

**Determinants of Indebtedness Propensity: The Case of Indonesian MSME
Borrowing to Loan Sharks**

THESIS

This Thesis Proposed as One of the Requirements to Achieve a Bachelor's Degree
in Management Department – Faculty of Economics and Business
Andalas University



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**BACHELOR'S DEGREE INTERNATIONAL MANAGEMENT
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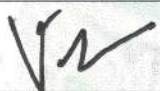
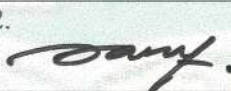
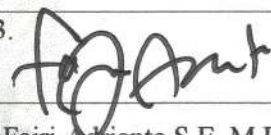
ABSTRACT

This study aims to determine the influence of financial literacy, financial management, and risk perception mediated by emotions on propensity of indebtedness of MSMEs to loan sharks in the city of Padang. The data were obtained through an online questionnaire and directly met and met directly with MSME owners in the field. Data analyzed on this study using Microsoft Excel apps and Smart-PLS 3.0. The result on this study showed that financial literacy positive significant on debt tendencies of MSME to loan sharks. Financial management have a negative significant effect on propensity indebtedness of MSME to loan shark. Risk perception insignificant effect on indebtedness and emotion can mediate risk perception positive significant effect on indebtedness.

Keyword: *MSME, Loan Sharks, Indebtedness, Financial Literacy, Risk Perception, Financial Management, Emotion, MSME.*

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