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The Role of Gender, Financial Socialization and Student Consumption Experiences in Shaping Financial Literacy Among Youth

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ABSTRACT. The rapid development of financial products and services requires consumers to be able to make decisions that are more complex than before (Bannier & Schwarz, 2018). This has attracted many researchers and policy makers to increase financial literacy to change people's consumption habits to be more positive (Cameron et al., 2014; Garg & Singh, 2017; Lopus et al., 2019; Pahlevan Sharif & Naghavi, 2020; Popovich et al., 2020). Financial literacy is the ability to understand and use financial knowledge to make financial decisions (Huston, 2010; Pahlevan Sharif & Naghavi, 2020). This study tried to determine the effect of gender, financial socialization and student consumption experiences on financial literacy among youth, especially among undergraduate students. Undergraduate students were chosen because in general they started to move away from their parents and started managing their own finances. The research design used was quantitative research methods. The population in this study were all students of the Faculty of Economics, State University of Semarang, with a total number of 355 students. Samples were determined randomly based on the Slovin method and obtained a sample of 190 economics students. All data were collected using questionnaires. Multiple regression analysis using IBM SPSS v.21 software was used to analyze the data. The results showed that gender had no effect on student financial literacy. Meanwhile, financial socialization and student consumption experiences affected financial literacy by 43% and 22%, respectively. From the results of this study, it can be recommended that to improve financial literacy a more massive financial socialization is needed. Meanwhile, opening up opportunities for access to finance for students will provide the necessary experience to improve financial literacy.
Keywords*: Gender, Student, Financial, Literacy.*

1. INTRODUCTION

The rapid development of financial products and services requires consumers to be able to make decisions that are more complex than before (Bannier & Schwarz, 2018). Today, in a developing country like Indonesia, there are many financial products available to even low- income individuals; such as bank accounts that can be opened without a minimum deposit, thereby increasing the public's chances of obtaining these financial products (Filipiak & Walle, 2015). It all depends on how individuals will make financial decisions. As youth, which according to the United Nations Secretariat (2008) means those aged 15-24 years, they generally live longer so the decisions taken will affect their lives for a long time. This makes it necessary to develop and understand finance to avoid wrong financial choices.

Individual needs that change over time and the dynamic nature of financial products, demanding financial literacy are owned by all age groups (Bernanke, 2011). Low levels of financial literacy with an "own now, pay later" mentality and relatively easy access to credit cards can lead them into debt and prevent them from financial planning for a secure future (Mitchell et al., 2011; Pahlevan Sharif & Yeoh, 2018). In addition, youth financial behaviour is likely to last into adulthood, because at this stage of life they are actively learning and building the skills needed to be financially independent (Shim et al., 2010). Recent researchs confirms that having poor levels of financial literacy is linked to ineffective spending, and financial fragility. Similarly, Belousova et al., (2019) show that developing and increasing financial literacy is related to risk awareness, which affects preferences for adequate insurance coverage as well as understanding of the consequences after choosing a pension insurance product.

That is why many researchers and policy makers are working to increase financial literacy to change people's consumption habits to be more positive (Cameron et al., 2014; Garg & Singh, 2017; Lopus et al., 2019; Pahlevan Sharif & Naghavi, 2020; Popovich et al., 2020). Several countries and organizations have made efforts to increase individual financial literacy levels. In Australia, the Australian Securities and Investments Commission (ASIC) launched the National Financial Literacy Strategy (2011); New Zealand frames its National Strategy for Financial Literacy (2008). In the Financial Services Authority of UK and in India, the Reserve Bank of India (which has also opened various Financial Literacy Centers) has been entrusted with efforts to increase financial literacy (Garg & Singh, 2017). Financial literacy has significant relevance for developing countries because they strive to improve the financial well-being of their citizens. Meanwhile, financial literacy is considered a means of strengthening financial well-being, therefore having financial literacy will help households in daily financial tasks, face financial emergencies and even pull them out of poverty (Salleh, 2015).

Financial literacy is the ability to understand and use financial knowledge to make financial decisions (Huston, 2010; Pahlevan Sharif & Naghavi, 2020). Lusardi (2019) states that financial literacy aims to help the next generation of financial market customers, employees, and the general public to become financially literate. Some of the variables predicted to affect financial literacy are gender, financial socialization, and student consumption experience.

A. Gender

Gender is one of the socioeconomic and demographic factors related to financial literacy (Douissa, 2019). Several studies have shown that boys are more financially literate than girls (Lusardi et al., 2010; Mandell, 2008a). However, gender differences change over time. As the Mandell (2008b) clearly shows that girls outnumber boys in financial literacy. From this research, it can be seen that the effect of gender on financial literacy is still changing.

B. Financial Socialization

Socialization is described as a process where an individual obtains attitudes, values, norms, knowledge and behavior from socialization agents (Pahlevan Sharif & Naghavi, 2020). These social agents are parents, other family members, peers, teachers and the media (Gutter et al., 2010; Lusardi et al., 2010; Shim et al., 2009). Hayta (2008) argues that socialization is a lifelong process. Amagir et al. (2020); Garg & Singh (2017); Pahlevan Sharif & Naghavi (2020) proves that financial socialization is proven to affect financial literacy. Therefore, this study tries to look at the role of financial socialization on youth financial literacy levels.

C. Student Consumption Experience

Consumption is the activity of using goods or services intended as a means of supporting one's needs. According to (Mulyani et al., 2018), consumption is an activity carried out by all humans, which can be influenced by factors of income, environment and needs. The main factor affecting the consumption experience of students is the amount of income received by each student. The main source of income that most students get is from their parents. There are also those who get additional income through scholarships, competition prizes, opening their own businesses or other sources. Amagir et al. (2020) & Sabri et al. (2010) stated that the consumption experience has been shown to affect financial literacy.

This study tries to determine the effect of gender, financial socialization and student consumption experiences on financial literacy among youth, especially among undergraduate students. Undergraduate students were chosen because in general they started to move away from their parents and started managing their own finances.

2. RESEARCH METHOD

The research design used is quantitative research methods. According to Sugiyono, (2012) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain populations or samples. The population in this study were all students of the Faculty of Economics, Universitas Negeri Semarang, with a total number of 355 students. Samples were determined randomly based on the Slovin method and obtained a sample of 190 economics students. The data collected was primary data. All data were collected by means of a questionnaire. Multiple regression analysis using IBM SPSS software v. 21 was used to analyze data and test predetermined hypotheses.

3. RESULT AND DISCUSSION

Simultaneously, gender, financial socialization, and student consumption experience contributed 26% (R square) in explaining the changes that occurred in the financial literacy variable. While the rest, which is 74%, is explained by other variables which are not examined. This is as explained in table I below.

TABLE 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514a	.264	.252	6.637

a. Predictors: (Constant), CONS, SOCI, GEND

The effect is significant as seen from the results of the F test which shows that the independent variables have a significant effect on the dependent variable as shown in the significance value of 0.000 < alpha 5% as shown in table II.

TABLE 2. Anovaa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2938.838	3	979.613	22.236	.000b
	Residual	8194.215	186	44.055		
	Total	11133.053	189			

a. Dependent Variable: FINC
b. Predictors: (Constant), CONS, SOCI, GEND

In table III It can be seen that partially (t test), gender variable do not have a significant effect (Sig. > alpha 5%). Meanwhile, financial socialization and student consumption experiences significantly affected financial literacy by 43% and 22%, respectively.

TABLE 3. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.878	4.432		8.096	.000
	GEND	.498	1.276	.025	.390	.697
	SOCI	.790	.118	.427	6.687	.000
	CONS	.442	.129	.222	3.434	.001

a. Dependent Variable: FINC

These results indicate that if the financial socialization variable is increased by one unit, it will increase financial literacy by 42% with the assumption that other independent variables are considered constant. Likewise, an increase in student consumption behavior will increase financial literacy by 22%. This shows that student financial socialization is a predictor of financial literacy among students. This result is consistent with the research of (Amagir et al., 2020; Garg & Singh, 2017; Pahlevan Sharif & Naghavi, 2020). Student consumption experience is also a predictor of financial literacy as research by Amagir et al. (2020); Sabri et al. (2010). Gender does not affect financial literacy because male and female students receive equal treatment in receiving financial socialization, besides that equal rights in education and equal freedom in accessing information make both men and women have equal opportunities in obtain various management information and financial products. This is in accordance with the research of Mandell (2008b, 2008a) and Mandala & Wiagustini (2017).

4. CONCLUSION

Financial literacy is needed amid the rapid development of financial products and services so that someone can make the right financial decisions. This study examines how gender roles, financial socialization and student consumption experiences can improve student financial literacy. Undergraduate students were chosen because as youth, they generally began to move away from their parents and started managing their own finances. The results showed that gender had no effect on student financial literacy. Meanwhile, financial socialization and student consumption experiences affected financial literacy by 43% and 22%, respectively. From the results of this study, it can be recommended that to improve financial literacy a more massive financial socialization is needed. Meanwhile, opening up opportunities for access to finance for youth will provide the necessary experience to improve financial literacy. Considering that simultaneously the variables studied in this study have an effect of 26%, it can be seen that there are still many other variables that are predictors of financial literacy. This can be planned for further research, including by expanding the population being studied.

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