

An Analysis of the Effect of Financial Planning on the Financial Resilience of Teachers Who Use Online Loans

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ABSTRACT

This study aims to examine the impact of financial planning on financial resilience among teachers who use online loans. The methodology used is Moderated Regression Analysis (MRA) conducted on 109 teachers in Surabaya and Sidoarjo using Google Forms questionnaire. The results show a significant positive impact of financial planning on financial resilience. teachers who are actively involved in financial planning manage their income and expenses better and are better prepared for financial shocks.

INTRODUCTION

In recent years, global conditions have entered an uncertain phase, characterised by frequent international trade conflicts and the unprecedented Covid-19 pandemic. Risks stemming from potential external disruptions and highly unpredictable uncertainties have a significant impact on economic stability and sustainability (Allam & Jones, 2020). In addition, humans are faced with a variety of things that must be faced such as the threat of job loss, debilitating illness, injury or large housing or car costs, or worsening economic conditions due to the covid-19 pandemic that disrupt financial stability. Therefore, financial resilience is needed in order to survive in bad economic conditions and life tests (Danisman et al., 2021).

Indonesia became one of the worst countries in financial resilience in 2020, based on the International Survey of Adult Financial Literacy organised by the Organisation for Economic Cooperation and Development (OECD) to 1,000 respondents in Indonesia, 51.90% of respondents stated that they were confident in their ability to plan finances after retirement. In addition, 51.80% of respondents stated that they had experienced large expenses (equivalent to a month's income) and overcame them without getting help (borrowing). In terms of financial resilience, the majority of respondents stated that they could only survive for less than 1 month if they lost their main source of income without borrowing money or moving house. Only around 8.60 per cent of respondents could survive for more than 6 months if they lost their main source of income. The results of this survey indicate that there are still many Indonesians who do not have good financial planning and management skills so that their financial resilience is low (OJK, 2021).

Economic resilience, defined as the ability to respond effectively and adapt to economic shocks, has received widespread attention in various fields. This strong resilience serves as an important pillar that supports the ability to survive crises and maintain a stable and high-quality economy in the long term (Yang et al., 2024). In the research of Dewi et al. (2021) the ability of an individual to maintain their finances is based on planning skills and financial literacy. Financial resilience is a form of long-term investment that is useful in managing and maintaining financial conditions to be maintained or stable. So that in shaping financial conditions to be stable through the need for good financial planning in each individual. Financial planning as a process in which a person or individual seeks to meet his financial goals through the development and implementation of a comprehensive financial plan and good financial planning will result in a clear financial plan and facilitate a financial plan like a blue print that can show where the individual's financial condition is going (Alhabsyi et al., 2023).

Based on statistical data from OJK in 2021, there were 4188.9 thousand people who experienced financial difficulties, and 70% of them were online loan users. According to research (Hamidah et al. (2023) financial difficulties that occur due to online lending are one of the impacts of a lack of public knowledge. Interestingly, teachers are the highest profession using online loans at 42% (NoLimit Indonesia, 2021), followed by victims of layoffs at 21%,

housewives 18%, employees 9%, traders 4%, students 3%. The issue of teacher welfare is the reason why teachers are trapped in online loans. If the needs of life cannot be met, the easy way is for teachers to run to online loans (Utomo, 2023). Data from Ideas (2024) held in May 2024 states that the welfare of teachers in Indonesia is very low, 42.4% of salaries are below 2 million with the status of civil servant teachers, PPPK, permanent employees, and 74.3% earn below 2 million with the status of honorary / contract teacher income per month. With the low welfare of these teachers, 79.6% of them have debts. And 5.3% have loans from online lenders.

In the midst of the lack of financial resilience and poor family financial planning, online loans are present to serve the Indonesian people who cannot be served by the traditional financial industry. In addition, online lending is also a funding alternative to traditional financial industry services where people need a more democratic and transparent financing alternative. Another reason for the growing presence of online lending is the change in consumer mindset, where people, especially the millennial generation, now want more personalised access and ease in fulfilling their financial needs. The advancement of the digital world and the use of smartphones is also the cause of the development of online loans because nowadays almost everyone has a smartphone. The rapid change in trends and online loan product offerings are more profitable and easily accessible. With online lending, people do not need to come to an office or financial institution to conduct financial transactions because online lenders can conduct financial transactions on the spot using a smartphone or other technology that has the internet (McKinsey & Company, 2021).

The increase in the number of online loan users is evidence of the development of an increasing demand from the public for online loans. According to Estu (2023), the reason people use online loans is because of the ease of the loan process compared to traditional loans from banks or conventional financial institutions. Online loans are here to serve the Indonesian people who cannot be served by the traditional financial industry. In addition, online loans are also a funding alternative to traditional financial industry services where people need a more democratic and transparent financing alternative.

One of the regions in Indonesia that has the highest number of online loan users is East Java, which ranks third in the order of the highest borrowers at 1.61 million after West Java with the first at 4 million accounts and DKI Jakarta in the second position at 3.1 million accounts (Databoks, 2023). From this data, it can be concluded that many people in East Java prefer to use online loan application services as a supporting tool for financial transactions. Based on data from OJK (2023), it can be seen that the highest number of online loan default users is at the age of 19 - 35 years. This proves the ineffective use of online loans in the community. One of the factors causing defaults that occur in the community is the 'digging hole cover hole' system where to pay off online loans with funds sourced from online loans with different applications (Wahyuni & Turisno, 2019).

Low financial knowledge in the community is one of the possibilities for people to make online loans to meet their daily financial needs. This is in line with the research of Hamidah et al. (2023) which states that the development of online loans today is due to the increasing number of users who do not understand basic knowledge related to financial management. Agreeing with this, Haikal & Wijayangka (2021) state that financial literacy has a significant effect on online loans, which means that if the level of financial literacy is high, a person's desire to borrow on online loans is also high. Another situation that has led to an increase in the number of online loan users is due to financial difficulties experienced by the community. In addition, research by Indiworo & Setyorini (2020) states that the existence of financial planning in an economic actor will affect the use of his online loan. This is due to a sense of individual responsibility to be able to avoid using money ineffectively. So that financial planning is very important to achieve a financial goal. However, not all people or economic actors understand their financial planning capabilities. According to Christian & Wiyanto (2020) financial management provides a better state of one's financial resilience so that there is a significant relationship between financial planning and financial resilience. Financial management is obtained through financial attitudes or financial patterns that are formed from a person's attitude towards using money, social influences and knowledge related to finance. The financial planning indicator can be used as a reference to measure how far individual financial planning is. The better the individual's financial planning, the less likely it is to experience financial difficulties.

Research on the role of financial planning in the financial resilience of teachers who use online loans has a high urgency in the context of improving their financial well-being. Teachers are an integral part of society who play a role in shaping future generations, yet they often face significant financial challenges (Galapon & Bool, 2022).

LITERATURE REVIEW

Theory of Planned Behaviour

Theory of Planned Behaviour (TPB) includes behavioural control variables that have the ability to influence a person's intention or behaviour. This theory acknowledges the possibility that perceived behavioural control is not always fully present in many behaviours. (Ajzen, 1991). (Ramdani & Rodiah, 2024)

Based on this theory, individual desire is the main factor in determining a person's behaviour because there is motivation that encourages individuals to try and earnestly achieve and perform an action. (Ajzen, 1991) explains that the desire to take an action is caused by three determining factors, namely:

1. Attitude is an individual's assessment of behaviour in terms of whether the behaviour is positive or negative assessment.
2. Subjective Norms are social factors that pressure and influence individuals in terms of whether they want to do or not do a behaviour.
3. Perceived Behavioural Control is the individual's perception of the behaviour in terms of whether it is difficult or easy to implement and the individual's perception of the obstacles or challenges that exist in realising the behaviour based on past experience.

Financial Planning

Financial planning is also a crucial aspect in achieving long-term financial stability. Through good financial planning, individuals can utilise their financial resources wisely, avoid excessive debt, and build financial security for their future. Financial planning can work well if there is good financial management (Kusumawati et al., 2023). Financial planning can also be defined as the process of setting goals, assessing resources, and creating a roadmap to achieve financial goals (Koto, 2022). It involves evaluating the current financial situation, identifying future needs and aspirations, and developing strategies to fulfil them effectively. Financial planning covers various aspects of personal and household finances, including budgeting, investing, risk management, retirement planning, tax planning, and estate planning.

Financial Resilience

According to (Yao & Zhang, 2023) Financial resilience is the ability to evaluate a household's ability to withstand negative financial shocks. Having financial resilience is one of the main contributors to financial well-being (Russell et al., 2020) Financial resilience itself relates to an individual's ability to cope with financial shocks or recover from financial difficulties (Mcknight & Rucci, 2020). Individuals often face challenges in dealing with unexpected shocks such as illness, death of a family member, job loss or natural disasters. Individuals who have planned their finances well will rely on their savings during difficult times. Alternatively, they may borrow money from financial institutions, family or friends. Some may rely on insurance payments. Individuals who are unable to cope with financial challenges are classified as financially vulnerable (Lusardi & Mitchell, 2007).

Online Loan

Online loans are money lending facilities by financial service providers that operate online. The online loan provider is commonly known as fintech. Online loans that are instantly liquid and unsecured are an alternative solution for people who need cash without having to apply for it face-to-face. (Arvante, 2022). These loan providers are financial service providers that operate online with the help of information technology. Usually, these online loan providers are known as fintechs (McComb II J.M. & Smalt S.M, 2018).

The Effect of Financial Planning on Financial Resilience

Financial planning is an important aspect of achieving financial resilience for individuals and families. With good planning, one can manage income, expenses, prepare emergency funds, and plan future investments (Siregar et al., 2022). Financial security is determined by the management and allocation of financial resources, not just the amount of income. Without proper planning, individuals are vulnerable to financial crises due to unexpected expenses, job loss, or significant economic changes (Allam & Jones, 2020) (Triasih et al., 2021). Empirics show that financial planning is positively correlated with financial resilience. (Lusardi & Mitchell, 2007) found that financial literacy and planning

contribute significantly to retirement readiness and long-term financial stability. Individuals who plan financially tend to have higher savings, diversified investment portfolios, and preparedness for unexpected financial events (Sutan, 2021). It also shows that financial planning reduces financial stress and improves quality of life, due to the ability to anticipate and prepare for various possibilities.

Based on the arguments, theories, and findings of previous research, the first hypothesis in this study is:

H1: There is an effect of Financial Planning on Financial Resilience.

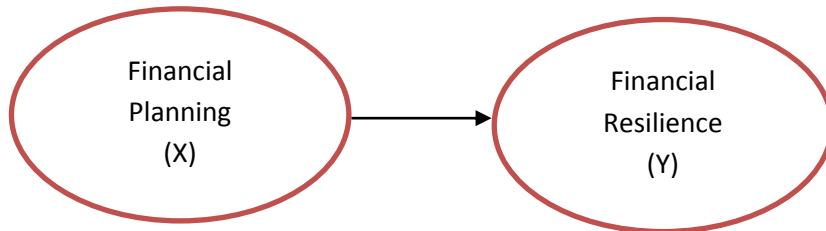


Figure 1. Conceptual Framework

METHODOLOGY

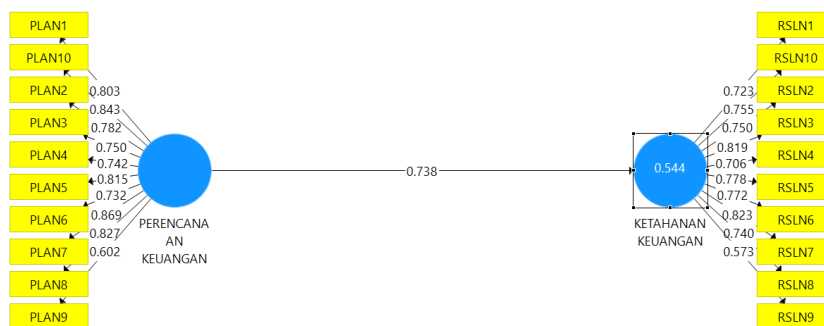
In this study, the data analysis technique applied was Moderated Regression Analysis (MRA) or interaction test. This research was conducted in the cities of Surabaya and Sidoarjo, with a focus on teachers who use online loan services. Respondents used were 109 teachers. collected using a google form questionnaire form and filled in by the respondents themselves.

RESEARCH RESULT

Outer Model Test

Loading Factor

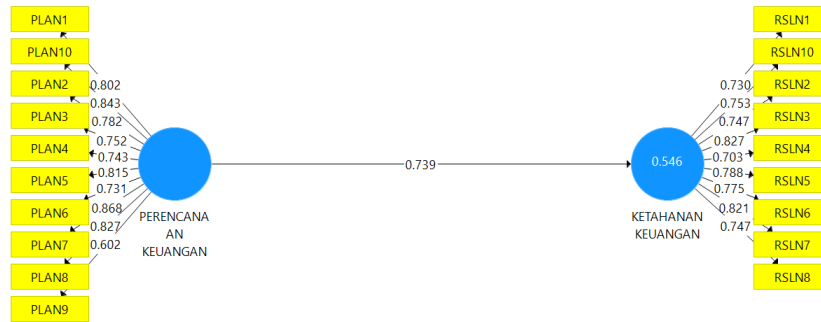
The results of the path factor loading diagram are as follows:



From the data above, there are indicators that must be removed because the loading factor value is <0.6.

Indicator	Outer Loading	Critical Point	Validity
RSLN9	0.573	0.600	Not Valid

After being eliminated, the new factor loading path diagram is as follows:



From the data above, all indicators have a loading factor value > 0.6 . So it can be stated that all indicators are good enough (Ghozali & Latan, 2015: 76).

Average Variance Extracted (AVE)

Indicator	Average Variance Extracted (AVE)
Financial Resilience	0.588
Financial Planning	0.608

Based on the table data above, it can be concluded that all constructs have an AVE value > 0.5 so that it can be concluded that all constructs have good convergent validity (Ghozali & Latan, 2015: 76).

Validitas Discriminant Cross Loading

The cross loading result data is as follows:

Indicator	Financial Resilience	Financial Planning	Max
PLAN1	0.542	0.802	0.802
PLAN10	0.657	0.843	0.843
PLAN2	0.593	0.782	0.782
PLAN3	0.634	0.752	0.752
PLAN4	0.664	0.743	0.743
PLAN5	0.52	0.815	0.815
PLAN6	0.511	0.731	0.731
PLAN7	0.613	0.868	0.868
PLAN8	0.574	0.827	0.827
PLAN9	0.349	0.602	0.602
RSLN1	0.73	0.473	0.73
RSLN10	0.753	0.563	0.753
RSLN2	0.747	0.533	0.747

Indicator	Financial Resilience	Financial Planning	Max
RSLN3	0.827	0.622	0.827
RSLN4	0.703	0.548	0.703
RSLN5	0.788	0.604	0.788
RSLN6	0.775	0.517	0.775
RSLN7	0.821	0.597	0.821
RSLN8	0.747	0.612	0.747

From this table, it can be seen that each value in the grey box corresponds to one of the maximum values listed in the Max column. This indicates that the correlation between each indicator and its own construct is higher than the correlation with other constructs. Therefore, it can be said that each indicator has strong discriminant validity (Ghozali & Latan, 2015: 76).

Fornel Lecker

The results of the validity test for discriminant, when using Smart PLS software to analyse the root value of AVE against the correlation between latent constructs, if the root value of AVE is higher than the highest correlation value between constructs, then this indicates good validity and feasible validity for the concept (Ghozali & Latan, 2015: 76).

	Financial Resilience	Financial Planning
Financial Resilience	0.766	
Financial Planning	0.739	0.78

The table shows that all constructs have good discriminant validity as their root AVE (Fornel Lecker) values are still higher than the highest correlation value between constructs, indicating the highest level of association.

Reliability Test

There are two methods available to conduct reliability tests in PLS, namely Composite Reliability and Cronbach's Alpha. The Rule of Thumb for Composite Reliability and Cronbach's Alpha should both be higher than 0.6.

	Cronbach's Alpha	Composite Reliability	Critical Point	Criteria
Financial Resilience	0.912	0.927	0.6	Reliable
Financial Planning	0.927	0.939	0.6	Reliable

Based on the results of the table above, it can be concluded that each construct has a Composite Reliability and Cronbach's Alpha value above 0.6, which means that all constructs are reliable.

Inner Model Test
R-Square

Konstruk	R Square	R Square Adjusted
Financial Resilience	0.546	0.542

The R-square value for the financial resilience variable is 0.546 which can be interpreted that the influence of the financial planning variable on financial resilience is 54.60% while the remaining 33.40% is explained by other variables outside this study.

Q-Square

The value of ' $Q^2 > 0$ ' indicates that the observed values have been accurately reconstructed, so the model has 'relevance' in prediction. (Ghozali & Latan, 2015: 80).

Construct	SSO	SSE	$Q^2 (=1 - SSE/SSO)$
Financial Resilience	981	677.069	0.31
Financial Planning	1090	1090	

Based on the table above, it can be seen that the Q^2 value for the financial resilience construct is 0.310. The meaning of this value is that the model has predictive relevance.

Hipotesis Uji

A hypothesis should be tested using the Bootstrapping function of SmartPLS 3.0, regardless of whether it is accepted or rejected. The hypothesis is accepted when the t value is greater than the critical value or the significance level is less than 0.05. At a 5% significance level, the value of the t statistic is 1.96 (Hair et al., 2019).

Hipotesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values	Hasil
Financial Planning -> Financial Resilience	0.739	0.747	0.045	16.379	0.000	Approved

From the results of the path analysis above, it can be concluded that: Financial Planning affects Financial Resilience.

DISCUSSION

Financial planning is an important process in personal financial management that involves setting financial goals, assessing the current financial situation, and designing strategies to achieve those goals. This process covers various aspects such as managing income, expenses, savings, and investments. (Guustaaf et al., 2021) Good financial planning enables individuals to make wiser financial decisions, minimise risks and maximise opportunities in achieving long-term financial stability. With a structured financial plan in place, individuals can face unexpected financial events more prepared and calm, thereby strengthening their financial resilience (Sutan, 2021)

Based on the theory of Planned Behaviour (TPB), financial planning behaviour is influenced by three main components: attitude towards behaviour, subjective norms, and perceived behavioural control. (Ajzen, 1991)). Positive attitudes towards financial planning, social support from the neighbourhood, and belief in one's ability to manage finances effectively encourage individuals to engage in financial planning activities. When individuals have favourable attitudes towards financial planning and feel supported by those around them, as well as confident in their ability to do so, they are more likely to participate in this activity. This, in turn, increases their financial resilience as good planning helps in risk management and optimisation of financial resources.

The results of this study show that financial planning has a significant influence on financial resilience. Individuals who actively engage in financial planning are shown to have stronger financial resilience. They are able to better manage their expenses, save regularly, and prepare for financial emergencies. This finding underscores the importance of financial planning as a tool to achieve financial stability and reduce vulnerability to financial shocks.

The findings support empirical evidence from previous studies that show a positive correlation between financial planning and financial resilience. Study by (Lusardi & Mitchell, 2007) revealed that good financial planning contributes significantly to retirement readiness and long-term financial stability. Individuals who engage in financial planning tend to have higher savings rates, more diversified investment portfolios, and are better prepared for unexpected financial events. In addition, research by (Hair et al., 2014) found that financial planning plays an important role in reducing financial stress and improving quality of life. They stated that individuals who regularly engage in financial planning feel calmer and more confident in dealing with financial situations, as they are able to anticipate and prepare for various contingencies, thereby reducing the risk of uncertainty. This empirical evidence strengthens the argument that financial planning is not only a strategy for managing money, but also an important tool for achieving financial resilience and psychological well-being.

CONCLUSIONS AND RECOMMENDATIONS

The results show that financial planning has a significant positive influence on financial resilience. This confirms that teachers who actively engage in financial planning are able to better manage their income and expenditure and are better prepared for financial shocks. This finding supports the Theory of Planned Behaviour (TPB) which emphasises the importance of positive attitudes, subjective norms and behavioural control in influencing individuals' financial intentions and behaviours.

Overall, this study confirms the importance of financial planning in improving individual financial resilience, especially in the context of teachers with online loans. The findings make an important contribution to the personal finance literature and offer practical insights for teachers and policymakers in their efforts to improve financial well-being.

ADVANCED RESEARCH

Suggestions for Future Research

1. Future research is recommended to use a longitudinal design to understand the changes and dynamics of the relationship between financial planning, financial literacy, financial distress, and financial resilience over time.
2. Expanding the study to various other demographic and geographical groups will help in generalising the findings. Future studies could include different professions and regions to provide a more comprehensive picture.
3. To reduce self-report bias, future studies could collect objective financial data such as credit reports, bank records, or financial data from financial institutions. This will increase the accuracy and validity of the research findings

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