Effect of Lifestyle and Finansial Literacy on Financial Behavior of Individuals with Level of Education as Moderating Variabels

Study on Productive Age Communities in Trenggalek Regency

Lina Hanifatul Azizah[1,] Achmad Murdiono[2*]

[1,2] *State University of Malang*
[*] *Corresponding author. Email: achmad.murdiono.fe@um.ac.id*

ABSTRACT
Financial ability will be greatly influenced by a person's financial behavior. In theory, whether or not a person's financial health can be measured by how individuals can behave towards their finances. The factors that influence a person's *financial behavior* are *lifestyle* and financial literacy. The purpose of this study is to find out how the people of Trenggalek Regency who have a high level of consumptive behavior towards their finances. This study used 400 samples selected from the 762,345 population of the people of Trenggalek Regency by using a purposive sampling technique. The data used in this study were primary data taken from filling out questionnaires by people of productive age in Trenggalek Regency. The results of the SmartPLS analysis show that *lifestyle* and financial literacy influence *financial behavior* . The level of education as a moderating variable can strengthen the effect of *lifestyle* and financial literacy on *the financial behavior* of individuals of productive age in Trenggalek Regency.

Keywords: *Lifestyle , Financial Literacy , Financial behavior . Level of education.*

1. INTRODUCTION

The issue of *financial behavior* is still a hot topic today which is related with the level of public consumption [1] . Based on research Fitness Financial Index score 2021 *financial behavior* Indonesian society has a low score ie with an average of 37.72 100 of which 86% have unhealthy financial conditions. Research [2] demonstrated that self-control predicts good *financial behavior and financial well-being.* The *financial behavior* itself is in the form of a person's ability to manage his finances well form Money nor asset in a manner productive productive [3] .

Theoretically, in the Theory of Planned Behavior (TPB), factors that can influence individual *financial behavior* include attitudes, behavioral intentions, subjective norms. (subjective norms), norm social (social norms), strength Which felt (perceived power), And control perceived behavior (perceived behavioral control) [4] . The empirical data states that Individual *financial behavior can be influenced by lifestyle* [5] and literacy finance [6] . Matter This based with level understanding Which Good about their financial component will be able and strive to reduce *the lifestyle* so high they can arrange their finances Alone with more efficient [7] .

The productive age community in Trenggalek Regency as the object of this research has *a lifestyle* Which consumptive. Matter This based on average income per capita Which relatively low compared to with the average per capita expenditure. Backed by data BPS Trenggalek (2021) that rate the average per capita consumption of Trenggalek people reaches IDR 791,239/month while the average income per capita is only Rp. 35,944 obtained from the calculation of Trenggalek Regency GRDP divided by the population of Trenggalek Regency. However, this is contrary to the Decree of the Governor of East Java Number 188/803/KPTS/013/2021 which set UMK Trenggalek Rp. 1,938,321.

Consumptive behavior is closely related to *lifestyle* where the higher the consumptive power so the higher it is *lifestyle* (hedonic) [8] . Research by Purnama & Simarmata states that *lifestyle* is a pattern of life somebody in use up whole time they For move, election priority in environment, and thoughts about themselves and their surroundings. Research [7] states that *lifestyle*

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has a strong impact on influencing individual *financial behavior* . Because an individual has a stake in self-control over *lifestyle* and financial arrangements [5] .

forming *financial behavior* somebody can influenced by literacy finance in matter control himself on the opinion of Vitt. Literacy Mendari & Soejono Research finance is expertise individual in use knowledge knowledge as well as Skills in organize his finances in a manner effective For reach financial well-being. In terms of controlling financial literacy has a share in taking decision finance individual. However there is gaps on literacy finance in influence individual behavior. In the research conducted by Taqwa & Mukhlis argued that literacy finance No own impact to behavior individual especially on behavior the consumer.

Financial behavior that is influenced by *lifestyle* and financial literacy can be moderated by education level [9] . Consumptive behavior has linear relationship with *lifestyle* where the higher the consumptive level, the more the *lifestyle* hedonic so that individuals must have a better level *of financial behavior* [8] . Likewise research [10] states the level of education can affect literacy finance to individual *financial behavior* .

The level of education cannot have a direct effect on *financial behavior* individuals [11] . This research tries to find out how the influence *of lifestyle* and literacy financial behavior on individual *financial behavior of people of productive age in Trenggalek Regency is moderated* with level of education public local. Because data mention that public Regency Trenggalek has a high consumptive level so that this research can be a starting point measuring public the productive age of Trenggalek Regency in forming his *financial behavior* and can independent financially.

2. RESEARCH METHOD

Study This use method study quantitative with help tool analysis SmartPLS 4.0.9.1. The type of data is primary which is taken through a questionnaire which is filled in directly by the respondent. Population used as many as 762,345 people in Trenggalek Regency with a sample of 400 people age productive Regency Trenggalek taken use technique purposive sampling. Variable in study use 3 type variable, *financial behavior* (Y) as variable dependent, *lifestyle* (X1) and financial literacy (X2) as independent variables, and level of education (Z) as variable moderation.

3. FIGURES AND TABLES

3.1. Research result

Based on the research that has been done, the results of the PLS SEM Algorithm calculations are obtained in Fig.

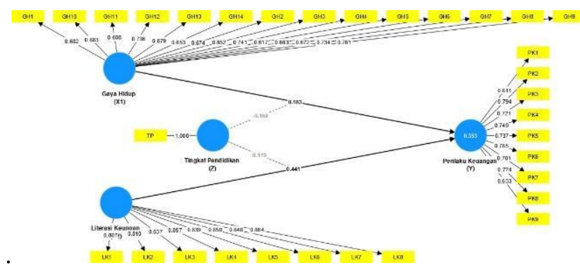

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Figure 1. PLS SEM Algorithm Output

Table 1. Construct Reliability and Validity

	CR	AVE
X1	0.902	0.507
X2	0941	0.667
Y	0.919	0.558

Table 2. Discriminant Validity – Fornell and Lacker Criterion

	X1	X2	Y	Z
X1	0.712			
X2	0.419	0.817		
Y	0.381	0.551	0.747	
Z	0.171	0.594	0.367	1,000

Table 3. Bootstrapping

	O	M	STEDEV	T Statistics	P Values
X1 □Y	0.193	0.196	0.046	4,188	0.000
X2 □Y	0.439	0.440	0.059	7,475	0.000
Z □Y	0.077	0.076	0.055	1,401	0.161
Z*X1 □Y	-0.158	-0.157	0.049	3,225	0.001
Z*X2 □Y	0.119	0.117	0.051	2,347	0.019

Table 4. R Square

	R-square
Financial behavior (Y)	0.357

Table 5. Bootstrapping

	Saturated Model	Estimated Model
SRMR	0.077 _	0.077 _

3.2. Discussion of Research Results

4.2.1. Analysis of Conditions of Productive Age Communities in Trenggalek Regency

Results study, get that condition average income public age productive Regency Trenggalek No in accordance with results calculation PRDB in for with amount resident Trenggalek Which only as big IDR 35,944. Study This find average income public Regency Trenggalek based on data respondent as big IDR 3,268,625.

4.2.2. Lifestyle Influence on Financial Behavior

Lifestyle has an influence on individual *financial behavior in people of productive age in Trenggalek Regency so that the hypothesis is accepted.* These results are in accordance with the analysis in table 1 where the p-value is less than 0.05. However, the existence of *lifestyle* in influencing individual *financial behavior* has a low influence at the structural level (F square = 0.047). The results of the study found that the social environment, personality, level of motivation and level of information were very influential in shaping *the lifestyle* of the individual *financial behavior* of people of productive age in Trenggalek Regency. Where this is in line with research [12] which states that the factors underlying *lifestyle* come from internal factors in the form of attitudes, experiences and observations, personality, self-concept, motives and perceptions as well as external factors in the form of reference groups, family, social class and culture.

However, the presence of demographic factors derived from the social environment can change lifestyles and will affect financial behavior [19]. So the better *the lifestyle* , the better the individual will behave towards his finances as explained in the theory of life cycle hypothesis which refers to how a person spends the income he has for his daily life [13] . And the theory of planned behavior refers to how individuals exercise self-control over their finances [4]. Good financial behavior and financial well-being cannot be attributed to ingenuity but have a link to self-control [20]

The results of the study stated that a person's personality as measured through internal factor indicators has a very dominant influence in shaping the influence of *lifestyle* on individual *financial behavior* . While external factors, beliefs and the surrounding environment have a high impact on shaping the influence of *lifestyle* on *the financial behavior* of people of productive age in Trenggalek Regency. These results are in line with research [7] which states that one's *lifestyle can influence changes in individual financial behavior* in a strong and real way. [5] also stated that *lifestyle* can affect *financial behavior* , because each individual has a stake in exercising self-control over his *lifestyle and financial arrangements.* Individuals who have *a lifestyle* that sees current and excessive trends tend to be unable to manage their time and money properly so that they are considered to have low *financial behavior* [14] . The results of this study are not in line with the research conducted Research that has been conducted [18] that lifestyle does not affect financial behavior

4.2.3. Financial Literacy Influences Financial Behavior

The financial literacy of people of productive age in Trenggalek Regency based on the results of data processing has an influence on their *financial behavior* so that the hypothesis is accepted. These results are consistent with the analysis in table 1 where the p-value is less than 0.05, which is a value of 0. However, the existence of financial literacy in influencing individual *financial behavior has a low influence at the structural level (F square = 0.147).* The results of the study found that the most influential indicators in shaping the financial literacy of people of productive age in Trenggalek Regency were controlling individual spending, the consequences of loan approvals and knowledge regarding the percentage of interest rates on savings and loans. So that people already have a pattern of financial knowledge in spending considerations and self-control. So this is in line with the theory of financial literacy which explains that the higher the finances owned by an individual, the better the *financial behavior* of the individual.

Empirically this research is in line with research [7] where financial literacy has an influence on *financial behavior* where a good level of understanding regarding financial components means that the individual will be better at organizing his finances. Financial literacy can be measured through basic knowledge of finance, savings as well as loans, insurance, and investment [16] [17]. Financial literacy has an influence on *financial behavior* where the better an individual's knowledge regarding finance, the better the individual manages his personal finances, and vice versa [6] . Because financial literacy itself is an individual's understanding of finance, more precisely an understanding of the management and allocation of financial resources that are owned so that they are used as well and wisely as possible. So that financial literacy has a direct effect on individual *financial behavior* [5] .

4.2.4. Education Level Moderates the Effect of Lifestyle on Financial Behavior

The results of this research data processing found that the level of education can moderate *lifestyle* in influencing individual *financial behavior* in people of productive age in Trenggalek Regency. Education level can strengthen the effect of *lifestyle* on *financial behavior* so that the hypothesis is accepted. It can be seen in table 1 where the p-value is smaller than 0.05, which is 0.001. The existence of education level in moderating the effect of *lifestyle* on individual *financial behavior* has no effect at the structural level (F square = 0.005) because the F square value is lower than 0.02. So that the level of education can moderate the effect of *lifestyle* on *financial behavior* in an insignificant way. The results of the study found that people in Trenggalek Regency who had a high level of education tended to have a better *lifestyle compared to individuals who had a low level of education. This is indicated by the* higher average value *of lifestyle for each level of education.* So that the level of education can strengthen the effect of *lifestyle* on the individual *financial behavior* of people of productive age in Trenggalek Regency.

Sommer stated that individual behavior can also be caused by different beliefs such as gender, age, level of knowledge. The theory of life cycle hypothesis also says when individuals who have high incomes will be more able to save and have greater financial intelligence than individuals who have low incomes. So that the level of education has a role in strengthening the influence of *lifestyle* on individual *financial behavior* to create financial well-being. Ardiawan & Kusumadewi also stated that education and income levels can moderate *lifestyle* towards individual behavioral intentions where high education and income levels can increase *lifestyle* and also consumption levels. The higher the level of education that an individual has, the higher the level of consumptive behavior [9] . Fatmadhanik's research (2022) states that the level of education has an influence on the formation of consumption behavior in shaping *lifestyles* so that the higher the level of education, the better the condition for the influence *of lifestyle* on *financial behavior* .

4.2.5. Education level moderates the effect of financial literacy on financial behavior

The results of data processing found that the level of education can moderate the *financial literacy variable* in influencing individual *financial behavior* in people of productive age in Trenggalek Regency. The level of education possessed by individuals can strengthen the *financial literacy variable* on *financial behavior* so that the hypothesis is accepted. It can be seen in table 1 where the p-value is smaller than 0.05, which is 0.019. However, the existence of educational level in moderating the effect of *financial literacy* on individual *financial behavior* has a low influence at the structural level (F square = 0.029). So that the level of education can significantly moderate the effect of *lifestyle* on *financial behavior* . The results of the study state that a high level of education can strengthen *the financial literacy* of individuals. This is evidenced by the average value of the level of *financial literacy* at each level of education, the higher the level of education an individual has, the higher the level of understanding of *financial literacy* of productive age people in Trenggalek Regency.

Theory of financial literacy which states that *financial literacy* is the ability to read, manage, analyze, communicate about financial conditions which will later affect financial well-being. In the theory of planned behavior it is also explained that in shaping individual behavior one of the factors that need to be considered is self-control. In addition, individual behavior can also be caused by other reasons, even the individual's beliefs. So that the level of education possessed by individuals has an influence on individual *financial literacy* on their *financial behavior* . Research [10] states that demographic factors can affect individual *financial literacy* , both measured in terms of gender, age, education and income. [15] also stated that higher education levels tend to have higher *financial literacy* even though their literacy level is below the overall average. And the level of education above is required to have a high level of *financial literacy* compared to the level of education below compulsory education (Amaliyah & Witiastuti, 2015). so that the level of education is very influential in strengthening the *financial literacy variable* in influencing individual *financial behavior* .

AUTHORS' CONTRIBUTIONS

Based on the research results, it can be concluded that people of productive age in Trenggalek Regency have *lifestyle conditions* , *financial literacy* , and good *financial behavior* . The research hypothesis *of lifestyle* and *financial literacy* influences *the financial behavior* of individuals of productive age in Trenggalek Regency is accepted. And for the education level hypothesis that moderates the effect of *lifestyle* and *financial literacy* on *the financial behavior* of individuals of productive age in Trenggalek Regency, it is accepted. The researcher recommends using other aspects of demographic factors such as income levels, the level of influence of age or marital status in examining the influence on individual *financial behavior* . In addition, the researcher also recommends conducting research by specifying the object of research by providing limitations on the criteria for respondents.

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