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The Impact of Super Apps Usage on Financial Literacy and Financial Behavior of Generation Z in Indonesia: A Literature Synthesis

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Abstract

Based on a literature review, this study explores the relationship between financial technology, financial literacy, and financial behavior. The findings suggest that financial technology is interconnected with financial literacy and behavior. Future research using quantitative or qualitative studies is recommended to investigate this relationship further. The proposed conceptual model can be utilized to examine the impact of super apps on Generation Z's financial literacy and financial behavior in Indonesia. This study contributes to the existing body of knowledge by shedding light on the potential implications of financial technology on individuals' financial knowledge and behaviors, particularly among the younger generation.

Keywords: financial behavior; financial literacy: super apps.

A. INTRODUCTION

Based on statistical statistics from Statista, the overall population of Indonesia is expected to reach 274.86 million in 2022 (O'Neill, 2023). According to the most recent population census statistics in 2020, the share of Generation Z in Indonesia reached 27.94% or 74.93 million individuals (Jayani, 2021). Along with the Governor Bank of Indonesia's announcement, digital transactions are expanding and have reached 37.8 percent. Digital payment platforms are society's most extensively utilized financial technology services, according to a DSInnovate survey of 1500 fintech users in Indonesia (Eka, 2021). However, a new presence has lately emerged that has the potential to drive technology innovation in financial services. Super apps, or all-in-one applications, provide users with many tools in a single program (Perri, 2022). Super-apps will be one of the most effective strategies for Indonesia's Financial Services Authority to reach 90 percent financial inclusion by 2024.

According to the results of the 2022 national survey on financial literacy and inclusion from the OJK, the financial literacy rate of the Indonesian people increased to 49.68% in 2022 (Annur, 2022). According to a prior study, in addition to the increasing level of financial literacy in Indonesia, there are issues among Generation Z due to technological advances. The issue is that Generation Z possesses features that make it difficult for them to save money. Generation Z also believes that because life only comes once, the money they have accumulated is worthwhile to spend as a self-reward (Hariyanto, 2022). According to Katadata Insight Center's survey of 5204 respondents in Indonesia on 6-12 September 2023 on the financial behavior of Generation Z and Generation X, 56.6% of Generation Z respondents rarely or never allocate saved funds in the start. The survey also shows that 68% of Generation Z respondents utilize digital wallets such as Shopeepay, Gopay, Ovo, Dana, and others for the banking and financial items they own and use.

This research will examine the relationship between financial technology services and financial literacy and behavior. The results of this study will be helpful for future research to determine how the use of super apps affects the financial literacy and financial behavior of Generation Z in Indonesia.

B. RESULTS

Definitions and Characteristics of Super Apps

Super Apps, mini-programs, or applets are applications with various component tools and core capabilities (Motta, 2022). This program can merge functions from several businesses and seamlessly

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transition from one operation to another using the same interface. Super App provides various commonly used app services and is frequently designed for clients to consolidate various applications' services, features, and functionalities into a single application, such as financial services. It can provide a more seamless client experience (Billa, 2022). The term "Super App" refers to four concepts that apply to applications. The four principles are as follows (Billa et al., 2022): 1) Multi-service: super apps must provide many services within an industry and are typically provided services across 10-15 industries; 2) Single app for all services: super apps provides a "one-stop-shop" experience by combining access to a wide range of experiences into a single entry point; 3) Consistent transacting experience: super apps use its payment platform or an embedded bank partnership. Users must also provide payment information only once before transacting across all services; and 4) Data sharing across services: super apps employ an integration that allows third parties to communicate data across services, resulting in a smoother user experience.

Super apps integrate revenue models from several businesses based on the services. It can potentially increase Super App revenue outside its first-party-owned services (Billa et al., 2022). Among them are: 1) Third-party commission fees: third-party partners may charge a commission fee on money generated through the app; 2) Payment platforms: requiring payment platforms on all third-party transactions and receiving a share of the transaction; 3) Premium accounts and subscriptions: super app services are made more affordable by charging a monthly charge for corporate or public accounts in exchange for enhanced functionality and premium features; and 4) Advertising: super apps will place ads in-app across first and third-party services.

Super apps should be visible to all transactions, such as for marketplace purchases, point-of-sale products, and peer-to-peer transactions. Super App can construct buy now, pay later (BNPL) services, personal finance management (PFM), digital wallet, stock trading, and crypto trading services in financial services (Billa et al., 2022b). Super App can make it easier and faster for people to transact while providing more personalization.

Super App is quickly expanding in developing nations, particularly in Indonesia. This is because Super App features an integration system that allows users who do not have a bank account to receive services. According to the Ipsos SEA Ahead Wave 5 study published by detikINET in January 2022, they surveyed the Super App application in six countries: Indonesia, Malaysia, Singapore, the Philippines, Thailand, and Vietnam (Jati, 2022). Ipsos defined Super App as an application offering more than three digital services: ride-hailing, e-commerce, payment, meal delivery, and grocery buying. There are 9 Super Apps in Indonesia that meet these criteria. Some of the best apps are Shopee, Tokopedia, Lazada, JD ID, BliBli, Bukalapak, Grab, Gojek, and Traveloka. Grab's features include ride-hailing services, food delivery services, shopping services, delivery services, credit or token purchases, bill payments, and many more. It was named #1 as the top Super App in Southeast Asia with a percentage of 63 percent. While Shopee is in second place with a percentage of 52 percent, it offers various services in addition to the online buying and selling platform. Shopee Xpress and ShopeePay can serve payments for various digital financial transactions (Angelia, 2022; Annur, 2022).

Definition and Components of Financial Literacy

Financial literacy is the ability of individuals to comprehend how money works and use it to make wise decisions in all financial activities (Thavva, 2021). Financial literacy is a fundamental and crucial ability that can have an impact on societal empowerment, individual well-being, consumer protection, and financial inclusion ("National Strategy on Indonesian Financial Literacy (SNLKI) 2021-2025," 2022). Financial literacy can also be defined as an individual's capacity to obtain, comprehend, and assess the pertinent information required to make decisions with an awareness of the likely financial consequences (Mason and Wilson, 2000). Although financial literacy can influence individual actions, it does not guarantee those decisions are "correct." Typically, financial literacy is tested at the individual level and then categorized, such as high school students or individuals with low-income levels (Remund, 2010). Since 2000, a review of research studies has defined that financial literacy has five categories. The five categories are 1) Knowledge of financial concepts: every individual must have a fundamental understanding of money to manage it well and successfully; 2) Ability to communicate about financial concepts: Financial literacy was defined differently by (Fox et al., 2005); according to their findings, financial literacy is "critical to effective consumer financial decision-making"; 3) Aptitude in managing personal finances:

having the ability to manage personal finances. Customers must be able to keep track of their monetary resources and all payment commitments, understand how to create a savings account and apply for a loan, and have a basic understanding of health and life insurance (Emmons, 2005); 4) Skill in making appropriate financial decisions: Making decisions is critical in financial literacy since literacy cannot be judged unless tested; and 4) Confidence in adequately planning for future financial needs.

In 2013 response to a call from G20 leaders, OECD International Network on In response to a request from G20 leaders, the OECD International Network on Financial Education (OECD/INFE) created a core competencies framework for adult financial literacy in 2013. This core competencies framework defines many types of knowledge that adults over 18 should be able to perform, as well as behaviors that will help them maintain or improve their financial well-being and attitudes that will support the process. Four tables in the core competencies framework over some curriculum categories (OECD, 2016). The following topics are covered: 1) Money and transactions: it includes key competencies linked to generating income and management, various forms and purposes of money, shopping comparison, payments, and the significance of financial records and contracts; 2) Planning and managing finances: This content area covers skills in generating and using budgets to manage income and expenditure and long-term planning; 3) Risk and reward concern key competencies like identifying risk, creating financial safety nets, and balancing risk and return; and 4) Financial landscape: It covers the overall regulatory and consumer protection framework, rights and obligations and the use of education, information, and guidance.

Each content area is classified according to how well it describes awareness, knowledge and comprehension, skills and behavior, confidence, motivation, and attitudes. This framework can guide and improve the formulation of a national financial education policy, improve program design, identify gaps in service, and construct assessment tools.

The Importance of Financial Literacy for Individuals and Society

Financial literacy is essential for everyone since it can help society avoid financial troubles and live more prosperous lives. A lack of financial literacy can lead to financial challenges beyond simply knowing the function of income (low income); it can also lead to credit misuse and a lack of financial planning (Damayanti et al., 2018). As the economic environment changes, financial instruments such as pawnshops and payday loans become more prevalent and significant (Lusardi, 2019). With these changes, people must be able to accept responsibility for their own financial and investment planning. Furthermore, developing the ability to make financial judgments at a young age can boost their chances of reaching financial goals (Hall, 2008).

According to a working paper about Defining and Measuring Financial Literacy, Financial behavior is influenced by financial knowledge, perceived financial knowledge, and financial skills. Financial behavior experiences can also impact actual and perceived financial knowledge (Hung et al., 2009). Financial literacy is also essential to the financial behavior of management undergraduates in Sri Lanka (Edirisinghe et al., 2017). Another study found that those with low levels of financial literacy will find it more challenging to save and invest in their retirement lives, thus impacting their well-being in old age (Lusardi & Mitchelli, 2007). Financial literacy is also related to employee financial behavior, both directly and indirectly, by improving financial literacy, improving their family's financial socialization, and leading individual financial conduct (Khawar & Sarwar, 2021). 1) Impact of Financial Technology on Financial Literacy: A study was done in 2019 by the Mekong Development Research Institute under the supervision of the Asian Development Bank Institute using samples obtained from the 2018 Viet Nam Housing Living Standard Surveys (VHLSS) as a base sample. The findings indicate a link between financial literacy and awareness of fintech goods (digital borrowing, lending, and insurance) and two fintech services (e-banking and e-payment) (Morgan and Trinh, 2020); 2) Impact of Financial Technology on Financial Behaviour: According to a study, financial technology such as electronic banking and computer software substantially impacts financial behavior. Financial technology is divided into two categories: transactional reasons and planning purposes. Households that use financial technology for planning purposes are more likely to engage in positive financial behavior. On the other hand, households that utilize financial technology for transaction objectives are less likely to participate in positive financial behavior (Bi, 2015). Financial technology significantly affects financial behavior and has a CR value. Economic teachers in Sidoarjo, East Java, Indonesia, will have better financial behavior as they use more financial technology. As a result, it is considered that financial technology has a strong association with financial behavior (Farida et al., 2021).

Proposed Theoretical Framework

Based on the literature review in previous sections, the framework can be seen in Figure 1 below.

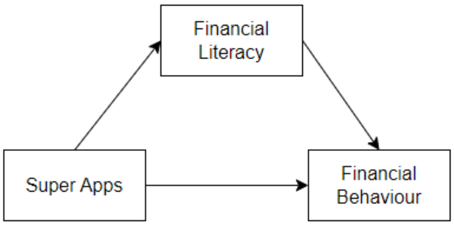

Figure 1. Proposed Conceptual Framework

The proposed model shows that super app usage can be assumed to be related to financial literacy and financial behavior. It is also assumed that super app usage may be related to financial behavior mediated by financial literacy. Understanding the effect of super app usage may have implications for policymakers, educators, and financial institutions to create a strategy to improve Generation Z's financial literacy and behavior.

C. FUTURE RESEARCH

After reviewing the literature and creating a proposed model, future quantitative and qualitative studies can be conducted to test the concept; future research results can determine whether there is a significant relationship between super app usage to financial literacy and the financial behavior of Generation Z in Indonesia.

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