



## Determinant Propensity toward indebtedness in Indonesia

BY

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### Abstract

*This study examines the factors that influence a person's debt behavior. This study uses seven variables to measure: financial literacy, emotion, risk perception, materialism, culture, religiosity, and propensity to Indebtedness This study uses a quantitative model with data collection using an online questionnaire. The respondents in this study were 200 people consisting of 81 men and 119 women. The results obtained from this study are that financial literacy has a positive and significant effect on the propensity to indebtness, emotion has a positive and significant effect on the propensity to Indebtedness, risk perception has a positive and significant effect on the propensity to indebtness, materialism has a negative and insignificant effect on the propensity to indebtness.*

**Keywords:** financial literacy, emotion, risk perception, materialism, culture, religiosity, propensity to Indebtedness

### A. Introduction

The phenomenon of household debt is an effort by households to maintain consumption standards as long as possible in the face of changes in income, especially those with low and middle income (Worthington, 2006; Beer & Schürz, 2007; Barba & Pivetti, 2009; Cosma & Pattarin, 2010). Household debt generally arises from consumption needs or urgent daily needs (Herijanto, 2014). But the fact is that the debt is not evenly distributed among community groups, the debt is more unequally distributed among populations that are considered economically vulnerable, such as; lack of education, individuals tied to loan sharks. Conversely, debt is more evenly distributed among educated people and household income is higher (Chawla & Uppal, 2013).

The problem that is often encountered is that the income received per month is not sufficient for one month's needs, so households have to struggle to fulfill it, the action that is often taken is with debt (Cornea, 2021). When viewed from a psychological perspective, most households do not want to be in debt, but households are unable to avoid the demands of modern economic life which continue to influence consumerism, the influence of the closest people, neighbors, friends, co-workers, and others. So that households have to spend more income than they receive or the size of the stake from the pole (Flores & Vieira, 2014).

Excessive use of debt has negative impacts on society, such as increasing poverty, low social cohesion, loss of confidence in the financial industry, reduced loan offers, and decreased trust in credible borrowers (Schicks, 2014). Excessive debt causes a loss of social inclusion, namely the burden of debt causes decreased consumption needed in social activities (Porter, 2012).

At this time, it is much easier for people to get bank loans, credit cards, online loans, cooperatives, and even online shopping applications that have provided a pay later feature so that people can shop first (How & Ren, 2016). In a relatively short period of time, the digital transformation of financial services has completely changed the way many people around the world interact with their money and with financial services companies (Lea, 2021).

In Indonesia, the increase in household debt was contributed by, among others, the use of credit cards and the emergence of technology-based debt service innovations through peer-to-peer lending products based on fintech platforms (OJK, 2020). The diversity of financial products makes it easy for people to take loans, given the ease of access to debt products offered by financial institutions (Raj et al., 2013). This can cause people to owe more than they can afford to pay which consequently inability to pay will result in other debts (Zainol et al., 2016). Indeed, studies have shown that debt is one of the main causes of financial stress for US households (ORC International, 2015).

According to Meltzer et al. (2011), the impact of being in debt and inability to pay will result in suicidal behavior due to a feeling of dissatisfaction and worthlessness in the individual. Drentea and Lavrakas (2000) state that there are several impacts that can result from debt behavior, for example, exclusion of individuals, tensions between the surrounding community who carry out debt behavior. There is social tension towards individuals who are in debt because there are feelings of shame and disappointment over the failure to pay their debts.

## B. Literature Review

### Propensity of Indebtedness

Debt occurs when someone borrows money or checks that have not been paid. When someone borrows money from a lender, that person is the debtor (Azma et al., 2020). Debt is money that must be paid back at an additional cost known as loan interest (Doosti & Karampour, 2017). Examples of debt in terms of services received but not paid for, such as bills for services including gas, electricity, telephone, and internet. According to Ferreira (2006), individuals owe a significant portion of their income. Gathergood (2011) emphasizes that research must examine the factors that influence the increase in debt and its causes.

### Financial Literacy

With a wide range of available financial products, individuals must be able to understand the characteristics of each available option, calculate and understand the costs, and manage their debt capacity (Flores & Vieira, 2014b). According to Garman and Fogue (2010), financial literacy is knowledge of facts, concepts, principles, and technology so that everyone is smart about the money they have. For example, financially literate individuals may set financial goals, spend within their budget, and pay credit on time to avoid late payment fees. (Bahovec et al., 2015).

### Risk Perception

Risk perception is a person's assessment of a risky situation, where the assessment is highly dependent on the psychological characteristics and circumstances of the person (Cho & Lee, 2006). Risk perception plays an important role in human behavior, especially related to decision-making in various situations (Rahman et al., 2020a). Someone tends to define a risky situation when they experience a loss due to a bad decision, especially if the loss impacts their financial situation (Cornea, 2021). Several people when faced with the same decision-making situation will make different decisions depending on each person's perception and understanding of the risks and impacts (Davies et al., 2019).

### Emotion

Emotion comes from the Latin word *emovere*, which means to move away, the meaning of this word implies that the tendency to act is absolute in emotion (Henchoz et al., 2019). Research by Goleman (2002) says that emotion refers to a typical feeling and thought a biological and psychological state, and a series of tendencies to act. Emotions that are relevant to people's tendency to owe are anger, fear, jealousy,

shame, pride, embarrassment, and nervousness (Rahman et al., 2020b).

### Materialism

In psychology, materialism is defined as a view that contains orientations, attitudes, beliefs, and life values that emphasize or emphasize the ownership of material goods or material wealth over other life values (Kasser, 2002). Opinion by Watson (2003) suggests that people with high levels of materialism are characterized as spenders, while people with low levels of materialism are savers, this is because people who are less interested in property tend to invest in stocks, bonds, and mutual funds. Meanwhile, people with high materialism lack the necessary self-control to save and invest (Watson, 2003).

### Culture

In recent years, new data and techniques have made it possible to study the influence of culture, 'customary beliefs and values transmitted by ethnic, religious and social groups that do not change from generation to generation', on individual financial practices (Guiso, Sapienza & Zingales, 2006). A growing literature documents differences in the financial decisions taken by individual members of cultural groups (Henchoz et al., 2019).

### Religiosity

The term religiosity comes from the English "religion" which means religion, then becomes the adjective "religios" which means religious or pious (Yanuarti, 2018). Religion or religiosity looks more at aspects in the depths of personal conscience, personal attitudes that are mysterious because they breathe the intimacy of the soul, an ethical sense that includes totality (including reason and human feelings) into the human person. Because basically, religiosity is more than a religion that looks formal and official (Muhaimin, 2002). According to Sudarsono (2008) states that religiosity is a sense of religion, experience of God, faith, attitudes, and organized religious behavior of the mental system of personality.

## C. Theoretical Framework

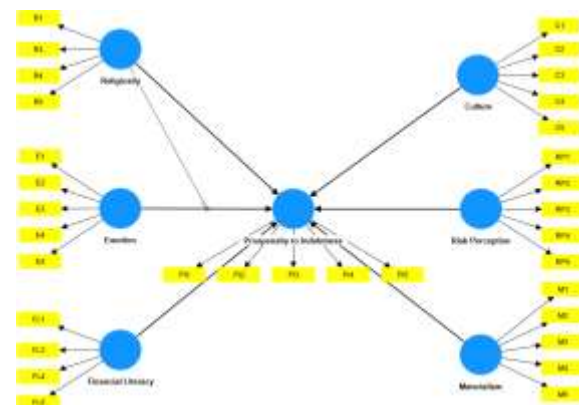


Figure 3. SEM Models

### H1 Emotions affect Propensity toward indebtedness

Emotions relevant to people's tendency to owe include anger, fear, jealousy, shame, pride, embarrassment, nervousness, and

individuals can express positive or negative emotions (Rahman et al., 2020a). In line with the opinion of Hu et al. (2014), emphasized that people who have positive emotions are more vulnerable to risk than people who have negative emotions. Emotions affect people's behavior such as consumption behavior, risk-taking behavior, and decision-making behavior (Flores & Vieira, 2014). Research conducted by Ottaviani and Vandone (2010) states that emotional response is considered a major factor in making financial decisions.

### **H2 Materialism affect Propensity toward indebtedness**

Materialism is defined as "the importance of having and acquiring material goods in achieving desired goals in life" (Richins & Dawson, 1992). Materialism can also be defined as people trying to get wealth to increase social status and increase pleasure (Lea, 2021). Materialism is viewed positively when it becomes a source of motivation to acquire more collectively oriented values; however, it is viewed negatively when the motivation creates jealousy and gains status (Flores & Vieira, 2014).

### **H3 Risk Perception affect Propensity toward indebtedness**

Perceived risk shows how individuals perceive risk during decision-making (Caetano et al., 2011). For example, two people who share the same risk when purchasing a similar item may perceive the risk differently and thus make different decisions regarding that item. Previous studies have linked risk perception to financial decision-making, for example, investing and lending (Garling et al., 2009; Keese, 2012; Doosti & Karampour, 2017). According to Caetano et al., (2011) found that people with high perceived risk tend to have low levels of debt and people with high perceived risk have high debt. Research by Flores and Vieira (2014) shows that perceived risk is positively related to debt behavior.

### **H4 Financial Literacy affect Propensity toward indebtedness**

Kamleitner et al., (2011) stated that individuals need to learn to build cost-benefit associations to get out of debt in response to financial pressures; in other words, they need to increase their financial literacy. Financial literacy refers to a set of information that helps people manage their income, expenses, monetary loans, savings, and investments for both the short term and the long term (Van Rooij et al., 2011). Researchers are raising concerns about an individual's ability to secure one's financial well-being (Mitchell, 2011; Reed & Cochrane, 2012). Many people save too little to invest wisely and often find themselves in debt (Flores & Vieira, 2014).

### **H5 & H6 Religiosity has a direct effect on Propensity toward indebtedness and as an emotional moderator of Propensity toward indebtedness**

Little is known about the relationship between Islamic religiosity and debt in a developing country like Morocco (Lebdaoui & Chetioui, 2021b). Islamic religiosity is often associated with anti-consumption (Ahmed, 2004). Belk (1985) argues that all major religions oppose excessive consumption. In fact, Pink (2010) argues that the newly rich Muslim middle class is more likely to build their identity through

commodities and consumption practices. Yenziaras (2016) emphasized that religiosity indirectly and positively influences the relationship between attitudes towards debt. Very few studies have examined the aspect of religiosity and its effect on people's attitudes toward debt (Hitokoto, 2016). Moraru (2012) studied the relationship between youth religiosity and attitudes toward debt and willingness to pay it back.

### **H7 Culture affect Propensity toward indebtedness**

One of the most distinguishing features of Latin American culture is the value of a collectivist and family-centered culture, known as kinship, and it is the main driving force behind someone's borrowing behavior (Villarreal & Peterson, 2018). Familyism is the most important value in Hispanic culture when compared to other cultural values (Villarreal & Peterson, 2018). Because of these cultural values, many Hispanic Americans have strong family ties and multigenerational relationships. As a result, financial problems are often seen as a family matter that is influenced and supported by parents, grandparents, and relatives (Lowrey & Taylor, 2014). As is common in behavioral finance research to view the family or household as a unit of measurement (Plath & Stevenson, 2005), hence it is appropriate in this paper to investigate familism as an important factor in indebtedness behavior. Considering this context, Roazzi et al. (2011), stated that culture has an effect on taking debt.

## **D. Research Methodology**

The type of research used in this research is quantitative research. Quantitative research focuses on solving real-time problems by collecting, compiling, and analyzing existing data in numerical form using statistical methods through hypothesis testing (Sugiyono, 2013). The design of this study used ex post facto research using the survey method because, in this quantitative study, the questionnaire was the main source of data (Sugiyono, 2013).

The research method is a scientific method used to obtain data with specific goals and uses (Sugiyono, 2013). The purpose of quantitative research is research that obtains an explanation of the magnitude of the significance (significance) in the hypothesized model as an answer to the problems that have been formulated in the research (Indrawan & Poppy, 2016). This research method uses descriptive research methods with a quantitative approach.

This study uses primary data. Primary data refers to information obtained first-hand by researchers on interest variables for specific research purposes (Sekaran, 2013). Primary data in this study were obtained from questionnaires.

The Propensity to Indebtness variable is measured using indicators adapted from research (Azma et al., 2020) that is:

1. I think it is normal for people to go into debt to pay their bills
2. I would rather buy in installations than to wait to gather

3. I would rather pay in installments even if the total is more expensive
4. I know exactly how much I owe in stores, in credit cards, or to the bank.
5. People would be disappointed with me if they knew I had debt.

Emotion variables are measured using indicators adapted from research (Azma et al., 2020), namely:

1. My sleep would be affected if I am indebted
2. I would feel depressed if I am indebted
3. My family relation would suffer if I am indebted
4. My relations with friends would be harmed if I trusted
5. I would feel ashamed if I were indebted

The Financial Literacy variable is measured using indicators adapted from research (Azma et al., 2020) and (Lebdaoui & Chetioui, 2021b) that is:

1. Analyze personal finances in depth before making any major purchase
2. I am satisfied with my own system to control finances
3. Save a fixed amount of money every month
4. I have a financial reserve that can be used in unexpected cases (eg, unemployment, sickness)

The Materialism variable is measured using indicators adapted from research (Azma et al., 2020) and (Lebdaoui & Chetioui, 2021b) that is:

1. I like to possess things to impress other people
2. I like to have a lot of luxury in my life
3. Spending a lot of money is among the most important things in my life
4. like to spend money on expensive things
5. Buying gives me pleasure

The Risk Perception variable is measured using indicators adapted from research (Azma et al., 2020) and (Rahman et al., 2020) that is:

1. Spends a great amount of money on the lottery
2. Spends money carelessly, without thinking about the consequences
3. have saving for unexpected events Such as illness or unemployment
4. Lends a great proportion of personal income to a friend or relative.
5. I compare prices when buying something.

Reliability variables are measured using indicators adapted from research (Lebdaoui & Chetioui, 2021a) that is:

1. I do my prayers Regularly

	Culture	Emotion	Financial Literacy	Materialism	Propensity to Indebtness	Religiosity	Risk Perception	Religiosity x Emotion
C1	0,912							
C2	0,858							

2. I pay Zakat as prescribed criteria
3. I recite the Koran regularly
4. I Follow Islamic commands in all life affairs

Cultural Variables are measured using indicators adapted from research (Kolter, Philip, 2007), namely:

1. The nature of thought possessed by a person in himself.
2. Something good that someone always wants, aspires to, and considers important
3. Guidelines for someone in choosing or making choices
4. what is believed and has been proven to be of good quality, then someone will still have confidence in it.
5. The starting point of thought is in a person.

## E. Results and Discussion

The results of the analysis showed that of the 200 respondents who were examined in this study, the majority of respondents were female (60%), while the remaining (40%) were male respondents. The large number of female respondents was due to the fact that female respondents were more ready to answer and the influence of the scope of the researcher. Based on the results of the descriptive analysis, it shows that of the 200 respondents who were examined in this study, most were aged 26-30 years (44%), while the remaining 21% were aged 31-35 years, as many as 18% were aged 36-40 years, and as many as 16% are aged 21-25 years.

Based on the results of the descriptive analysis of the table above, it can be seen that of the 200 respondents studied in this study, the majority of income per month is IDR 6,000,000 – IDR 10,000,000 (43%), the rest is IDR 10,000,000 – IDR 15,000,000 (32%), salary is 2,000,000 - 5,000,000 (12%), 1 6,000,000 - 21,000,000 (10%) and the highest salary, namely > 21,000,000, is only 4%. Based on the results of the descriptive analysis from the table above, it can be seen that of the 200 respondents who were examined in this study, most of the respondent's educational level was Bachelor's Degree (58%), the rest were Master's Degree (23%), Senior High School (14%), and D1/D3 (6%). Based on the results of the descriptive analysis of the ethnicity of the respondents, it was shown that of the 200 respondents studied in this study, most of the Javanese tribe with a percentage (45%) the rest with an even percentage with various ethnic groups in Indonesia. Based on the results of the descriptive analysis of the debt ratio that respondents will take, it shows that of the 200 respondents examined in this study, individuals only dare to take loans of 10% -20% (34%), then <10% (27%), 41% -60% (17%), it can be concluded that Indonesian people are still conservative in taking loans.

C3	0,895							
C4	0,805							
C5	0,923							
E1		0,710						
E2		0,905						
E3		0,797						
E4		0,812						
E5		0,908						
FL1			0,887					
FL3			0,810					
FL4			0,745					
FL5			0,779					
M1				0,908				
M2				0,825				
M3				0,849				
M4				0,794				
M5				0,781				
PI1					0,868			
PI2					0,917			
PI3					0,919			
PI4					0,908			
PI5					0,925			
R1						0,898		
R3						0,713		
R4						0,708		
R5						0,890		
RP1							0,820	
RP2							0,712	
RP3							0,779	
RP4							0,786	
RP5							0,865	
Religiosity x Emotion								1,000

Table I Validity Constructs

Based on the table, it is known that the variable items Propensity to Indebtness (PI), Emotion (E), Financial Literacy (FL), Risk Perception (RP), Materialism (M), Religiosity (R), and Culture (C) have a loading value factor above 0.7, it can be said that the items used in this study are valid.

Variable	Composite reliability (rho_a)
culture	0.926
emotions	0.887
Financial Literacy	0.822
Materialism	0.891

Propensity to Indebtness	0.946
Religion	0.817
Risk Perception	0.854

Table 2 Reliability Test

In table 2 it can be seen that the Cronbach alpha value for all research variables is > 0.6, so it can be concluded that all constructs on the research variables are said to be valid.

Variable	Average variance extracted (AVE)
culture	0.774
emotions	0.688
Financial Literacy	0.651
Materialism	0.693
Propensity to Indebtness	0.823
Religion	0.652
Risk Perception	0.630

	culture	emotions	Financial Literacy	Materialism	Propensity to Indebtness	Religion	Risk Perception	Religion x Emotion
culture					0.086			
emotions					0.236			
Financial Literacy					0.701			
Materialism					0.015			
Propensity to Indebtness								
Religion					0.062			
Risk Perception					0.054			
Religion x Emotion					0.037			

Table 5 FSqure

Table 5 data can be described as follows:

1. The relationship between the construct of the culture variable and the construct of Probability to Indebtness is 0.086, which means that both have a weak relationship
2. The relationship between the construct of the emotion variable and the construct of Probability to Indebtness is 0.236 which can be interpreted that both have a moderate relationship
3. The relationship between the construct variable financial literacy and the construct of Prospect to Indebtness is 0.701 which means that both have a strong relationship

Table 3 Average variance extracted (AVE)

The AVE value itself for each research variable is quite varied. Value of AVE Culture 0.744, Emotion 0.688, Financial Literacy 0.651, Materialism 0.693, Propensity to Indebtness 0.823, Relogiosity 0.652, and Risk Perception 0.630. All AVE values in this study were > 0.5.

Composite reliability test results in Table IV.8 show that the composite reliability value of all variables has a value of > 0.7, so all constructs in this study are declared reliable. Based on the table it can be concluded that all constructs in this research variable are reliable.

	R-square
Propensity to Indebtness	0.863

Table 4 R-Square(R2)

Based on Table 4, it can be concluded that R-square = 0.863, meaning that the ability of the construct variables of financial literacy, emotion, culture, religiosity, risk perception, and materialism in explaining the probability to indebtness is 0.863 or 86.3% (strong). It can be concluded that the independent variables have a strong relationship in explaining the probability to indebtness.

4. The relationship between the construct variable Materialism and the construct of Prosecuracy to Indebtness is 0.015 which means that both have a weak relationship
5. The relationship between the construct of the Religiosity variable and the Prosecuracy to Indebtness construct is 0.062, which means that both have a weak relationship
6. The relationship between the risk perception variable construct and the probability to indebtness construct is 0.054, which means that both have a weak relationship
7. The relationship between the Emotion variable construct moderated by the Religiosity variable and

the Propensity to Indebtness construct is 0.037

which means that both have a weak relationship

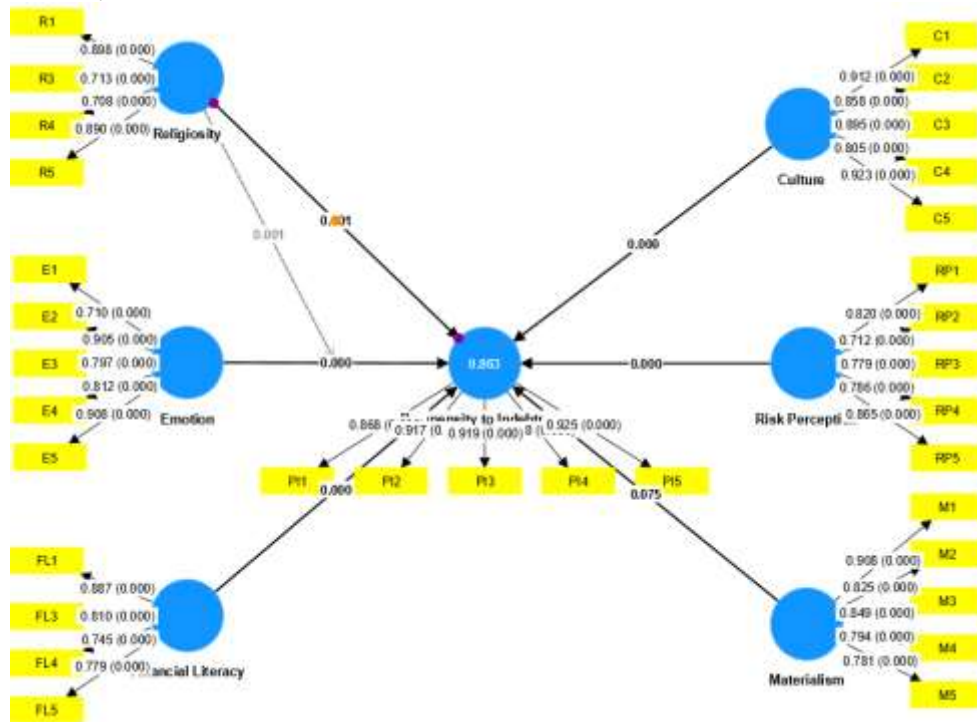


Figure 2. Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Culture -> Propensity to Indebtness	0,132	0,131	0,036	3,717	0,000
Emotion -> Propensity to Indebtness	0,276	0,276	0,053	5,186	0,000
Financial Literacy -> Propensity to Indebtness	0,505	0,508	0,058	8,757	0,000
Materialism -> Propensity to Indebtness	0,086	0,087	0,048	1,778	0,075
Religiosity -> Propensity to Indebtness	0,159	0,155	0,048	3,331	0,000
Risk Perception -> Propensity to Indebtness	0,146	0,145	0,042	3,504	0,000
Religiosity x Emotion -> Propensity to Indebtness	-0,086	-0,087	0,025	3,410	0,001

**H1 There is a positive direct effect of financial literacy on the Propensity toward indebtedness**

Based on the results of calculating the path coefficients in Table IV.13, the financial literacy variable has a positive effect on the Propensity to Indebtness directly with an original sample value of 0.505 and a t-statistic > 1.96, which is 8.757. Furthermore, based on p-values of 0.000 < 0.05, the financial literacy variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that financial literacy has a positive and significant effect on the

Propensity to Indebtness directly, so H1 in this study is accepted.

Kamleitner et al. (2011), stated that individuals need to learn to build cost-benefit associations to get out of debt in response to financial pressures; in other words, they need to increase their financial literacy. Luhrmann et al. (2014), shows that a lack of financial knowledge causes individuals to make inadequate financial decisions. Financial literacy is very important for people who are in the early stages of their career (Lusardi et al., 2017).

**H2 There is a positive direct effect of emotion on the Propensity toward indebtedness**

Based on the calculation of the path coefficient in Table IV.13, the Emotion variable has a positive effect on the Propensity to Indebtness directly with an original sample value of 0.276 and a t-statistic  $> 1.96$ , namely 5.186. Furthermore, based on the p-value of  $0.000 < 0.05$ , the Emotion variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that Emotion has a positive and significant effect on the Propensity to Indebtness directly, then H2 in this study is accepted.

Emotions relevant to people's propensity for debt include anger, fear, jealousy, embarrassment, pride, embarrassment, nervousness, etc. Individuals can express positive or negative emotions. Hu et al. (2014) emphasized that people who have positive emotions are more vulnerable to risk than people who have negative emotions. Emotions affect people's behavior such as consumption behavior, risk-taking behavior, and decision-making behavior (Flores & Vieira, 2014). Ottaviani and Vandone (2010) state that emotional response is considered a major factor in making financial decisions.

**H3 There is a positive direct effect of Risk Perception on the Propensity toward indebtedness**

Based on the calculation of the path coefficient in Table IV.13, the Risk Perception variable has a direct positive effect on the Propensity to Indebtness with an original sample value of 0.146 and a t-statistic  $> 1.96$ , namely 3.504. Furthermore, based on p-values of  $0.000 < 0.05$ , the Risk Perception variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that Risk Perception has a positive and significant effect on the Propensity to Indebtness directly, so H3 in this study is accepted.

Perceived risk shows how individuals perceive risk during decision-making (Caetano et al., 2011). For example, two people who share the same risk when buying the same item may perceive the risk differently. Thus, they will make different decisions regarding decision-making related to the debt (Barros & Botelho, 2012). Previous studies have linked risk perception to financial decision making (eg investment and loans) (Garlinget al., 2009; Keese, 2012; Doosti & Karampour, 2017).

**H4 There is a direct negative effect of Materialism on the Propensity toward indebtedness**

Based on the calculation of the path coefficient in Table IV.13, the Materialism variable has a direct negative effect on the Propensity to Indebtness with an original sample value of 0.086 and a t-statistic  $< 1.96$ , which is 1.778. Furthermore, based on the p-values of  $0.000 > 0.075$ , the Materialism variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that Risk Perception has a negative and significant effect on the Propensity to Indebtness directly, so H4 in this study is accepted.

Many studies link materialism to consumption-related behaviors (eg Ponchio, 2006; Flores & Vieira, 2014). Pham et

al. (2012) found that people who have high levels of materialism also have compulsive buying problems due to poor financial management practices. Watson (2003) suggests that people with high levels of materialism are characterized as spenders, while people with low levels of materialism are savers; this is because people who are less interested in material possessions are more likely to invest in stocks, bonds, and mutual funds. Meanwhile, materialistic people lack the necessary self-control to save and invest.

**H5 There is a direct positive influence of Culture on the Propensity toward indebtedness**

Based on the calculation of the path coefficient in Table IV.13, the Culture variable has a direct positive effect on the Propensity to Indebtness with an original sample value of 0.132 and a t-statistic  $> 1.96$ , namely 3.717. Furthermore, based on p-values of  $0.000 < 0.05$ , the Culture variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that Culture has a positive and significant effect on the Propensity to Indebtness directly, then H5 in this study is accepted.

Culture, therefore, influences business and financial decisions' (Aggarwal, Faccio, Guedhami, & Kwok, 2016), however, it is more difficult to tell whether this influence is related to different cultural attitudes towards money or to the institutional, legal, political and social context specific to each country. Few, and only recently, studies suggest that there are different cultural attitudes toward money within a national context (Medina, Saegert, & Gresham, 1996; Tang, Arocas, & Whiteside, 1997). In this study, we document the relationship between cultural differences in attitudes toward money and their potential impact on individual financial behavior.

**H6 There is a positive direct effect of Religiosity on the Propensity toward indebtedness**

Based on the calculation of the path coefficient in Table IV.13, the Religiosity variable has a positive effect on the Propensity to Indebtness directly with an original sample value of 0.159 and a t-statistic  $> 1.96$ , namely 3.331. Furthermore, based on p-values of  $0.000 < 0.05$ , the Religiosity variable has a significant effect on the Propensity to Indebtness directly. So it can be concluded that Religiosity has a positive and significant effect on the Propensity to Indebtness directly, then H6 in this study is accepted.

The religiosity factor is also one of the things that can influence a person whether the person is related to debt. The religiosity referred to here is the level of one's belief in practicing one's religion as a guide in life. In Islam, religiosity is reflected in faith, sharia, and morals, or in other words: faith, Islam, and ihsan. If all of these elements have been owned, then he is a true religion (Effendi, 2008). Little is known about the relationship between Islamic religiosity and debt in a developing country like Morocco. Islamic religiosity is often associated with anti-consumption (Ahmad, 2004).

**H7 Religiosity moderates Emotion on Propensity toward indebtedness**

Based on the results of calculating the path coefficient in Table IV.13, the Religiosity variable has a positive effect in



directly moderating the influence of Emotion on the Propensity to Indebtness with an original sample value of 0.086 and a t-statistic > 1.96, namely 3.410. Furthermore, based on the p-values of 0.001 < 0.05, the Religiosity variable has a significant effect as a moderating variable of Emotion on the Propensity to Indebtness directly. So it can be concluded that Religiosity has a positive effect on moderating the emotion variable directly on the Propensity to Indebtness, so H7 in this study is accepted.

Genacher (1998) said that the more often people worship and are active in a religious environment, the higher their morale will be, which will enhance their emotional intelligence. Religion regulates a person's consumption so that it stays on the right track, such as not being wasteful, and also pays attention to social values. A good Muslim must be able to distinguish between needs and wants. But nowadays, in reality, there are still many people who live consumptive lives and hedonism

### Suggestion

1. Based on the conclusions and implications above, the researcher provides some suggestions which are expected to be material for useful input as follows
2. Future research can compare urban and rural generations by seeing whether there are similar behaviors or not. So that it can be a form of research novelty.
3. For future research, it is recommended that the research time be prepared in stages or over a long period of time (method longitudinal or time series) and even experiments can be carried out. So, later it can be seen whether the answers from respondents are consistent or not.
4. In terms of distributing the questionnaire, not only using the Google form but it can be distributed directly face to face and there can even be an interview session to add information directly from the respondents.

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