Financial Knowledge on Financial Behavior: A Study of Students in Surakarta

Khofifah Dwiyanti and Liana Mangifera(✉)

Universitas Muhammadiyah Surakarta, Surakarta, Indonesia
liana.mangifera@ums.ac.id

Abstract. This study aims to analyze the factors that influence students' financial behavior in Surakarta from the aspects of financial attitude, financial knowledge, and lifestyle. This study is quantitative and employs a probability sampling method. The data was obtained by distributing questionnaires to as many as 185 respondents. The data analysis used is Smart PLS analysis. The results of this study show that financial attitude, financial knowledge, and lifestyle together have a significant positive effect on the financial behavior of students in Surakarta. Thus, financial attitudes, financial knowledge, and lifestyle are relevant in this study and can describe the current state of students in Surakarta.

Keywords: Financial Attitude · Financial Knowledge · Lifestyle · Financial Behavior

1 Introduction

A person's financial behavior is an act or behavior in which he controls his finances responsibly. Financial behavior is carried out by someone managing their finances responsibly. So it can be said that financial behavior has a relationship with psychology. According to Shefrin (2000) in Sadalia & Butar-Butar (2016), financial behavior studies are how psychological phenomena influence financial in-demand. Kholilah & Iramani (2013) argue that financial behavior is how a person manages the planning, budgeting, checking, managing, controlling, finding, and storing of monetary funds in their daily lives. Furthermore, Sina P (2013) explained that saying finance is someone's close relationship with how the person manages his finances is not quite enough. Moreover, financial behavior arises because of the impact of someone who desires to fulfill his life needs according to his income level.

Similarly, income level can affect financial behavior, and price influences purchasing decisions (Mangifera et al., 2018), which can affect a person's consumptive behavior. According to Sumartono in Perdana & Mujiasih (2018), consumptive behavior is an outrageous act of using a product. Consumptive behavior is not far from human nature; it occurs when an item is used excessively, and the user does not see its value. Consumptive behavior also has characteristics. According to Niko Ramadhani in Basri & Kuswanti (2019), teenagers or students who have a high sense of prestige, always look up-to-date and follow trends, are accustomed to a luxurious life, and are happy or feel as if

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many people admire them. They are also distinguished from teenagers or students who behave consumptively. The characteristics above are indeed closely related to the current condition of students, as supported by research conducted by the Katadata Insight Center and Kredivo that found that 23% of users of e-commerce services in Indonesia during the 2021 pandemic were teenagers aged 18–25 years. This age is an active age at the tertiary level (Dihni, 2022).

In Surakarta, there are more than 50 universities, from private to state-run. It also describes Surakarta's population density, most likely made up of students. Furthermore, this is very visible in the campus area, supermarkets, and other places. The density created by students can describe the level of student consumption. This consumptive behavior does not run without a cause, but factors drive why someone can behave consumptively. Two elements cause a person to behave consumptively: external and internal factors. External factors or external factors that encourage a person to conduct consumptively are cultures, social class, family, and reference groups. In contrast, the internal factors are personality, motivation, self-concept, lifestyle, and the learning process (Fardhani & Izzati, 2013).

Dew and Xiao (2011) stated that financial behavior could be seen from four factors: consumption, cash flow, savings and investment, and debt (Bari et al., 2020), which are not far from the previous factors that encourage a person to behave consumptively. Of course, some factors can influence financial behavior, such as financial knowledge, financial attitude, style of life, self-owned income, parents' income, and others. Financial attitude is the most important factor influencing how someone manages their finances. According to Marsh et al. (2006), attitudes toward finance influence behavior toward finance; a wise person who understands how to respond to financial problems will be good at dealing with finances, and vice versa. According to Furnham (1984) in Herdjiono & Damanik (2016), financial attitude is a method for somebody to save, hoard, spend, and waste money. As a result, some might argue that financial attitude is closely related to financial behavior. Financial attitude is one of the factors that influence financial behavior. It has been supported by Khairani et al. (2019) in their research that financial attitudes significantly affect financial behavior. Happ & Walstad (2018) also note that financial attitudes are closely related to financial behavior. So, it can be said that financial attitudes are closely associated with one's financial behavior.

Another factor that influences financial behavior is financial knowledge. According to Astuti (2015) in Wahab et al. (2019), financial behavior is how to make someone avoid a financial problem with the ability to understand, analyze, and manage finance to make the right decision. To prosper financially in the future, we need to learn more about finance. Financial knowledge is an important factor in financial management. In Sandi et al. (2020), financial knowledge significantly influences financial behavior. However, a study by Khairani et al. (2019) showed no significant effect of financial knowledge on financial behavior.

Besides financial attitudes and knowledge, another factor influencing financial behavior is a lifestyle. Every time, lifestyle evolves and grows, especially with rapid technological advancement. We frequently follow products that do not always need to be followed, resulting in our wasteful lifestyle. Susianto (1993) explains that the hedonic lifestyle is a lifestyle pattern in which life activities are only to seek the pleasures of life.

Most of the time outside the home, time and money are spent more on fun, play, and city crowds are more critical. Pleasing them prioritizes their desires by buying expensive and luxurious goods, following other people's styles, and wanting to be the center of attention. This hedonistic lifestyle encourages us to behave consumptively. Shinta & Lestari (2019) state that lifestyle positively and significantly affects financial behavior. This research is also strengthened by Rohmanto & Susanti (2021) findings, which prove that a hedonistic lifestyle partially influences students' financial behavior.

Of the several phenomena described, this study wants to find out more deeply whether financial attitudes, financial knowledge, and lifestyle positively and significantly affect student financial behavior. And the result is that financial attitude, financial knowledge, and lifestyle together have a significant positive effect on the financial behavior of students in Surakarta.

1.1 Literature Review

1.1.1 Financial Attitude

Financial attitude is defined as views, opinions, and ratings about the situation of finance (Herdjiono & Damanik (2016). There is a financial attitude in these close relationships with the young circle experiencing financial constraints. It is the economic or financial condition that will influence his behavior. Research conducted by Amanah et al. (2016) stated that financial attitudes significantly affect financial behavior. This result is also supported by Pusparani & Krisnawati (2019), which partially say that financial attitudes significantly affect financial behavior. Suwarno et al.'s (2022) discovery that attitude toward finance influences behavior among finance students supports this research. Because of that, the researcher proposes the hypotheses as follows:

H1. Financial attitude has a significant positive effect on student financial behavior

1.1.2 Financial Knowledge

Knowledge is one of the instruments for deciding how to manage one's finances. With the knowledge possessed, somebody could determine how that person handles his finances. The greater a person's understanding, the more accepting he is of managing his finances. On the other hand, the more destructive the person's knowledge about finance, the more that person is terrible at managing his finances. Research conducted by Kholilah and Iramani (2013) says that financial knowledge does not take effect through direct financial behavior; indirect financial knowledge does take effect through financial behavior. According to Adityandani and Asandimitra Haryono (2018), financial knowledge affects financial behavior. Therefore, the researcher proposes the hypothesis as follows:

H2. Financial knowledge has a significant positive effect on student financial behavior

1.1.3 Lifestyle

Lifestyle is one indicator that can influence someone's behavior. Lifestyle can encourage a person to behave consumptively or not. According to Wahyuni et al. (2019), the Indonesian people are starting to adapt and follow the lifestyles of developed countries.

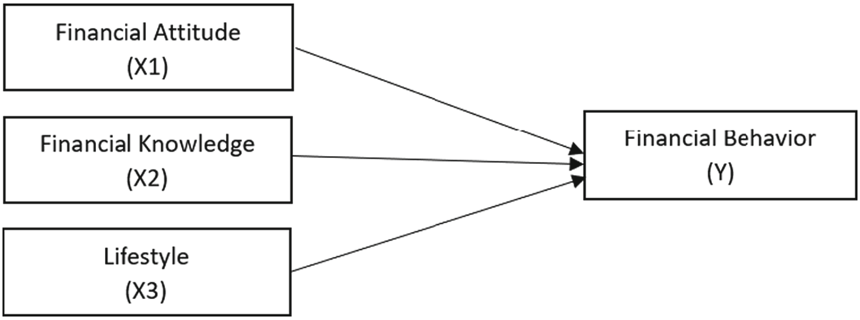

Fig. 1. Proposed Model
Explanation:
X1 = Independent Variable of Financial Attitude
X2 = Independent Variable of Financial Knowledge
X3 = Independent Variable of Lifestyle
Y = Dependent Variable of Financial behavior

These behaviors can cause people to become consumptive. We must be aware that a lifestyle that does not correspond to our financial capabilities can cause issues with our financial management. In a study conducted by Listiani et al. (2018), it was stated that there is an influence between lifestyle and financial behavior. Therefore, we can formulate a hypothesis as follows:

H3. Lifestyle has a significant positive effect on student financial behavior

1.1.4 Research Framework

A framework study reveals the influence of financial attitude, financial knowledge, and lifestyle on financial behavior among Surakarta students. A model is formed from four variables, consisting of three independent and one dependent variable, where financial attitude, financial knowledge, and lifestyle become independent variables, and financial behavior becomes the dependent variable (Fig. 1).

2 Methodology

This research is quantitative, and its data is sourced from primary sources, namely a questionnaire. The sampling technique in this study used a probability sampling technique. The probability sampling technique is one of the techniques in which the sampling is carried out randomly (Radjab, Enny Jam'an, 2017). This study also did not have specific criteria for becoming a respondent. The sample size that must be met in this study is 120 samples. This technique is described by Roscoe (1975) in the book Radjab, Enny Jam'an (2017): a) the sample size in each study should range from 30 to 500 samples, b) if in the study many factors are used, then the minimum size of the sample is ten times or more than the number of factors, and c) if the sample is separated into several parts, then each part required in the sample is at least 30 samples. This study uses a Partial Least Square (PLS) approach to analyze the data. Hair et al. (2017) define PLS as a constituent or based version of Structural Equation Modeling (SEM).

3 Findings

Table 1 shows the profile of the respondents. Of the 185 respondents collected, 147 came from the University of Muhammadiyah Surakarta, and the rest were from other universities. In the data, women dominated the acquisition of 126 and 52 male respondents, respectively. The average age of the respondents in this study ranged from 21–23 years old, or those who entered the class of 2019. The average income of respondents in one month was less than Rp. 1,000,000. Further details can be seen in Table 1.

The research results below show that R Square Adjusted < 0.5 then, which means it is not good. The R Square value of the financial behavior variable is 0.450. That is, the financial attitude variable can explain the financial behavior variable (Y) (X1), financial knowledge variable (X2), and lifestyle variable (X3) by 45%. In contrast, other variables outside the model explain the remaining 55% under study (Table 2).

If the results of the construct reliability and validity calculation below show that Cronbach's Alpha > 0.7 and AVE > 0.5, then the validity and reliability meet the validity and reliability test requirements. The Table 3 shows the results where Cronbach's Alpha on the financial attitude variable is less than 0.7 (0.490 < 0.7), and in other variables, it has a value > 0.7. Therefore, the financial attitude variable is unreliable and other variables, namely financial knowledge, lifestyle, and financial behavior, are said to be

Table 1. Sample Characteristics (n = 185)

No.	Classification	Sub Classification	Frequency	Percentage
1.	College	UMS	147	79,46%
		Other	38	20,54%
2.	Gender	Man	59	31,89%
		Women	126	68,10%
3.	Age	18–20 years old	52	28,11%
		21–23 years old	131	70,81%
		>23 years old	2	1,08%
4.	Force Year	2018	3	1,62%
		2019	132	71,35%
		2020	28	15,14%
		2021	18	9,73%
		2022	4	2,16%
5.	Income in One Month	<IDR 1.000.000	113	61,08%
		IDR 1.000.000 - IDR 2.000.000	55	29,73%
		>IDR 2.000.000	17	9,19%

Source: primary data processed (2022)

Table 2. Structural Model Representation

	R Square	**Adjusted R Square**
Financial behavior	0,450	0,441

Source: primary data processed (2022)

reliable. Meanwhile, the results of the AVE calculation show that there is only one valid variable, namely the financial knowledge variable, where the AVE value is > 0.5 (0.592 > 0.5), and other variables have an AVE value < 0.5, so these variables are said to be invalid. So the financial knowledge variable meets the elements or requirements for validity and reliability in calculating construct reliability and validity that is produced.

The multicollinearity test is analyzed using collinearity statistics (VIF). If the value of the inner VIF value < 5, it can be said that it does not violate the multicollinearity assumption test. The data below is obtained from the analysis results, where all variables do not break the multicollinearity test because the inner VIF value is > 5 (Table 4).

From the analysis conducted, the data below was obtained. All hypotheses in this study are accepted because the P values for financial attitude, financial knowledge, and lifestyle are less than the significance value, or P values < 0.05 (Table 5).

Figure 2 shows how much influence each independent variable has on the dependent variable. The results show that financial attitude positively impacts financial behavior, as evidenced by the P value of 0.000 < 0.05, and the direction is positive when looking at the t statistic of 3.767. Thus, financial attitudes have a positive impact on financial behavior. It demonstrates that the second hypothesis (H1), stating that financial attitude has a positive and significant effect on financial behavior, is correct. These results follow research conducted by Suwarno et al. (2022), which states that financial attitude significantly influences financial behavior.

The test results on the second hypothesis (H2), which states that financial knowledge has a significant positive effect on financial behavior, are also accepted, as evidenced by the P values of 0.002 < 0.05 and the statistical t value of 3.115 positive. So it can be stated that financial knowledge positively affects financial behavior. These results are

Table 3. Measurement Model Construct Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Attitude	0,490	0,601	0,654	0,304
Financial behavior	0,747	0,769	0,823	0,406
Financial Knowledge	0,883	0,894	0,910	0,592
Lifestyle	0,768	0,710	0,751	0,274

Source: primary data processed (2022)

Table 4. Collinearity statistics (VIF)

	Financial Attitude	Financial behavior	Financial Knowledge	Lifestyle
Financial Attitude		1,266		
Financial behavior				
Financial Knowledge		1,581		
Lifestyle		1,478		

Source: primary data processed (2022)

Table 5. Hypotheses Acceptance Summary

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1: X1 - > Y	0,250	0,253	0,066	3,767	0,000
H2: X2 - > Y	0,268	0,256	0,086	3,115	0,002
H3: X3 - > Y	0,322	0,349	0,101	3,186	0,002

Source: primary data processed (2022)

also consistent with previous research conducted by Sandi et al. (2020), whose result is that financial knowledge has a positive and significant effect on financial behavior.

The third hypothesis (H3) also has the same results as the previous hypothesis, where the P value is $0.002 < 0.05$, which means it is significant, and the t value is positive at 3.186. That means that lifestyle has a significant positive effect on financial behavior. Thus, the third hypothesis (H3), which states that lifestyle has a significant positive effect on financial behavior, is proven correct. This third hypothesis is also supported by research from Rohmanto and Susanti (2021).

4 Discussion

The research findings above show that all hypotheses in this study are accepted. It can be seen from the results of the hypothesis test above that the P values of financial attitude, financial knowledge, and lifestyle on financial behavior have a value less than the significance value. The t value of each of these variables is also positive, so the hypothesis in this study is accepted.

In the results of this study, it is also clear that financial knowledge has a positive and significant influence. It is seen in the t-test results, which are higher than the financial attitude and lifestyle. Where knowledge related to investment, opportunities, and benefits has the most significant influence compared to others, it can describe how much students understand financial knowledge related to investment. So it can be said that students today

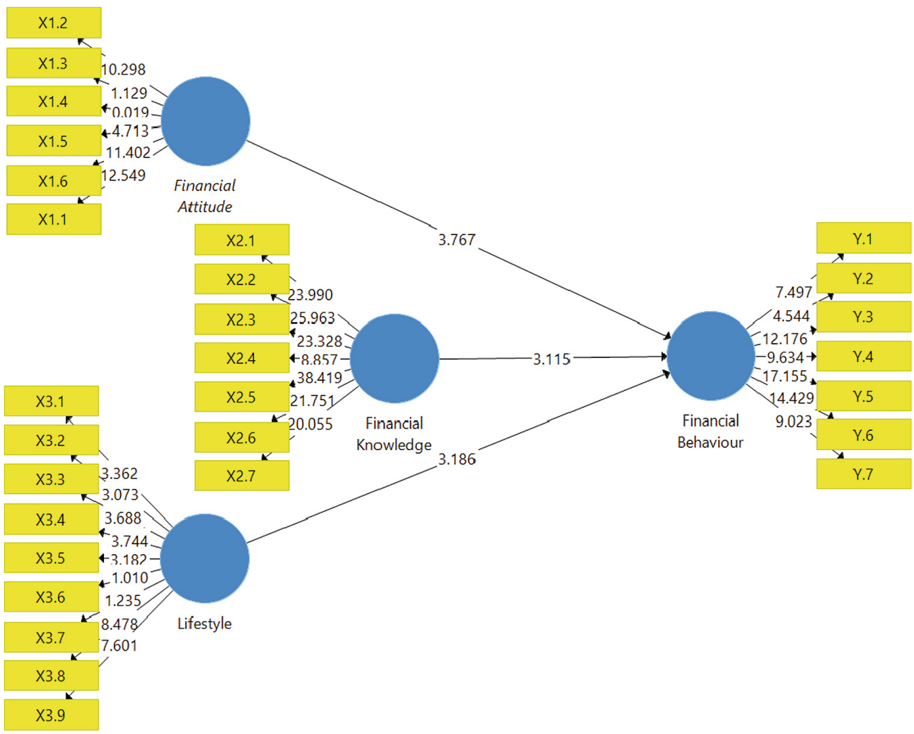

Fig. 2. PLS Regression Path. Source: primary data processed (2022)

have considerable awareness of the benefits of investing for the future compared to just saving at existing official institutions and also know the risks of investing.

Although not dominant in influencing financial behavior, financial attitude, and lifestyle also have a significant favorable influence. Financial attitude is the most considerable influence on financial budgeting. Financial budgeting is essential in all aspects of financial management, including personal finance. In budgeting students' finances, they can control or manage their finances well. Students also think being in debt to others is unnatural and does not describe their current condition of students. As a result, it can be concluded that today's students are more concerned with financial budgeting in order to avoid debt behavior.

In terms of lifestyle, the most significant influence given by lifestyle on financial behavior is on saving behavior. When students are now aware of the importance of keeping things for themselves, they realize that saving is better than spending their pocket money to buy things that do not have a function or are not helpful, even though they like them. Therefore, it can be interpreted that students are currently buying something or using their money correctly and paying attention to the priority scale of the item.

5 Conclusions

From the research data, we can infer the influence of financial attitudes (X1), financial knowledge (X2), and lifestyle (X3) on the financial behavior of students in Surakarta (Y). Using the probability sampling technique and distributing questionnaires to obtain data, 185 respondents were then analyzed using the Partial Least Square (PLS) approach. From the results of the analysis, it can be concluded that financial attitude (X1), financial knowledge (X2), and lifestyle (X3) together have a positive and significant effect on the financial behavior (Y) of students in Surakarta.

5.1 Implications of the Study

The implications of this study allow readers and students to think more carefully when deciding on financial behavior. Moreover, this reminds the students how to handle money; remember that the better a person manages his money, the better one's life will be. Therefore, students or readers do not act wastefully or excessively.

With this research, universities can also consider inserting curricula or courses that contain financial knowledge and behavior. Educators could assist students in making related financial decisions by incorporating or adding courses or curricula about financial behavior learning. It could also embed excellent knowledge and expertise that would be useful in the student's management and retrieval-wise choices.

5.2 Research Limitation

Based on the research that has been done, several limitations exist in this study, including 1) the process of distributing research questionnaires that are not evenly distributed to all universities in Surakarta, resulting in weak generalization because of insufficient representatives, 2) in filling out the questionnaire, there are still students outside universities in Surakarta because the scope of the research area is limited, 3) there are statements that have multiple interpretations in the questionnaire, thus confusing some respondents, 4) the lack of variables used in this study, and 5) limited time for sampling. It is hoped that future research or studies can generalize the number of existing respondents, expand the sampling location, add other variables such as financial literacy, people's income, or self-control, and process words to make them better and longer.

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