inner Model

Table 5 R-Square Test Results

Variable	R-Square	R-Square Adjusted	Category
Paylater Usage Decision	0.954	0.952	Strong

Source: Primary data processed with SmartPLS (2025)

The R-square value of 0.954 indicates that 95.4% of variations in Paylater Usage Decisions can be explained by Financial Literacy, Interest Rate Perception, Risk Perception, and their interaction effects. This represents a strong model with excellent predictive capability.

Hypothesis Test Results

Table 6 Direct Effect Hypothesis Test Results

Hypothesis	Path	Coefficient	T-Statistic	P-Value	Result
H1	FL → PUD	0.299	2.223	0.027	Supported
H2	IRP → PUD	-0.024	0.386	0.700	Not Supported

Source: Primary data processed with SmartPLS (2025)

H1 (Financial Literacy → Paylater Usage Decision): Supported with coefficient 0.299 and p-value 0.027 < 0.05. Financial literacy has a positive and significant effect on Paylater usage decisions. H2 (Interest Rate Perception → Paylater Usage Decision): Not supported with coefficient -0.024 and p-value 0.700 > 0.05. Interest rate perception has no significant effect on Paylater usage decisions.

Table 7 Moderation Effect Hypothesis Test Results

Hypothesis	Path	Coefficient	T-Statistic	P-Value	Result
H3	FL*RP → PUD	0.128	2.207	0.028	Supported
H4	IRP*RP → PUD	0.219	2.993	0.003	Supported

Source: Primary data processed with SmartPLS (2025)

H3 (Risk Perception moderates FL → PUD): Supported with coefficient 0.128 and p-value 0.028 < 0.05. Risk perception positively and significantly moderates the relationship between financial literacy and Paylater usage decisions. H4 (Risk Perception moderates IRP → PUD): Supported with coefficient 0.219 and p-value 0.003 < 0.05. Risk perception positively and significantly moderates the relationship between interest rate perception and Paylater usage decisions.

DISCUSSION

The Influence of Financial Literacy on Paylater Usage Decisions

The results show that financial literacy has a positive and significant effect on Paylater usage decisions (coefficient 0.299, p-value 0.027). This finding supports the hypothesis that MSME actors with higher financial literacy tend to make more decisions to use Paylater as business capital. These findings are consistent with previous research by Juliani et al. (2024) showing that financial literacy positively affects QRIS adoption among MSMEs in Singkawang City. Similarly, Dwiwansi, Purnamasari, & Lazuarni (2023) found that financial literacy significantly affects PayLater usage among millennials. Sady et al. (2024) also confirmed that debtors with higher literacy levels make more informed credit decisions.

From a theoretical perspective, these findings support the Theory of Planned Behavior, which states that knowledge and understanding (financial literacy) form positive attitudes that influence intentions and actual behavior. MSME actors with good financial literacy can understand Paylater mechanisms, calculate interest, estimate payment capacity, and make more rational financial decisions. They are more confident in using Paylater because they can objectively evaluate risks and benefits. The implication is that improving financial literacy among MSME actors is crucial. Financial education programs should focus on understanding digital financing mechanisms, interest calculations, and financial risk management to enable more informed and responsible Paylater usage decisions.

The Influence of Interest Rate Perception on Paylater Usage Decisions

The results show that interest rate perception has a negative but not significant effect on Paylater usage decisions (coefficient -0.024, p-value 0.700). This finding does not support the hypothesis, indicating that interest rate perception is not a determining factor in MSME actors' Paylater usage decisions. These findings are consistent with Giove Morris Ardjodi's (2024) research, which found that interest rates had no significant effect on Paylater usage decisions. However, these findings differ from Indriyani & Halik (2024), who found that interest rates significantly affected usage interest, and Sormin et al. (2022), who stated that high interest rates are often perceived negatively by consumers.

Several factors explain this insignificance. First, Paylater offers fast approval without collateral, which is very different from conventional bank loans. MSMEs often need capital immediately, making interest rate considerations secondary to speed and ease of access. Second, ease of access, approval speed, and payment flexibility are more dominant factors than interest rate considerations. Third, there may be low awareness among MSME actors about the total cost of Paylater borrowing. The implication is that while interest rates are not currently a main consideration, there is a need for better transparency regarding total borrowing costs. Service providers should provide clearer information about interest and administrative fees so MSME actors can make more informed decisions.

Risk Perception Moderates the Influence of Financial Literacy on Paylater Usage Decisions

The results show that risk perception positively and significantly moderates the relationship between financial literacy and Paylater usage decisions (coefficient 0.128, p-value 0.028). This finding indicates that risk perception strengthens rather than weakens the relationship between financial literacy and Paylater usage. This positive moderation effect shows an interesting phenomenon: MSME actors with high financial literacy who also have good risk awareness do not avoid Paylater but become more selective and

measured in using it. They use their financial knowledge to evaluate whether risks are acceptable and manageable, not just to avoid risk entirely.

These findings differ from Fauzi's (2024) research on agricultural MSMEs in Lamongan, which found that risk perception could not moderate the influence of financial literacy on investment decisions. This difference suggests that risk perception's moderating role varies depending on the financial decision context. In short-term Paylater usage with more concrete and immediately felt risks, risk perception strengthens the relationship, whereas in long-term investment contexts, it may not. The implication is that financial literacy education should be accompanied by risk awareness education. MSME actors need to be trained not only to understand financial mechanisms but also to identify, evaluate, and manage risks associated with using digital financing services.

Risk Perception Moderates the Influence of Interest Rate Perception on Paylater Usage Decisions

The results show that risk perception positively and significantly moderates the relationship between interest rate perception and Paylater usage decisions (coefficient 0.219, p-value 0.003). Interestingly, although interest rate perception has no direct significant effect (H2), when moderated by risk perception, the effect becomes significant and even stronger than the moderation on financial literacy. These findings are consistent with Mufallihah, Ekowati, & Suprayitno (2023), who found that risk perception significantly affects purchase decisions using Shopee PayLater. Van et al. (2020) showed that perceived risk negatively impacts intentions to use digital services. Sormin et al. (2022) revealed that interest rates play an important role, but their impact can be influenced by risk perception. When MSME actors have high risk awareness, they become more attentive to interest rate aspects. Although generally interest rates are not a main consideration, when actors are aware of potential risks (inability to pay, debt accumulation, business disruption), they become more careful in evaluating borrowing costs and comparing them with obtained benefits.

The strong moderation effect (coefficient 0.219) shows that financial risk education is crucial for increasing MSME actors' awareness of borrowing costs. By enhancing risk awareness, MSME actors will pay more attention to interest rate aspects, become more careful in evaluating payment capacity, and make more informed financial decisions.

Overall Model Implications

The research model with R-square 0.954 demonstrates that the combination of financial literacy, interest rate perception, and risk perception (along with their interactions) is highly effective in predicting Paylater usage decisions. This emphasizes the importance of a holistic approach in understanding financial behavior.

These findings have several important practical implications:

1. For MSME Actors: Continuously improve financial literacy through training and education. Use Paylater wisely only for productive business needs, not personal consumption.
2. For Paylater Service Providers: Increase transparency regarding costs, interest rates, and payment terms. Develop financial education programs specifically for MSMEs with limited financial literacy.
3. For Government and Regulators: Develop broader and more accessible financial literacy programs for MSME actors. Enforce regulations protecting consumers, including maximum borrowing cost limits and ethical collection practices.

These findings confirm that financial literacy and risk awareness play crucial roles in MSME actors' financial decision-making. Although interest rate perception alone is not significant, when combined with risk awareness, it becomes an important consideration. This demonstrates the need for integrated approaches in financial education that combine technical knowledge with risk awareness to encourage wiser and more responsible financial decisions.

CONCLUSION

Based on the analysis and discussion of research results regarding the influence of financial literacy and interest rate perception on Paylater usage decisions for business capital with risk perception as a moderating variable on MSMEs in Genuk District, Semarang, several conclusions can be drawn:

First, Financial Literacy has a positive and significant effect on Paylater Usage Decisions with a coefficient of 0.299 and p-value of 0.027. This shows that MSMEs actors with higher levels of financial literacy tend to decide to use Paylater as business capital more. A good understanding of financial management, savings and loan mechanisms, and the ability to evaluate financial products enables MSMEs actors to make more rational decisions in using Paylater.

Second, Interest Rate Perception has a negative but not significant effect on Paylater Usage Decisions with a coefficient of -0.024 and p-value of 0.700. These findings indicate that perceptions of Paylater interest rates have not become a determining factor in Paylater usage decisions by MSMEs actors. Factors such as ease of access, approval speed, and payment flexibility appear to be more dominant in influencing decisions compared to interest rate considerations.

Third, Risk Perception moderates the influence of Financial Literacy on Paylater Usage Decisions positively and significantly with a coefficient of 0.128 and p-value of 0.028. This shows that risk perception strengthens the relationship between financial literacy and Paylater usage decisions. MSMEs actors with high financial literacy who also have good risk awareness will be wiser and more measured in deciding to use Paylater,

because they are able to evaluate financial risks, functional risks, data security risks, social risks, and time risks comprehensively.

Fourth, Risk Perception moderates the influence of Interest Rate Perception on Paylater Usage Decisions positively and significantly with a coefficient of 0.219 and p-value of 0.003. These findings show that although interest rate perception directly has no significant effect, when moderated by risk perception, its effect becomes significant and even stronger. Risk awareness makes MSMEs actors more sensitive to borrowing costs and more careful in evaluating payment ability.

Fifth, the research model has very good predictive capability with an R-square value of 0.954, meaning that the variables of financial literacy, interest rate perception, risk perception, and moderation effects are able to explain 95.4% of the variability in Paylater usage decisions for MSME business capital.

Overall, this research confirms the importance of financial literacy and risk awareness in MSME actors' financial decision-making. Although interest rate perception has not become a main consideration, by increasing risk awareness, MSMEs actors will pay more attention to cost aspects in using Paylater. These findings provide important insights for the development of financial education programs and consumer protection policies for MSMEs.

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