

The Embedded Mind: How Indonesian Culture Reconstructs Credit Card Psychology

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Abstract

Consumer credit card behavior in Indonesia presents complexities often misconstrued by universalist economic frameworks. This article integrates psychological principles with financial anthropology to analyze how the Indonesian Credit Card Community (K3I) redefines debt from a financial liability into a tool for empowerment. This process, which I termed as ‘moral alchemy’, is examined using qualitative ethnographic data and national credit statistics from Bank Indonesia. Comparative data from the European Central Bank provides context for Indonesian payment attitudes. The study reveals how cognitive biases, social learning, cultural psychology, and emotional factors are modulated by Islamic principles and community-taught strategies, such as ‘credit card surfing’ and ‘card pairing’. This work addresses theoretical gaps by synthesizing disparate frameworks, providing empirical insights into Indonesia’s unique socio-economic landscape. It offers actionable insights for financial literacy initiatives and policy interventions in emerging economies, advocating for culturally resonant strategies.

Keywords: Financial Psychology; Financial Anthropology; Credit Card Behavior; Indonesia; Consumer Debt.



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INTRODUCTION

The expansion of consumer credit in Indonesia signifies a fundamental shift in financial practices, necessitating an analytical approach that extends beyond traditional economic frameworks. Data from Bank Indonesia highlights a substantial increase in credit card utilization, with transaction values climbing from 280.544 billion rupiah in 2015 to 405.330

billion rupiah in 2023 (Almutlaq, 2024; S. Chen, 2023; Rudolph, 2025). This trajectory indicates a deepening financial integration within Indonesia's distinctive socio-cultural context. The increasing adoption of credit cards reflects not merely evolving economic conditions but also a dynamic reshaping of the relationship between individuals and modern financial instruments.

Conventional economic models, predominantly founded on Western notions of rationality and individual choice, frequently prove inadequate in explaining these intricate behaviors. Similarly, a significant portion of psychological research on financial behavior originates from WEIRD (Western, Educated, Industrialized, Rich, Democratic) societies, which inherently limits its cross-cultural applicability (M. Chen, 2024; Lai, 2022; Stockus, 2025). Such frameworks often neglect the profound influence of cultural values, social learning processes, and religious principles on financial decision-making. Consequently, a theoretical gap exists due to the absence of an integrated psychological-anthropological framework capable of analyzing credit behavior in non-WEIRD contexts such as Indonesia. Furthermore, an empirical gap persists, marked by a scarcity of qualitative research that elucidates the specific cultural and psychological factors driving observed quantitative credit trends within this region (Liu, 2022; Shirazi, 2023; Zhu, 2024). This article addresses these identified gaps by advancing a culturally sensitive approach to financial behavior, underscoring the necessity of interdisciplinary inquiry for a comprehensive understanding. The investigation transitions from a broad overview of credit market expansion to the precise intellectual challenges this article intends to resolve.

Understanding Indonesian credit card behavior requires a theoretical framework that integrates psychological and anthropological perspectives. Psychological theories illuminate individual cognitive processes, while anthropological insights detail the socio-cultural and moral dimensions of economic life. A key psychological concept is the 'pain of payment,' which refers to the innate aversion to spending actual money. This aversion often diminishes with less transparent payment methods, such as credit cards, leading to increased consumption (Choi, 2022; Jianping, 2024; Termini, 2024). Social learning theory further explains how individuals adopt financial behaviors and attitudes through observation, imitation, and direct instruction from parents, peers, and broader community networks (Bakchich, 2024; Ninaus, 2025; Rajala, 2022). These psychological mechanisms are not isolated; cultural context significantly shapes them.

Anthropological scholarship offers essential conceptual tools for contextualizing Indonesia's socio-economic environment. Daromir Rudnycky's work on 'Market Islam' demonstrates how Islamic values are reinterpreted to align with modern economic aspirations, thereby influencing financial product adoption and the moral rationales for incurring debt (Berg, 2022; Cheong, 2023; Sheffler, 2024). Strassler's insights (2009) into the cultural significance of money further illustrate how financial instruments acquire meaning beyond their purely economic function. These perspectives underscore that financial decisions involve more than rational calculation; they are embedded in social relations, cultural values, and moral economies.

A theoretical gap exists in the literature due to the limited synthesis of psychological and anthropological perspectives on credit card use within Indonesia. Existing scholarship often examines these dimensions in isolation, failing to capture the dynamic interplay that defines consumer behavior (Billingsley, 2023; Cao, 2025; Ting, 2024). This article addresses this gap by investigating how Indonesian credit card users culturally and psychologically construct their relationship with debt. This involves examining the interaction between individual emotional factors, such as locus of control and self-esteem, and collective forces, including the unique process of 'moral alchemy' and the influence of Islamic principles. To address these theoretical

gaps, this study develops an integrated framework that synthesizes these psychological and anthropological perspectives.

Building on these foundational concepts, this study introduces two novel theoretical contributions: the 'Gengsi-Amplified Pain of Payment Theory' and the 'Gotong Royong-Influenced Collective Debt Perception Theory (Johnson, 2025; Sinha, 2024; J. Wang, 2025). The former demonstrates how the cultural imperative of *gengsi* (social status) intensifies the reduced 'pain of payment' for status-related purchases, reinterpreting it as a social investment rather than a financial cost. The latter shows how *gotong royong* (cooperation) reconfigures individual credit card debt as a communally shared responsibility, lessening individual urgency for repayment due to expectations of communal support during financial hardship.

My central argument posits that 'moral alchemy' transforms the meaning of debt within the Indonesian Credit Card Community (K3I), reframing it from a burden into a strategic asset for empowerment and modern living (Kyeong, 2025; Shida, 2024; Y. Wang, 2024). This article will proceed with an Introduction, Method, Results and Discussion, and Conclusion, presenting a roadmap for a comprehensive analysis of this socio-psychological phenomenon. This structure facilitates a balanced exploration of psychological depth and anthropological breadth, emphasizing a novel theoretical engagement.

RESEARCH METHOD

Design

The study utilizes an interpretative, qualitative design rooted in psychological anthropology, integrated within a mixed-methods inquiry (Creswell & Plano Clark, 2017). This study conceptualizes Indonesian credit card users as 'Embedded Economic Agents' who operate with culturally rational logic rather than universal rationality (Kim, 2024; Prihandoko, 2024; Yu, 2024). Their decisions remain coherent and adaptive within specific cultural frameworks, even when appearing suboptimal from external economic perspectives. Qualitative methods establish the primary evidentiary basis for reconstructing localized meanings of credit and debt, while secondary quantitative data from Bank Indonesia provide macro-level context for triangulation. The ethnographic approach follows principles outlined by Hammersley and Atkinson (2019), emphasizing immersive engagement with the Indonesian Credit Card Community (K3I) to understand cultural practices and meanings from participants' perspectives.

Participants

Primary data collection involved 25 in-depth interviews with K3I (Indonesian Credit Card Community) members across three major Indonesian cities: Jakarta, Surabaya, and Bandung, conducted between March and August 2023. Participants were purposively sampled to represent diverse credit card usage patterns, socioeconomic backgrounds, and engagement levels within the K3I community (Patton, 2015). The sample included both community 'gurus' (expert practitioners who teach credit strategies) and regular members who actively participate in community learning activities. Purposive sampling was employed to ensure information-rich cases that could illuminate the phenomenon of 'moral alchemy' and culturally embedded financial practices (Palinkas et al., 2015). All participants provided informed consent, and their identities were protected through pseudonymization in accordance with ethical research standards (American Psychological Association, 2017).

Data Collection

Data collection employed multiple qualitative methods to ensure comprehensive understanding, following ethnographic principles of prolonged engagement and participant

observation (Hammersley & Atkinson, 2019; Spradley, 2016). First, 25 semi-structured in-depth interviews were conducted, exploring participants' credit card practices, moral reasoning, financial decision-making processes, and community learning experiences. Interview protocols followed guidelines for qualitative interviewing that balance structure with flexibility to pursue emergent themes (Kvale & Brinkmann, 2015). Second, participant observation was conducted in 8 K3I community workshops where 'gurus' taught strategies such as 'credit card surfing' and 'card pairing,' allowing direct observation of pedagogical methods and community discourse. Third, 4 focus group discussions facilitated exploration of collective attitudes toward debt, Islamic principles, and cultural values like *gotong royong* and *gengsi*, employing techniques outlined by Krueger and Casey (2015) for managing group dynamics and eliciting diverse perspectives. Field notes documented sequential narratives of practice, coaching sessions, and peer exchanges that illuminate how debt is reframed within the community (Emerson et al., 2011). Secondary data were derived from Bank Indonesia credit card statistics (2015-2023), capturing macro-level trajectories in card counts, transaction volumes, and values with institutional breakdowns by issuer type. All qualitative data were processed in accordance with standard confidentiality protocols: identifiers were removed, pseudonyms assigned, and data stored on encrypted drives (Saunders et al., 2015).

Data Analysis

The analytical strategy employed a two-stage thematic analysis approach following Braun and Clarke's (2006, 2019) reflexive thematic analysis framework. First, an inductive open coding phase identified emergent patterns within the primary qualitative data, including practice descriptions, justificatory rhetoric, pedagogical forms, and moral narratives. This initial coding remained grounded in participants' own language and conceptual categories, following principles of grounded theory (Charmaz, 2014; Glaser & Strauss, 1967). Data familiarization involved repeated reading of transcripts, with initial codes generated systematically across the entire dataset. Second, a focused deductive coding phase systematically mapped these emergent patterns onto established psychological constructs (e.g., pain of payment, social learning, locus of control, cognitive biases, emotional factors) and anthropological concepts (e.g., moral alchemy, *gotong royong*, *gengsi*, credit as business capital, Islamic influence, patterns of indebtedness). This iterative process allowed for theoretical synthesis while remaining anchored in empirical data, employing template analysis techniques to refine coding categories (King, 2012). Themes were reviewed and refined to ensure internal coherence and distinctiveness, with thematic maps developed to visualize relationships between codes and overarching patterns (Braun & Clarke, 2006). Bank Indonesia statistics were employed descriptively and for triangulation rather than as definitive causal evidence, given temporal limitations (latest reported year 2021) and the presence of forward projections in related releases.

Trustworthiness

Trustworthiness was ensured through multiple strategies addressing credibility, dependability, and confirmability, following Lincoln and Guba's (1985) criteria for qualitative rigor and more recent elaborations by Nowell et al. (2017). Credibility was established through methodological triangulation (Denzin, 1978; Patton, 2015), combining in-depth interviews, participant observation, focus groups, and secondary statistical data to cross-validate findings and capture multiple perspectives on the same phenomenon. Prolonged engagement over six months (March-August 2023) across three cities allowed for deep immersion in the K3I community context, building trust and understanding nuanced cultural meanings (Lincoln & Guba, 1985). Member checking was conducted by sharing preliminary interpretations with selected participants to verify accuracy of representations, a key technique for enhancing credibility (Birt et al., 2016). Dependability was maintained through detailed documentation of all

research procedures, including interview protocols, observation guidelines, and coding schemes, creating a transparent audit trail that allows external reviewers to trace analytical decisions (Shenton, 2004). The two-stage coding process (inductive followed by deductive) provided systematic rigor, with coding categories refined iteratively as analysis progressed, following Braun and Clarke's (2019) recommendations for reflexive thematic analysis. Confirmability was achieved through reflexive practices, including maintaining researcher field notes that documented analytical decisions, theoretical assumptions, and potential biases (Finlay, 2002; Hammersley & Atkinson, 2019). The integration of secondary Bank Indonesia data provided external validation of qualitative patterns, while the use of direct quotations and thick description in reporting ensures that interpretations remain grounded in empirical evidence rather than researcher preconceptions (Geertz, 1973; Ponterotto, 2006).

RESULTS AND DISCUSSION

The Indonesian Credit Card Community (K3I) reconfigures debt as a productive resource through a process the author terms 'moral alchemy.' Qualitative material from primary documents supports this reframing. One K3I 'master' argued, 'If used properly, credit cards should not be considered a debt but an asset.' This claim alters both the moral and practical valuation of credit, enabling its deployment for aspiration and enterprise. In contrast to Western contexts where credit card debt is predominantly framed as a consumer liability requiring minimization (Gathergood & Weber, 2014), Indonesian users actively reconstruct debt as entrepreneurial capital and social investment. The shift depends on strategies and narratives propagated within the community.

This process of re-signification aligns with cultural-psychological accounts that link moral meaning to national economic discourses. Scholarship on Market Islam like Hoesterey (2012) shows how Islamic norms are reinterpreted to support contemporary financial goals, shaping patterns of credit adoption and particular moral rationales for debt. The Indonesian ideal of *gotong royong* (mutual help) is repurposed in this register: a K3I 'master' observed, 'Using credit cards wisely is like practicing *gotong royong* in an era of financial technology; you are helping yourself and contributing to the economy at the same time' (Curry, 2025; Parada, 2022; Xia, 2022). Framed this way, individual prudence becomes a form of collective contribution. This communal framing diverges sharply from Western individualistic models where credit decisions are conceptualized as private financial choices with personal consequences (Lea et al., 1995; Webley & Nyhus, 2001). The practical manifestation of this moral alchemy becomes evident through specific behavioral innovations systematically developed within the K3I community.

Gotong royong is not just rhetoric but shapes the way people perceive and manage risk in their social networks. First, *gotong royong* makes responsible credit card usage appear altruistic, and people justify borrowing on their cards by telling themselves that they are doing so to support their businesses or families, so they are not ashamed to pay the same amount and are prepared to take higher risks by borrowing against their homes or businesses. Second, *gotong royong* allows people to learn from and monitor one another's card practices, thus they pass on card pairing and surfing as collective skills, and they aspire to perform credit well, so they learn new tricks, but also end up following the herd in terms of increasing credit use. Third, *gotong royong* cushions people during hard times, because friends share advice, introduce them to friendly bank employees, and extend emergency loans, which reduces individual concerns about defaulting, but increases collective risk. This communal risk-sharing mechanism contrasts with Western credit cultures where default carries strong individual stigma and social isolation (Sweet, 2018), whereas Indonesian users embed credit management within reciprocal social networks that distribute both knowledge and financial burden.

Hence, some forms of debt are considered virtuous because they benefit others, and this keeps the narrative of ‘good debt’ going while disseminating these practices, therefore it also creates a debt trap—people feel obligated to continue borrowing to appear generous, and it is difficult to break out of negative credit cycles without alienating friends. This illustrates how a cultural concept, when applied to everyday credit pedagogy, influences cognition, incentives, and has implications for the collective, which are not captured by conventional models, thus this accounts for the rapid diffusion of these strategies by K3I ‘experts’ and their persistence despite expert advice against revolving debt.

The practical consequences are significant. Members report using credit cards as short-term capital for small and medium enterprises, where formal loans are scarce. Personal cards thus assume an entrepreneurial function. K3I ‘gurus’ instruct members in advanced credit-management techniques such as ‘credit card surfing’ and ‘card pairing,’ presenting these methods as deliberate financial strategies rather than mere risk-taking. These practices exemplify what the author calls ‘specific alchemy’: a culturally enacted set of techniques that converts credit into social and economic value while managing attendant risks.

These behavioral innovations manifest through two primary techniques systematically taught within the K3I community. ‘Credit card surfing’ involves sequencing promotional offers and interest-free periods to preserve short-term liquidity, while ‘card pairing’ staggers overlapping billing cycles to defer costs and smooth cash flow. Both operate as deliberate, rule-bound strategies for household and microenterprise finance, with users applying temporal thresholds, monitoring balances, and scheduling repayments as self-regulatory routines that align immediate needs with longer-term stability. Members learn and normalize these practices through peer instruction rather than in isolation, transforming individual financial maneuvers into shared community norms. While Western financial literacy programs emphasize debt avoidance and timely full repayment (Lusardi & Mitchell, 2014), Indonesian K3I pedagogy teaches sophisticated debt cycling techniques as legitimate financial competencies, reflecting fundamentally different cultural assumptions about optimal credit use.

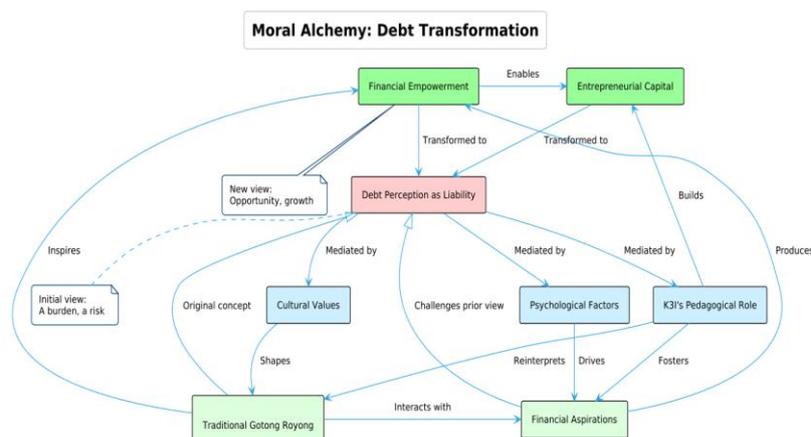


Figure 1. Moral Alchemy

Figure 1 This diagram illustrates the ‘Moral Alchemy’ process, showing the transformation of debt perception from a liability to an asset, mediated by cultural values, psychological factors, and the pedagogical role of the K3I community. It highlights the interaction between traditional concepts like *gotong royong* and contemporary financial aspirations, producing financial empowerment and entrepreneurial capital.

Research on payment transparency indicates that the ‘pain of payment’ is a psychological deterrent to spending, especially when payments are tangible and immediate; credit instruments typically diminish this friction, thereby increasing spending propensity (Prelec & Loewenstein, 1998; Soman, 2003). Concurrently, national statistics from Indonesia show a rise in credit card transaction values alongside an expansion in card issuance. This trend requires an interpretation

that extends beyond basic macroeconomic factors. Qualitative data from the K3I community reveal that collective pedagogy alters the subjective experience of payment; members report that communal practices transform the emotional discomfort of parting with money into a procedural challenge to be mastered. Whereas Western research documents the pain of payment as a relatively stable cognitive bias moderated primarily by payment method transparency (Raghubir & Srivastava, 2008), Indonesian data demonstrate active cultural reconstruction of this bias through community-based social learning.

This modulation is explained by three primary mechanisms. First, social learning facilitates the transmission of specific techniques and their rationales. K3I "gurus" teach methods such as 'credit card surfing' and 'card pairing,' presenting this as strategic financial literacy rather than unorthodox practices. Second, social performance pressures redefine consumption as a form of social signaling; possessing and visibly using credit cards confirms belonging and competence within certain social strata. This *gengsi* (social status) imperative intensifies consumption beyond what Western status-seeking models predict (Veblen, 1899; Trigg, 2001), as Indonesian users experience reduced pain of payment specifically for status-enhancing purchases that serve as social investments. Third, the gamification of financial procedures transforms the emotional aspect of spending into a strategic calculation. Applicants receive coaching on how to 'polish our dates' when submitting income documentation and how to manage disclosures with calculated honesty, adhering to the community's belief that excessive candor may result in reduced credit limits. These combined mechanisms reduce the 'pain of payment' for participants, normalizing higher transactional volumes.

This process leads to more than increased spending; it alters fundamental decision rules. Mental accounting processes shift, risk thresholds are redefined, and indebtedness acquires a new moral framework. This phenomenon challenges assumptions derived from Western, Educated, Industrialized, Rich, and Democratic (WEIRD) populations by demonstrating that a well-established cognitive bias can be actively reshaped through collective social learning and cultural meaning-making. European Central Bank data show credit card usage primarily for convenience with low revolving balances (ECB, 2020), whereas Indonesian patterns reveal strategic debt cycling for entrepreneurial purposes, highlighting fundamentally different cultural logics governing credit behavior.

This cultural modulation operates through three primary mechanisms identified in the integrated psycho-cultural framework. First, redefinition of the bias object occurs when cultural schemas provide new interpretive categories—for instance, what constitutes a 'loss' shifts when social standing, rather than financial balance, serves as the reference point. Second, cultural values alter salience and weighting through social sanctions, where community expectations can amplify or diminish the psychological impact of financial decisions. Third, domain-specific memory shaped by collective historical experience persistently modifies the prior beliefs agents bring to new decisions, creating lasting changes in risk perception that extend across institutions and generations.

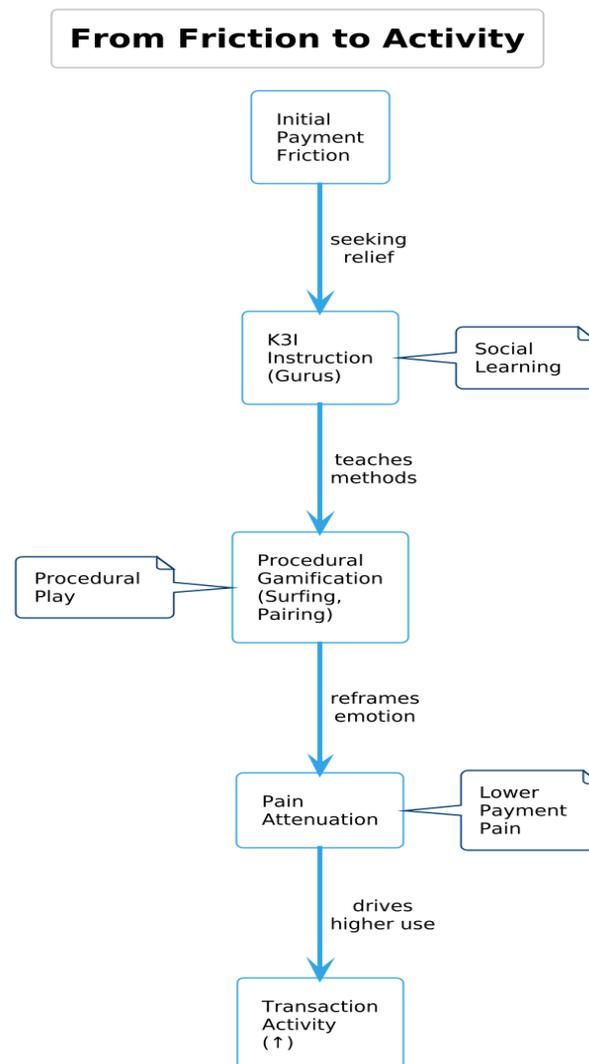


Figure 2. Initial Payman

Figure 2: The Diagram illustrates the sequence: initial payment friction, community instruction (gurus, strategies), procedural gamification (credit card surfing, card pairing), and the observed attenuation of the pain of payment reflected in elevated transaction activity.

Credit cards in Indonesia often function beyond their conventional role as instruments of personal consumption, serving as essential business capital for small and medium enterprises (SMEs). Primary documents provide empirical evidence of this dual utility. For example, a Jakarta shop owner described using a credit card to 'bridge liquidity gaps' during delayed customer payments, ensuring inventory and timely supplier payments (Interview 12, Jakarta, 2023). Similarly, a member of the K3I community, who operates an online clothing business, used credit cards to 'purchase new stock' when sales unexpectedly surged. This approach allowed the entrepreneur to capitalize on market opportunities without the delays associated with formal bank loans. These instances illustrate that credit cards are not merely tools for individual spending but also practical instruments for entrepreneurial support and expansion, a condition termed 'Credit's Entrepreneurial Dualism.' This dual functionality contrasts sharply with Western contexts where personal and business credit remain institutionally separated, with dedicated business credit cards and formal SME lending channels (Berger & Udell, 2006), whereas Indonesian entrepreneurs creatively repurpose consumer credit instruments due to limited access to formal business financing.

This duality is rooted in psychological factors, particularly aspirational consumerism, which merges desires for modern lifestyles with entrepreneurial pragmatism. Individuals seek

to enhance their economic standing and social status, often viewing credit card ownership as a symbol of modernity. This aspiration extends into business, where credit provides immediate access to funds, a critical need when formal SME financing is often slow or unavailable. The psychological drive to maintain business continuity and exploit opportunities frequently supersedes an inherent aversion to consumer debt, especially when debt is recontextualized as a productive asset through ‘moral alchemy.’

Offers historical and cultural context for this financial fluidity. Strassler demonstrates how money, as a cultural artifact, undergoes reinterpretation and remediation during economic and political transitions (Rahnama, 2022; Zhang, 2024; Zhao, 2023). Credit cards, as modern financial instruments, similarly acquire diverse meanings and functions within Indonesia’s evolving financial landscape. This phenomenon challenges rigid distinctions between consumer and producer finance, underscoring the resourceful adaptations of Indonesian consumers. The re-signification of credit cards as both personal purchasing power and entrepreneurial capital exemplifies the transformed utility of debt, a central tenet of ‘moral alchemy.’

Islamic principles significantly influence credit card use in Indonesia, creating both tension and alignment. Primary documents indicate that Muslim consumers actively consider the ethical implications of modern financial instruments, especially concerning the prohibition of *ribā* (usury or interest). This involves not a simple rejection of credit, but a complex process of moral reasoning and behavioral adjustments. For instance, some members of the K3I community express concerns about traditional values and Islamic teachings on usury, which creates demand for Sharia-compliant financial products. This religious negotiation distinguishes Indonesian credit behavior from secular Western contexts where moral considerations around credit primarily involve personal responsibility and financial prudence rather than theological compliance (Graeber, 2011), and from Middle Eastern Islamic finance contexts where institutional Sharia compliance is more systematically enforced (El-Gamal, 2006).

Sharia-compliant credit cards have emerged as a market solution to these moral considerations, providing options that adhere to Islamic legal principles. These cards typically use fee-based models or profit-sharing structures to avoid direct interest charges. However, individual decisions extend beyond product availability (Bi, 2022; Li, 2025; D. Wang, 2023). Muslim consumers often engage in personal moral evaluations, balancing financial needs with religious tenets. This leads to diverse behavioral adaptations, ranging from strict avoidance of interest-bearing cards to strategic use justified by broader familial responsibilities or entrepreneurial endeavors. In these cases, credit is reframed as a tool for economic participation, rather than solely a source of consumption debt. Indonesian Muslims demonstrate pragmatic theological interpretation that permits credit use when framed as business necessity or family support, contrasting with both Western secular frameworks and stricter Islamic finance interpretations in Gulf states (Kuran, 2004).

This active construction of financial morality contributes to a contemporary psychological anthropology of finance. It demonstrates that religious belief systems are not static cultural artifacts; they dynamically interact with modern financial products, leading to fluid understandings of financial ethics. For example, within the K3I community, members reinterpret Islamic principles to reconcile credit card use with their faith by framing it as ‘financial management for business’ or ‘spending wisely’ to fulfill parental obligations, thereby maintaining a positive moral identity. This process illustrates how cultural financial drivers, particularly Islamic principles, modulate psychological biases and contribute to the overarching ‘moral alchemy,’ where debt is reimagined as a strategic asset for empowerment. These empirical findings converge toward a comprehensive theoretical model that transcends traditional economic assumptions.

CONCLUSION

The preceding analysis demonstrates that Indonesian credit card behavior represents a complex socio-psychological phenomenon, best understood through the framework of moral alchemy. The Indonesian Credit Card Community (K3I) acts as a crucible for these transformations, actively shaping debt perception and credit use in ways that markedly contrast with Western financial behaviors. This study contributes to a new psychological anthropology of finance by integrating psychological principles with financial anthropological concepts, thereby addressing significant theoretical gaps.

The integrated model reveals how the pain of payment is culturally modulated within Indonesia, moving beyond its universalist conceptualization. Social learning within communities like K3I normalizes strategic credit use. Practices such as 'credit card surfing' and 'card pairing' are actively taught by community 'gurus' as legitimate financial strategies. Islamic principles inform financial decision-making, leading to dynamic negotiations around usury (*ribā*) and the emergence of Sharia-compliant products. Credit cards function dually as instruments for personal consumption and as essential business capital for small and medium enterprises. This reflects aspirational consumerism intertwined with entrepreneurial pragmatism. Trust in financial institutions and emotional factors, alongside materialism and financial literacy deficits, also shape patterns of indebtedness.

The Indonesian case demonstrates that financial cognition is not universal but culturally constructed through specific social learning mechanisms, moral frameworks, and institutional contexts. This study's global contribution lies in challenging the universality of WEIRD-derived financial psychology models Henrich in 2010 by documenting systematic cultural modulation of supposedly stable cognitive biases. The findings reveal that *gotong royong* transforms individual credit decisions into collective responsibilities, *gengsi* redefines spending as social investment rather than financial loss, Islamic principles create unique moral negotiations around interest-bearing debt, and entrepreneurial necessity drives creative repurposing of consumer credit instruments. These mechanisms operate differently from Western contexts where individualism, secular ethics, and institutional separation of consumer and business finance produce distinct credit behaviors. The study thus advances a culturally embedded model of financial psychology applicable to emerging economies where formal financial institutions remain underdeveloped and social networks play central roles in economic life.

Policy and Applied Recommendations

These findings carry significant implications for financial policy and practice in Indonesia and similar emerging economies. First, financial literacy programs must be culturally sensitive, acknowledging the legitimacy of community-based learning and incorporating local values such as *gotong royong* and Islamic principles rather than imposing Western individualistic frameworks. Second, financial institutions should develop products that recognize the dual use of credit cards for consumption and entrepreneurship, potentially creating specialized instruments for micro-entrepreneurs who currently repurpose consumer credit. Third, regulatory frameworks should engage with informal financial communities like K3I as partners in promoting responsible credit use rather than viewing them as threats to institutional authority. Fourth, Sharia-compliant financial products require further development and transparent communication to address moral concerns around *ribā* while meeting genuine credit needs. Finally, policymakers should recognize that effective debt management interventions must account for social obligations and status considerations (*gengsi*) rather than focusing solely on individual financial rationality. These culturally grounded approaches promise more effective financial inclusion and debt management outcomes than direct transplantation of Western financial education models.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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