Corporate Social Responsibility as a Moderator of Good Corporate Governance with Company Performance

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A B S T R A C T

This study aims to understand financial literacy as a preventive measure against consumer behavior resulting from online loans. The problem addressed is the increasing use of online loans, which often leads users to fall into uncontrolled consumer behavior. The method employed in this study is a literature review, examining various relevant references and previous research. The analysis focuses on literature discussing the relationship between financial literacy and consumer behavior, as well as the factors influencing decisions to use online loans. The findings indicate that high financial literacy plays a crucial role in reducing consumer behavior; individuals with a good understanding of financial management tend to be more cautious when taking online loans and are better able to manage their expenditures. These findings emphasize the importance of financial literacy education as an effective preventive step to mitigate the negative impacts of online loans on society. This research makes a significant contribution to the understanding of the importance of financial literacy in the context of online lending and consumptive behavior and forms the basis for further research in this area.

INTRODUCTION

Online loans have become a popular choice for individuals in need of quick funds in recent years. Despite offering convenience and a fast process, the high level of use of online loans often leads to uncontrolled consumptive behavior. Users who are trapped in this debt cycle can experience negative impacts, both financially and emotionally. According to data from the Financial Services Authority (OJK), the use of online loans in Indonesia increased significantly in 2022. This was followed by reports on an increase in default cases and poor debt management (OJK, 2022). This shows that understanding and managing the risks associated with online lending is essential. This study investigates how financial literacy plays a role in preventing consumptive behavior caused by online lending. Not understanding finances can lead to poor financial decisions, such as going into debt without careful planning. Therefore, it is important to conduct research on the ways in which increased financial knowledge can assist people in making better choices and reducing their dependence on online loans.

Early insights suggest that financial literacy education can be an effective tool in helping individuals better manage their finances. The proposed problem-solving plan includes the development of an educational program that focuses on understanding financial management, including how to manage debt, understanding the terms and conditions of loans, and the impact of consumptive behavior. By increasing public knowledge and understanding of financial literacy, it is hoped that individuals will be wiser in making decisions related to online loans, to reduce the risk of being trapped in a dangerous debt cycle.

Several important concepts about financial literacy and consumptive behavior are included in the theoretical study that underlies this research. A person's ability to understand and use information about finances in making informed decisions is called financial literacy, according to Lusardi and Mitchell (2014). Research by Atkinson and Messy (2017) shows that low financial literacy correlates with higher consumptive behavior, especially among online loan users. In addition, research by Kahn et al. (2020)

found that effective financial literacy education programs can reduce unbridled consumptive behaviors by improving an individual's understanding of debt management.

In recent years, online loans have become one of the most in-demand financial solutions in Indonesia. Offering convenience and quick access to funds, the service attracts many users, especially among people who lack knowledge of financial management. Although it provides convenience, the high use of online loans often leads to uncontrolled consumptive behavior. According to a report by the Financial Services Authority (OJK) in 2022, there has been a significant increase in the use of fintech services, where online loans are one of the most popular products. The data shows that low financial literacy can leave individuals trapped in a cycle of debt, potentially having a negative impact on their financial lives.

A person's ability to understand and use financial data in the decision-making process is known as financial literacy. Lusardi and Mitchell (2014) state that financial literacy includes an understanding of financial planning, debt management, and good investments. Studies show that people who don't know much about finance tend to make poor decisions about money, such as taking out loans without considering their ability to repay. According to research conducted by Atkinson and Messy (2017), increased consumptive behavior—especially among online loan users—is linked to a lack of financial literacy. This shows how important it is to get a good understanding of finances to avoid risky consumptive habits.

One important way to avoid consumption is to teach people about finances. Programs that increase people's knowledge of financial management, including the wise use of online lending, can help them acquire the skills necessary to better manage their finances. A study conducted by Hasti and Suhendra (2022) showed that participants can gain a better understanding and ability on how to make better financial decisions. One term used to describe consumptive behavior is a person's tendency to spend more money than they should, often without careful planning. Kahn et al. (2020) explain that consumptive behavior can be triggered by a variety of factors, including social influences, marketing, and a lack of knowledge about financial management. When individuals are exposed to a variety of easy online loan offers, they are more likely to make impulsive decisions that lead to unnecessary expenses and end up in debt.

According to Sinha and Singh (2019), consumptive behavior is often triggered by psychological factors, such as the desire to fulfill social status or follow trends. This has become increasingly complex with the advent of financial products such as online lending, which provide easy access to money but can also encourage individuals to shop impulsively.

Factors Affecting Consumptive Behavior

a. **Social media and Advertising**: social media plays an important role in shaping consumptive behaviors, especially among the younger generation. Research by Nia and Sinha (2021) shows that advertising on social media and peer influence can encourage individuals to make impulse purchases. When users see their friends buying certain items or using certain services, they may feel compelled to do the same.
b. **Availability of Online Loans**: Online loans provide easy access to funds, which often makes individuals feel freer in spending money. According to Kahn et al. (2020), a lack of understanding of the risks associated with online lending can cause individuals to get stuck in debt and increase consumptive behavior. Easily accessible loans can create the illusion of financial security, which encourages individuals to spend more than they should.

Online loans, on the other hand, offer a quick and easy process to gain access to funds. Despite its advantages, online loans also carry significant risks, especially if users do not understand the associated terms and conditions. According to research conducted by Kahn et al. (2020), people who have a good understanding of the risks associated with online loans have a greater tendency to avoid detrimental consumptive actions. Therefore, it is very important for people to understand more about finances so that they can make smarter choices about taking out loans online.

The latest data on fintech developments in Indonesia, especially in the online lending sector, shows significant growth.

Table 1. Fintech operators and total loans disbursed

Year	Number of Fintech Operators	Loan Amount (IDR)
2019	160	30.5
2020	174	45.1
2021	200	75.4
2022	248	125.0

Source: Financial Services Authority (OJK), 2022

Table 1 shows that the number of fintech operators and the total loans provided continue to increase every year. This reflects the high demand for online lending services in the community, which also indicates the need to increase financial literacy to manage the impact.

This research is expected to provide new insights into the importance of being more financially savvy to avoid the consumptive caused by online lending. This research is expected to help develop educational policies and programs and increase public understanding of better financial management. Therefore, good financial knowledge can help people avoid unsafe consumptive behaviors and the risks of online loans.

RESEARCH METHOD

To understand the role of financial literacy in preventing consumptive behavior caused using online loans, this study uses a qualitative approach and literature study method. This approach was chosen because it allows researchers to dig into theoretical concepts and empirical findings from a variety of relevant sources.

The data sources in this study consist of literature that includes journal articles, research reports, and official documents related to financial literacy, consumptive behavior, and online lending. The researcher conducted a systematic search through academic databases, including Google Scholar, JSTOR, and other relevant databases, with a focus on publications in the last five years to ensure the data used was current.

The references selected in this study must meet the following criteria:

a. Relevance: References should be directly related to financial literacy, consumptive behavior, and online loan use.
b. Sustainability: Having data or findings that can be used to understand the relationship between financial literacy and consumptive behavior.
c. Credibility: Sources must be from accredited scientific journals, research institutions, or official organizations such as the Financial Services Authority (OJK).

A literature review method was used to collect data for this study. Literature reviews work well for literature studies, where researchers collect, assess, and analyze previous literature. Researchers select relevant and high-quality sources, such as books, academic articles, and research reports on financial literacy and consumptive behavior.

After selecting relevant research, researchers review each source to find important ideas related to the research topic. This analysis includes an examination of current theories, key findings from previous research, and how a person's financial literacy can affect their consumptive behavior, especially related to online lending.

In addition, the researcher also collected relevant secondary data on fintech developments in Indonesia, with a special focus on online lending. This data is obtained from reports published by the

Financial Services Authority (OJK) and other official sources. The OJK report provides valuable insights into trends and statistics related to the use of online loans, as well as their impact on people's financial behavior. By combining primary data from the literature with secondary data from official reports, this study seeks to provide a comprehensive and evidence-based analysis.

After the data collection process, the analysis is carried out qualitatively with a descriptive approach. In this approach, the researcher organizes the information obtained from the literature into relevant categories. This category can include various aspects of financial literacy, consumptive behavior, and the impact of using online loans. Systematic organization of information makes it easier for researchers to see patterns and relationships between various elements in the data.

Once the information is organized, the researcher proceeds to synthesize. Synthesis is the process of combining various information to draw conclusions that support the research objectives. In this context, the researcher connects the theories found in the literature with real practices in the field, as well as identifies how financial literacy can be used as a strategy to prevent harmful consumptive behavior.

This analysis process also involves the preparation of recommendations for improving financial literacy as a preventive measure. These recommendations are aimed at stakeholders, such as educational institutions, governments, and non-governmental organizations, so that they can design more effective educational programs to increase public awareness of financial management.

RESULTS AND DISCUSSION

Analysis shows that a person's ability to make wise financial decisions is directly related to their financial literacy. People who have good financial knowledge tend to be better at managing their debt and understanding the risks associated with online lending, according to Lusardi and Mitchell (2014). This is in line with research made by Atkinson and Messy (2017), which shows that people can better understand how to manage debt and avoid unnecessary debt by providing financial literacy education.

The authors found Margaretha and Pambudhi's (2015) research on financial literacy, which states that high schools should teach student’s personal finance. The goal is for students to understand personal finance from a young age, so that they can become smart people and be able to manage money well and have a prosperous life without financial problems in the future. In this study, the respondents were students from the middle to upper economic class who had adequate allowances and lived with their parents rather than spending money on their own. Although students who migrate may not manage their personal finances in the same way as students who migrate, it is important for them to learn to manage their finances, especially for respondents from economics and business majors, even though at the time of the research they had not received the relevant materials.

In addition, research shows that high consumptive behavior is associated with a lack of financial literacy. Kahn et al. (2020) found that people who don't know how to manage money are more likely to spend money impulsively, especially when they see attractive online loan ads. Individuals can get caught up in a cycle of debt that is difficult to overcome if they don't understand the consequences of debt. A study by Amalia (2022) shows that consumption behaviors related to the purchase, use, or use of goods and services by consumers are often carried out excessively and without considering logical considerations. As a result, desire becomes more important than rational considerations about the priority scale. When people buy goods or services, they often don't think about what they need or want; They sometimes just seek social recognition, follow trends, or self-indulge for the sake of lifestyle and personal pleasure.

According to Lestarina et al. (2017), consumptive behavior is when a person buys goods to fulfill a desire rather than a need and does it too much, which leads to waste and cost inefficiency. Consumption has become part of the lifestyle, leading to this behavior. In addition, after the era of industrialization, when goods were mass-produced, more and more consumers, consumptive behavior emerged. Consumptive behavior is easily influenced by the characteristics of adolescence, which is often characterized by an unstable psychic state. This behavior can be caused by several things, such as satisfaction seeking, wastefulness, and impulse buying.

Data from the OJK shows a significant increase in the use of online loans in Indonesia in recent years. People who are less educated about financial literacy tend to be more easily caught in the trap of online loans. For example, the OJK report (2022) notes that many online loan users do not understand the terms and conditions of the loan, which can lead to poor financial decisions.

Online loans make it easier for people, including factory workers, to borrow money without having to meet complicated requirements and without the need to meet face-to-face, according to research conducted by Wijayanti (2022). These services affect the needs and consumptive lifestyle of factory employees. They can earn money immediately by using online loan applications. For factory workers who want to borrow money to meet their needs and lifestyle, this app is very helpful. Repayment is also easy because it can be done in installments with certain interest rates that vary depending on the loan term. The results showed that respondents, even though they were workers, had a good understanding of finances so they could use these services wisely.

Furthermore, according to an independent survey conducted by the Financial Services Authority (OJK) by No Limit Research (2021), users of online loan facilities come from various circles. They include teachers (48 percent), layoff victims (21 percent), housewives (18 percent), employees (nine percent), traders (four percent), students and college students (three percent), barbers (two percent), and online motorcycle taxis (nine percent). According to the Financial Services Authority (OJK), 28% of Indonesians still have difficulty distinguishing between safe and illegal online loans.

Discussion

The results of this study show that financial literacy is very important to prevent people from becoming too consumptive. People who don't know much about finance are at risk of having greater financial problems with the increasing availability of online loans. According to research conducted by Kahn et al. (2020), effective education programs can help people better understand debt risk and reduce harmful consumptive behaviors. In situations like these, financial literacy helps people manage debt and plan for the long term. Better financial education can help people become more financially conscious and make better decisions.

Through the development of a comprehensive financial literacy education program, it is hoped that people can be wiser in using online loans and avoid risky consumptive behavior. In this regard, collaboration between governments, financial institutions, and non-governmental organizations is essential to create initiatives that can reach all walks of life, especially groups vulnerable to financial risks. Therefore, this study will provide important information on how financial literacy can be a strategic step to address the problem of consumptive behavior caused by online lending. The results of this study are also expected to serve as a reference for the development of more efficient policies and programs to improve financial literacy in Indonesia.

CONCLUSION

This study reveals that financial literacy has a crucial role in preventing consumptive behavior resulting from the use of online loans. With the increasing access to online loans in Indonesia, good financial literacy has become very important to help individuals make wise financial decisions. The results of the analysis show that individuals who have adequate knowledge of debt management, interest, and loan risk are more likely to avoid impulsive spending and get caught up in a dangerous debt cycle.

In addition, the study shows that higher consumptive behaviors, especially among online loan users, are directly correlated with a lack of financial literacy. Individuals can easily make adverse financial decisions, which worsen their financial situation if they do not understand the consequences of debt. A report from the Financial Services Authority (OJK) shows that many people still do not understand the terms and conditions of online loans, despite its increasing popularity.

Therefore, building programs that teach people about financial literacy should be a top priority to reduce consumptive habits caused by online lending. Governments, financial institutions, and non-governmental organizations can work together to provide people with the knowledge and skills necessary to manage their finances more efficiently. With these measures, it is hoped that people will understand finance better so that they can make smarter decisions when facing financial difficulties in the computer and internet era.

In conclusion, financial literacy is an essential tool that not only assists individuals in debt management but also contributes to financial stability and long-term well-being. This research makes a significant contribution to the understanding of the importance of financial literacy in the context of online lending and consumptive behavior and forms the basis for further research in this area.

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