

The effect of debt attitude and peer influence on debt behavior

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Abstract

Purpose: This study examined the effect of debt attitude and peer influence on the debt behavior of paylater users by the millennial generation.

Research methodology: This study used a quantitative approach. The research method used in this study is a survey method. The instrument was a questionnaire made with Google Forms. The analysis method used in this research is Structural Equation Modeling (SEM), with Partial Least Squares (PLS) analysis technique using SmartPLS 3. The population was working millennials in Indonesia. Samples were chosen using a non-probability sampling technique with a purposive sampling method so that the total sample size was 100 people.

Results: The results of this study proved that debt attitude had a significant effect on the debt behavior of paylater users of the millennial generation. However, peer influence had no significant effect on the debt behavior of paylater users by the millennial generation.

Limitations: This study is limited to a few factors: debt attitude and peer influence. Moreover, this study only collects data from the junior millennial generation in Indonesia, which results in narrowing this study.

Contribution: The information provided by this study can help authorities identify the determinants of debt behavior and address the rising debt levels.

Keywords: *debt attitude, peer influence, debt behavior, paylater*

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1. Introduction

In this era of the digital economy, it is easier for people to get into debt. Debt can be done using an online credit application or also known as paylater. According to the Otoritas Jasa Keuangan (OJK), paylater is a term for financing transactions for goods or services where the service provider institutions will provide bailout funds to borrowers to pay for transactions for goods or services needed. The paylater facility can be used without a credit card, where users can make transactions now and pay later within a specified period, usually 1 month to 3 months ([Anam, 2022](#)). According to the Research Institute of Socio-Economic Development (RISED), people consider paylater as a secure and accessible facility for carrying out daily transactions. In addition, the application process is relatively faster than applying for a credit card because it only requires identity documents such as an Identity Card ([Wareza, 2021](#)).

Based on a survey on Kompas.com in 2022, paylater applications are increasingly in demand during the COVID-19 pandemic. This is proven by the fact that 55% of new e-commerce users choose to use paylater to make transactions ([Safitri, 2021](#)). Paylater is used as a transaction tool in purchasing an online product and is offered on various e-commerce, so paylater caused an increase in purchases in

some e-commerce during the pandemic in Indonesia. Information obtained from Databoks shows that the most frequently used paylater service in Indonesia in 2021 is ShopeePayLater ([Annur, 2022](#)). ShopeePayLater or SpayLater is a paylater service available in Shopee e-commerce ([Dewi, 2022](#)).

Many Indonesians today tend to have a cashless lifestyle and use e-money applications such as digital wallets and paylater. According to the results of a survey in early 2021, the age of cashless enthusiasts is mostly the millennial generation who are around 24 years old or above ([Purnomo, 2021](#)). Millennials usually use paylater because of financial demands such as economic factors that require switching to paylater payments to help them fulfill their needs. Usually, the millennial generation also decides to use a paylater because of the fast and instant lifestyle, which is very useful for those with payment problems with various installments ranging from 30 days to 12 months. Another reason is that it provides promos for users in the form of discounts. In addition, cashless payments are in great demand in shopping so that paylater users get shopping satisfaction which is facilitated by paylater payments with exciting promos. The promo is irregular, depending on a particular time ([Hardhika & Huda, 2021](#)). The promo can be in the form of cashback or a refund of a few percent of the product price, where refunds cannot be withdrawn in cash but for shopping for the next product. The existence of promo offers and cashback is one of the reasons that the millennial generation uses paylater because it minimizes expenses ([Syahputra, 2022](#)). However, the offers provided can also have a negative impact on paylater users, most of whom are millennials. Offers given at a particular time make someone want to transact even though they have not received a salary. This will result in consumptive behavior by buying products that are not needed ([Aulia, 2019](#)).

The millennial generation is a generation that plays an important role in the economy of Indonesia because of its dominating number. Based on the IDN Research Institute in 2018, the millennial generation is separated into 2 groups, millennial seniors and millennial juniors. Millennial seniors are millennials born from 1983 to 1990 and are currently 32 to 39 years old. Meanwhile, millennial juniors are millennials born from 1991 to 1998 and are currently 24 to 31 years old. This research will focus on examining millennial juniors who have worked. Based on age, millennial juniors have different priorities, job vacancies, behavior towards social media, online behavior, and consumption/shopping behavior from millennial seniors. Most millennial juniors have a low level of loyalty to the company, usually changing companies around 2 to 3 years because they want to develop themselves and get a higher salary. Millennial juniors still have the desire to realize various obsessions/ideals in the future, which are different from millennial seniors who prioritize family life ([Utomo, 2019](#)). Because of these things, millennial juniors have lower levels of salary and savings compared to millennial seniors, which can lead to a lack of income to fulfill their needs and the decision to use a paylater. This is supported by data written by [Wulan \(2022\)](#), where 58% of paylater users use paylater to buy sudden or urgent needs.

The use of paylater by the millennial junior generation is related to debt behavior. This debt behavior can be influenced by debt attitude and peer influence. The effect of debt attitude on debt behavior is explained according to the research of [Koropp, Kellermanns, Grichnik, and Stanley \(2014\)](#) which shows that norms, attitudes, and behavioral control can influence choices. The effect of peer influence on debt behavior is explained through a study by Xiao, Barber, and Shim which revealed that peers could have a negative impact on individual financial behavior but instilling a positive attitude will affect positive financial behavior ([Xiao, Tang, Serido, & Shim, 2011](#)). Peer social behavior tends to be studied by individuals so that the peers' environment can influence individual decisions in debt. From the overall explanation of the background above, a person's debt behavior can occur due to the influence of attitudes and the environment.

1.1 The Objective of the Study

The main purpose of this study is to examine the effect of debt attitude and peer influence on the debt behavior of paylater users by the millennial generation. Therefore, the specific objectives can be described as follows:

1. To determine the effect of debt attitude on debt behavior of paylater users by the millennial generation.
2. To determine the effect of peer influence on debt behavior of paylater users by the millennial generation.

2. Literature review

2.1 Theory of Planned Behavior

The Theory of Planned Behavior (TPB) predicts behavior at a certain time and place in the involvement of individual intentions in adopting a behavior. This theory argues that behavioral intentions drive individual behavior, where behavioral intentions are a function of three determinants, namely attitude toward behavior, subjective norm, and perceived behavioral control ([Ajzen, 1991](#)).

1. Attitude Toward Behavior

Attitude Toward Behavior refers to the degree to which a person has positive or negative feelings about an attractive behavior.

2. Subjective Norms

Subjective Norms refer to beliefs about the individual's thoughts, whether other people will think positively when performing a behavior or not.

3. Perceived Behavioral Control

Perceived Behavioral Control refers to the individual's perception of the extent to which the performance of the behavior is easy or difficult.

2.1.1 Debt Behavior

Debt is a sum of money borrowed by others due to the use of goods or services and must be repaid along with interest ([Hornby, 2000](#)). An individual is said to be in debt when he has a loan from another party, such as a bank, pawnshop, relative, or by using a paylater application. Debt behavior can show whether a person's behavior and actions look good or bad in debt. Debt behavior is an act of using or borrowing money belonging to another party with the obligation to return the principal and other costs. Paylater users with good debt behavior will also have a good perception of online debt applications such as paylater.

2.1.2 Debt Attitude

Attitude is an expression that expresses an individual's feelings and reflects a person's feelings, like it or not, happy or not, and agree or not towards an object ([Suryani, 2008](#)). In line with this understanding, financial attitude is an attitude of agreeing or disapproving of a statement related to attitudes toward money and planning for the future ([OECD, 2016](#)). Therefore, it can be interpreted that debt attitude is a response in the form of a statement stating whether you like it or not, happy or not, and agree or not related to money and behavior in debt in the future. Paylater users are called to have a good debt attitude if they have a good perception of their debt attitude.

2.1.3 Paylater

Paylater is an online lending service without a credit card that allows individuals to pay for a transaction later, either in installments or in one payment. Some e-commerce is currently starting to adopt a lot of credit installment technology without the card ([Quiserto, 2019](#)). The public can already enjoy Paylater in 2020 on several online shopping platforms, from ticket and hotel reservations to online transportation. Moreover, in 2021, ShopeepayLater is Indonesia's most frequently used top-ranked paylater service ([Annur, 2022](#)).

ShopeepayLater or SpayLater is a loan or installment feature available in Shopee e-commerce provided by PT Commerce Finance and other financial service companies. ShopeepayLater users must settle the bill due 1 month after the transaction or in installments over a period. There are 3 installment options in ShopeepayLater based on a period of 3 months, 6 months, and up to 12 months. Early users will get a loan limit of IDR 750,000 which can be increased to IDR 3,000,000 or more if they meet the requirements set by Shopee ([Angelia, 2022](#)). ShopeepayLater interest within 1 month is given 2.95%, a handling fee of 1.00%, and a fine of 5.00% for users who are late paying bills ([Fauzia, 2021](#)).

Advantages of Paylater

Paylater has several advantages, which are: ([Quiserto, 2019](#))

1. Easy and fast registration process
2. Under the supervision of the Financial Services Authority (OJK)
3. Flexible and fast use
4. Giving a special promo

Disadvantages of Paylater

Besides the advantages offered by the paylater provider platform, this financial technology also has drawbacks that users must know to minimize these shortcomings' impact. Here are some disadvantages of paylater: ([Quiserto, 2019](#))

1. Interest is relatively high
2. Fines for late paying bills
3. Data Security

2.2 Social Cognitive Theory

Social Cognitive Theory (SCT) was developed by Albert Bandura in the 1970s and 1980s. This theory suggests that learning occurs in a social context with dynamic and reciprocal interactions of the individual, the environment, and behavior. By observing other people in their environment, individuals can acquire certain knowledge, rules, attitudes, skills, strategies, and beliefs. In addition, learning also involves individual mental activities ([Putri, 2022](#)). This theory emphasizes external and internal social influence and reinforcement. Where, this theory considers how individuals acquire and maintain behavior and also considers the social environment in which individuals perform these behaviors ([LaMorte, 2019](#)).

2.2.1 Peer Influence

Peer influence is where an individual can learn attitudes, behavior, and knowledge from his or her circle of friends based on what the individual sees. This learning can be positive or negative, depending on the circle of friends. Hence, there are positive and negative impacts on peer influence. This peer role can encourage a person to change attitudes, behavior, and values embedded in an individual. This happens because individuals want to adapt to the values that exist in their environment.

2.3 The Effect of Debt Attitude on Debt Behaviour

Debt attitude (DA) is the response of individuals, happy or not, like it or not, and agree or not related to behavior in debt. Meanwhile, debt behavior (DB) is an act of debt that can see whether someone is good or bad in debt. Debt attitude and debt behavior can be linked to the Theory of Planned Behavior. According to the Theory of Planned Behavior, an individual's intention to perform various types of behavior can be determined by attitude towards behavior, subjective norms, and perceived behavioral control.

In this study, the millennial generation's debt attitude is believed to affect the debt behavior of paylater users, referring to several determinants of the Theory of Planned Behavior previously mentioned. The first factor is the attitude towards behavior, where the attitude of an individual who has behavior is interest/positive feeling in using paylater. This is followed by the second factor, namely subjective norms, where the perception of an individual is influenced by the positive thoughts of others related to the use of paylater results in how an individual's behavior in using paylater. Finally, the last factor is perceived behavioral control, where individual perceptions are influenced by the ease of using a paylater because of self-confidence and the various resources they have. Of the three determinants, an individual can be triggered to have the intention to adopt a behavior related to the use of paylater. Therefore, it can be said that the attitude of individuals in debt or debt attitudes can affect the behavior of debtors or debt behavior of individual paylater users.

Some statements that support the influence of DA and DB are provided by Ajzen and Kidwel, Brinberg and Turrissi. [Ajzen \(1991\)](#) argues that attitudes and personality traits of individuals influence certain

behaviors only indirectly. Ajzen's statement supports DA and DB from the concept of the Theory of Planned Behavior. Moreover, there is also a previous study by [Kidwell, Brinberg, and Turrisi \(2003\)](#), where they examined the influence of social psychological variables that are important for decision-making related to money management. The study further confirms that attitude is one of the determinants of money management behavior. These studies show the effect of attitude or attitude on debt behavior.

Therefore, based on the explanation above, the hypothesis of this study is:
H₁: Debt attitude has an effect on debt behavior.

2.4 The Effect of Peer Influence on Debt Behaviour

Peer influence (PI) is the influence of peers who can encourage changes in attitudes, behavior, and values that exist in individuals. Debt behavior (DB) is the behavior of individuals in debt. Social Cognitive Theory (SCT) can link peer influence and debt behavior. Social Cognitive Theory proposed by [Bandura and Walters \(1977\)](#) highlights the importance of the individual, environmental, and behavioral factors in the learning process. In this study, the millennial generation's peer influence is influenced by individual and environmental factors, where it is believed that individuals use paylater due to personal encouragement and as a result of observing people around them who use paylater. These encourage individual decisions on using paylater. Thus, peer influence can influence the debt behavior of individual paylater users.

In accordance with SCT, previous research has revealed that peers give a strong source of influence on individuals ([Brechtwald & Prinstein, 2011](#)). Research has shown that the impact of peer influence differs between younger and older people. A study by [Gardner and Steinberg \(2005\)](#) showed that risk-taking and risky decisions have a stronger influence on peers whereas having a weaker effect on adults. This shows that peer influence is much stronger on younger people such as millennials. The millennial generation's attitudes and behavior towards credit such as paylaters are influenced by their environment. The environment of the millennial generation is shown as a major contributor to financial advice that influences individual decision-making ([Brown, Bakken, Ameringer, & Mahon, 2008](#); [Hong, Kubik, & Stein, 2004](#)). Therefore, peer influence can be a significant predictor of debt behavior.

Therefore, based on the explanation above, the hypothesis of this study is:
H₂: Peer influence has an effect on debt behavior.

2.5. Framework

The framework of this study is shown in the figure below. The framework developed as a description of the researcher's frame of mind.

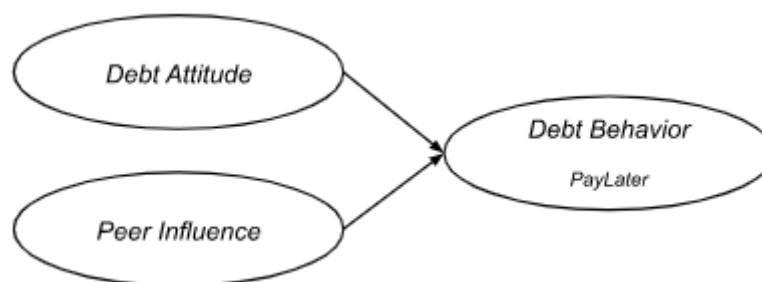


Figure 1. Framework
Source: Authors (2022)

3. Research methodology

The study used a quantitative approach with a survey design. The population was millennials who were already working in Indonesia. Researchers chose the millennial generation in this study for several reasons such as a lack of economic factors in meeting their needs, an instant lifestyle, a cashless society that causes an increase in interest in cashless payments, shopping satisfaction, and attractive promos

using paylater. The sampling technique is purposive sampling which selects samples based on appropriate criteria. Respondent criteria needed in this study are as follows:

1. Millennials aged 24 to 31 years, because this study will focus on millennial juniors
2. Millennials who use ShopeepayLater.
3. Millennials who have worked.

Data were collected online through questionnaires made with Google Forms. Before data collection, the questionnaire was tested for validity and reliability. The questionnaire had five alternatives based on the Likert Scale (1 for completely disagree and 5 for completely agree). Hypotheses were tested using Structural Equation Modelling-Partial Least Square (SEM-PLS) method. The researcher used SmartPLS 3 to analyze the data. The steps in the SEM-PLS included (a) preparing data and making a new project, (b) importing data and making a new path, (c) determining path analysis, (d) determining endogen and exogen variable, (e) making a path diagram, (f) estimating outer and inner model, (g) evaluating the goodness of fit, and (h) hypothesis testing.

Table 1. Operational definition of variables

Variable	Operational definition	Indicator	Scale
Dependent Variable			
Debt Behavior	The behavior of the millennial junior generation in debt using a paylater is related to the process and its use	<ol style="list-style-type: none"> 1. Use of paylater as an alternative funding 2. Higher paylater interest compared to bank loan interest 3. The fees charged in the paylater are quite reasonable 4. Pay bills on time 5. Able to pay off expenses when doing debt 	Likert (1-5)
Independent Variables			
Debt Attitude	Attitudes of the millennial junior generation that have an influence on debt behavior using paylater	<ol style="list-style-type: none"> 1. Saving to buy something 2. Go into debt to buy something 3. Individual belief in financial ability to pay debt obligations and interest 4. Bad habits if you owe to cover other debts 5. Debt easily 6. Debt can cause family problems 7. Individual knowledge about debt 8. The existence of financial control & planning in people's lives 	Likert (1-5)

Peer Influence	The influence of peers in obtaining information and debt decisions using paylater	<ol style="list-style-type: none"> 1. Discuss with friends about money management 2. Comparing the number of expenses with friends 3. Spending free time with peers 4. All activities related to finance involve friends 	Likert (1-5)
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Source: Authors (2022)

4. Results and discussions

Descriptive Statistics

Descriptive statistics is a method of collecting and presenting data that is used and analyze the data into information to form clear conclusions. According to [Sugiyono \(2018\)](#), the results of calculations using this method are presented in different forms such as tables, decile calculations, and percentiles from calculating the distribution of data and calculating the average of mode data, pie charts, pictograms, and percentage calculations. In this study, the authors use a 5-point Likert scale as the basis for assessing respondents' answers, as follows:

Table 2. 5 points Likert scale

Scale	Description
1	Strongly disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly agree

Source: Authors (2022)

Descriptive statistical analysis will be determined based on agreement or disagreement. Therefore the result can be, the author uses assumptions with the following calculations:

$$N = \frac{(a - b)}{x}$$

$$N = \frac{(5 - 1)}{2}$$

$$N = 2$$

Notes:

N = scale range

a = highest scale value

b = lowest scale value

x = number of decisions (agree and disagree)

Thus, it can be assumed that a scale of 1 to 3 is categorized as “disagree” and a scale of 4 to 5 is categorized as “agree”.

Debt Behavior Descriptive Statistical Analysis

Based on the answers from respondents related to the variable debt behavior, the result can be descriptively explained as follows:

Table 3. Descriptive of debt behavior

	Statement	Answer Frequency					Mean
		1	2	3	4	5	
DB1	I use a paylater as an alternative to other funding (besides salary) and it is very useful for my financial management	0	0	4	46	50	4,46
DB2	I rate the paylater interest higher than a loan from a bank	1	2	14	50	33	4,12
DB3	I consider the platform interest charged by the paylater to be quite reasonable	1	2	16	56	25	4,02
DB4	For me, the late payment penalty fee charged by the paylater is quite reasonable	1	5	21	39	34	4,00
DB5	I pay my paylater bill on time	10	6	7	28	49	4,00
DB6	I can pay off the costs incurred from using a paylater	1	2	7	35	55	4,41
Average of Mean							4,17

Source: Processed data by Excel (2022)

Table 3 shows that the indicators for the debt behavior variable have a mean value that is categorized as "agree" because the average of all indicators is 4,17 or can be rounded up to 4. This means that respondents agree on the role of debt behavior in the use of paylater, where the higher the value of debt behavior, the behavior respondents are categorized as "good behavior". And vice versa, if the average of all indicators is less than 4 then the respondent's behavior is categorized as "bad behavior".

The first statement has the highest mean value, which is 4,46, where there is a statement "I use a paylater as another alternative funding (besides salary) and it is very useful for my financial management". This shows that most millennial junior generation paylater users feel that using paylater is beneficial for their financial management.

Debt Attitude Descriptive Statistical Analysis

Based on the answers from respondents related to the variable debt attitude, it can be descriptively explained as follows:

Table 4. Descriptive of debt attitude

	Statement	Answer Frequency					Mean
		1	2	3	4	5	
DA2	I choose to buy now and pay for it later with interest	2	5	24	42	27	3,87

DA4	I think it is okay to borrow money as long as I can pay the principal and interest payments	0	0	8	32	60	4,52
DA7	I think that debt can cause problems in family relationships	3	5	13	39	40	4,08
DA8	I know where to look for debt help	1	1	17	38	43	4,21
DA9	I know the importance of financial management and budgeting in people's lives	2	0	5	32	61	4,50
DA10	I think that the increase in costs can lead to more debt	1	0	7	31	61	4,51
Average of Mean							4,28

Source: Processed data by Excel (2022)

Table 4 shows that the debt attitude variable indicator has a mean value that is categorized as "agree" because the average of all indicators is 4,28 or can be rounded up to 4. This means that respondents agree on the role of debt attitude in the use of paylater, where the higher the debt attitude value, the respondent's attitude is categorized as "good attitude". And vice versa, if the average of all indicators is less than 4 then the respondent's attitude is categorized as "bad attitude".

The fourth statement has the highest mean value of 4,52, where there is a statement "I think it is okay to borrow money as long as I can pay the principal and interest payments". This shows that millennial junior generation paylater users have a good attitude towards debt because they have thought about paying the principal and interest before taking on debt.

Peer Influence Descriptive Statistical Analysis

Based on the answers from respondents related to the variable peer influence, descriptively explained as follows:

Table 5. Descriptive of peer influence

	Statement	Answer Frequency					Mean
		1	2	3	4	5	
PI1	I always discuss financial management issues with my friends	0	1	22	51	26	4,02
PI2	As far as I know, some friends often use paylater on several platforms	0	2	13	37	48	4,31
PI3	I always compare paylater usage and expenses with my friends	0	5	20	36	39	4,09
PI4	I spend a lot of free time with my friends	0	1	13	44	42	4,27

PI5	I always involve my friends in my shopping activities	1	2	24	46	27	3,96
Average of Mean							4,13

Source: Processed data by Excel (2022)

Table 5 shows that the indicators for the peer influence variable have a mean value that is categorized as "agree" because the average of all indicators is 4,13 or can be rounded up to 4. This means that respondents agree on the role of peer influence in the use of paylater, where the higher the value of peer influence, the influence of the respondent's peers is categorized as "high". And vice versa if the average of all indicators is less than 4 then the influence of the respondent's peers is categorized as "low".

The second statement has the highest mean value of 4,31, where there is a statement "as far as I know, some friends often use paylater on several platforms". This shows that millennial junior generation paylater users are interested in using paylater because of the encouragement from observing the behavior of friends who use paylater.

Partial Least Square

Diagram Path

The path diagram in this study is shown in the figure below.

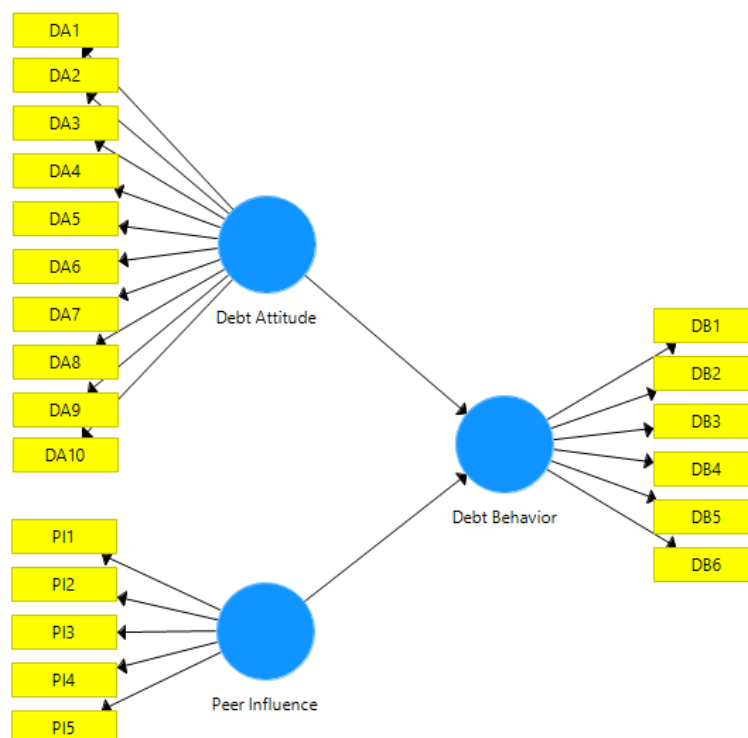


Figure 2. Path diagram
Source: Authors (2022)

Outer Model

Convergent Validity

Convergent validity testing can be seen from the results of the value of the outer loading on each research indicator. If the value of outer loadings > 0,5 it will be considered as passing the reliability test. The following is the result of the outer loading value of each variable:

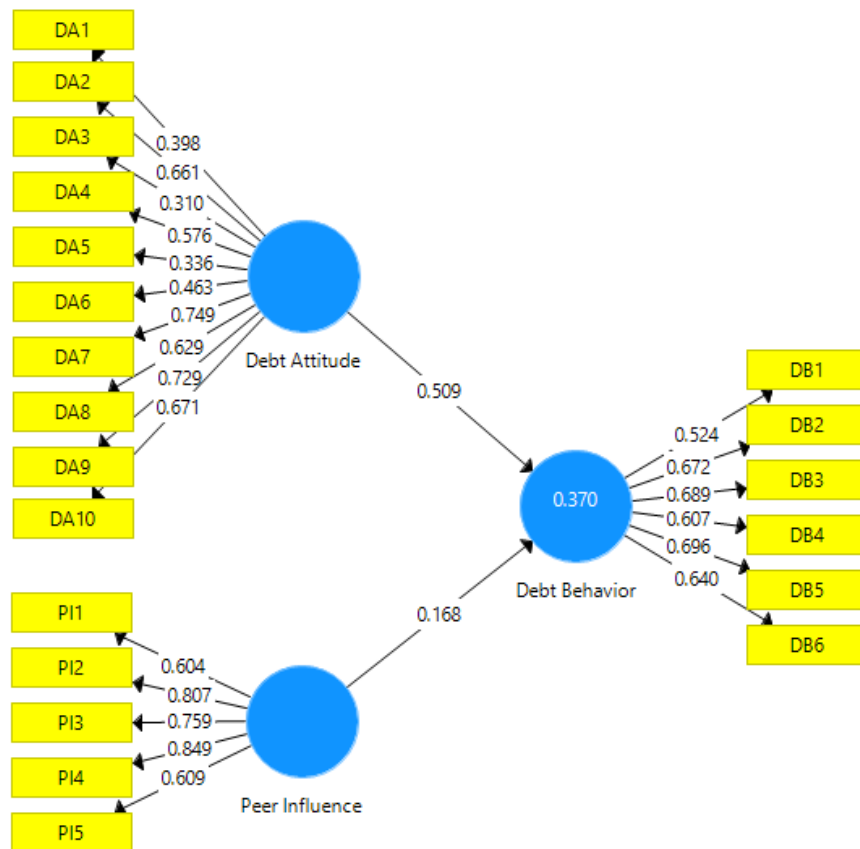


Figure 3. Outer model
Source: Authors (2022)

Table 6. Convergent validity outer loadings values

Indicator	Debt Behavior	Debt Attitude	Peer Influence
DB1	0,524		
DB2	0,672		
DB3	0,689		
DB4	0,607		
DB5	0,696		
DB6	0,640		
DA1		0,398	
DA2		0,661	
DA3		0,31	
DA4		0,576	
DA5		0,336	
DA6		0,463	
DA7		0,749	
DA8		0,629	
DA9		0,729	
DA10		0,671	
PI1			0,604
PI2			0,807
PI3			0,759

PI4	0,849
PI5	0,609

Source: Processed data by SmartPLS 3 (2022)

In table 6, there are 4 indicators whose outer loadings value is $< 0,5$. This can be caused by a small number of respondents. However, the results of the outer loadings of other indicators in this study resulted in a value of $> 0,5$ so it can be concluded that the other 17 indicators meet the requirements of convergent validity.

Discriminant Validity

The next stage is discriminant validity. The discriminant validity test is carried out by comparing the cross-loading value of one variable which is greater than the other variables. The following is the result of the cross-loading value:

Table 7. Cross loading values

Indicator	Debt Behavior	Debt Attitude	Peer Influence
DB1	0,524	0,281	0,475
DB2	0,672	0,446	0,066
DB3	0,689	0,375	0,225
DB4	0,607	0,323	0,424
DB5	0,696	0,429	0,206
DB6	0,640	0,4	0,206
DA1	0,23	0,398	0,199
DA2	0,372	0,661	0,314
DA3	-0,045	0,31	0,065
DA4	0,302	0,576	0,284
DA5	0,136	0,336	-0,056
DA6	0,326	0,463	0,273
DA7	0,486	0,749	0,299
DA8	0,366	0,629	0,511
DA9	0,463	0,729	0,209
DA10	0,236	0,671	0,425
PI1	0,198	0,329	0,604
PI2	0,419	0,465	0,807
PI3	0,287	0,276	0,759
PI4	0,336	0,39	0,849
PI5	0,074	0,184	0,609

Source: Processed data by SmartPLS 3 (2022)

In table 7, no indicators have a lower cross-loading value than other constructs. Therefore, it can be concluded that these indicators passed the discriminant validity test. In addition, the discriminant validity test can be seen from the results of the Average Variance Extracted (AVE) value which is used to see the correlation construct. The following table shows the AVE values:

Table 8. Average variance extracted (AVE) values

Indicator	Average Variance Extracted (AVE)
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Debt behavior	0,410
Debt attitude	0,329
Peer influence	0,537

Source: Processed data by SmartPLS 3 (2022)

Table 8 shows that 2 indicators, debt behavior and debt attitude, have an AVE value of less than 0,50. However, one other indicator, peer influence has an AVE value of more than 0,50 so it can be said that the indicator has met the requirements of the discriminant validity test.

Composite Reliability

Composite reliability is the final stage of the outer model test. This test is used to see the reliability of a construct. The result of a construct can be said to be reliable if the result is $> 0,70$. The following is a table of composite reliability results:

Table 9. Composite reliability values

Indicator	Composite Reliability
Debt behavior	0,805
Debt attitude	0,820
Peer influence	0,850

Source: Processed data by SmartPLS 3 (2022)

Table 9 shows that the composite reliability value is $> 0,70$, indicating that each variable meets the requirements for the composite reliability test and that each variable in this study is reliable.

Table 10. Cronbach's alpha values

Indicator	Cronbach's Alpha
Debt behavior	0,709
Debt attitude	0,771
Peer influence	0,794

Source: Processed data by SmartPLS 3 (2022)

In table 10, the value of Cronbach's Alpha results for all indicators is greater than 0,70. Therefore, it can be said that each variable in this research is reliable.

Inner Model

R-square

Goodness of the inner model is used to determine the magnitude of the ability of endogenous variables to explain the diversity of exogenous variables. The results of the goodness of the inner model that is shown through the R-Square are shown in the table below:

Table 11. R-square

Indicator	R-Square	R-Square Adjusted
Debt behavior	0,370	0,357

Source: Processed data by SmartPLS 3 (2022)

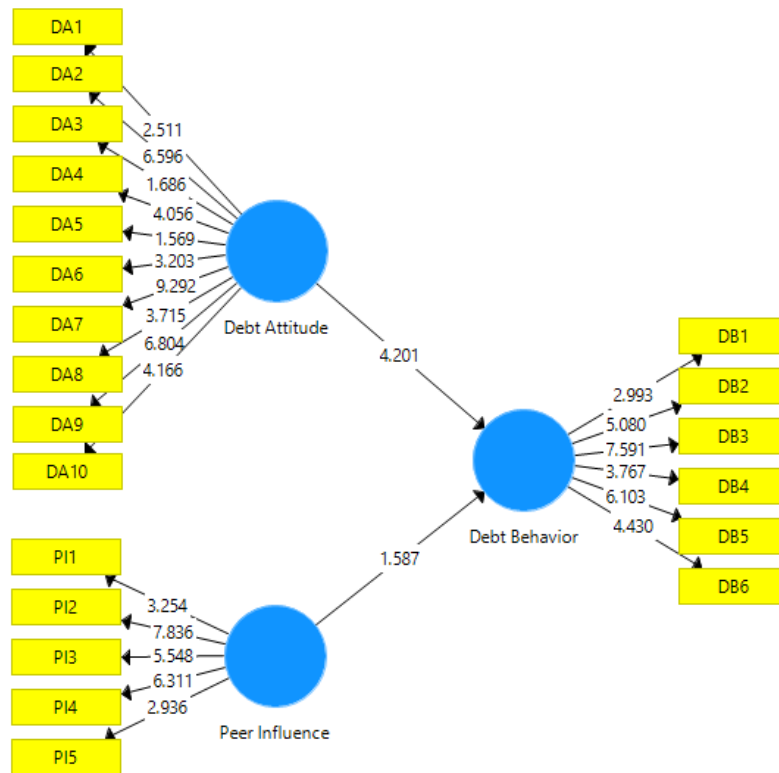


Figure 4. Bootstrapping
Source: Authors (2022)

Table 12. Path coefficients

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
DA -> DB	0,509	0,551	0,121	4,201	0,000
PI -> DB	0,168	0,190	0,106	1,587	0,113

Source: Processed data by SmartPLS 3 (2022)

Based on table 12, it can be explained that the effect of exogenous variables on endogenous variables in each hypothesis is below:

1. Debt attitude has an effect on debt behavior

The results of the tests listed in the table above show that the t-statistic value of debt attitude has an effect on debt behavior is 4,201. The test results show that the t-statistic value is > 1,96. This can be interpreted that the debt attitude has a significant and positive effect on the debt behavior of paylater users.

2. Peer influence has no effect on debt behavior

The results of the tests listed in the table above show that the t-statistic value of peer influence has no effect on debt behavior is 1,587. The test results show that the t-statistic value < 1,96. This can be interpreted that peer influence does not have a significant effect on the debt behavior of paylater users.

Discussion

The Effect of Debt Attitude on Debt Behavior

Based on the table of the test results, debt attitude has a significant and positive effect on debt behavior of millennial junior generation paylater users in Indonesia. This means that the debt behavior of paylater users is good if they have a good debt attitude. Paylater users who have a good debt attitude tend to pay their debt bills and pay off their fees on time. This can be seen from the respondents' answers regarding the statement of paying bills on time and being able to pay off the costs incurred from using a paylater.

Most paylater users from millennial junior generation use paylater wisely and responsibly in managing their finances. The debt attitude is implemented correctly, which can be seen from the average respondent's statement regarding the debt attitude which is classified as good, which is 4,17. This shows that millennial junior generation paylater users can be responsible for paying on time because they have sufficient financial capabilities.

In accordance with the Theory of Planned Behavior (TPB), debt attitude affects debt behavior by referring to several determinants of TPB. The attitude towards behavior factor, where the attitude of an individual who has interesting behavior / positive feelings in the use of paylater. Then, the subjective norm factor, where an individual's perception is influenced by the positive thoughts of others regarding the use of a paylater results in how an individual's behavior in using a paylater is proven to make individuals more responsible in paying the costs incurred from the paylater. The last factor, perceived behavioral control, individual perception is influenced by the ease of using paylater because they have confidence in their ability to pay with paylater. Of the three determinants, an individual is triggered to have the intention to adopt good behavior related to the use of paylater. In other words, it can be said that debt attitude affects the debt behavior of individual paylater users. The effect of debt attitude on debt behavior is supported by previous research by [Kidwell et al. \(2003\)](#), where they examined the influence of social psychological variables that are important for decision-making related to money management. The study further confirms that attitude is one of the determinants of money management behavior.

The Effect of Peer Influence on Debt Behavior

Based on the table of test results, it can be seen that peer influence has no effect on the debt behavior of millennial junior generation paylater users in Indonesia. Respondents have a high average statement assessment, where respondents know some of their friends use paylater. In accordance with Social Cognitive Theory (SCT), peer influence influences debt behavior by referring to two factors, individual and environmental factors. Where individuals use paylater for personal encouragement and as the result of observing people around them who use paylater the individual decides to use paylater. This is in line with research by [Brechwald and Prinstein \(2011\)](#) which reveals that peers are a source of strong influence on individuals.

However, the results of this study were not significant because the statements on the questionnaire given to the respondents were not specific. Of course, statements about paylater have been given to respondents, but in fact they are not specific to the authors only get general information. As in the statement regarding financial management, we know that financial management does not only discuss paylater. Then, in the statement stating that the respondent knows their friend uses a paylater, the authors get a limited answer because the authors cannot know whether the respondent is influenced by their friend to use the paylater or not.

5. Conclusion

Based on the results of the previous analysis and discussion, the following conclusions can be obtained:

1. Debt attitude has a significant effect on the debt behavior of millennial generation paylater users in Indonesia.
2. Peer influence has no significant effect on the debt behavior of millennial generation paylater users in Indonesia.

5.1. Limitation

This study still has limitations, including the following:

1. This study is limited to only a few factors, which are debt attitude and peer influence.
2. This study only collects data from the junior millennial generation in Indonesia, which results in making our study narrow.
3. This study only took a sample of 100 respondents. A sample that is too small can cause the study to be unable to describe the actual condition of the population.

5.2. Suggestion

Based on the research results and conclusions, the researchers provide the following suggestions:

1. For future research, it is recommended to take a larger sample, this aims for better data accuracy in the study.
2. It is recommended to be able to add other variables that may also affect debt behavior such as power prestige and financial literacy.
3. For future research, it is suggested to use generation Z as respondents. The reason is that generation Z is increasingly interested in paylaters as a payment method when shopping.

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