

Gender Gap in Financial Knowledge, Financial Attitude and Financial Behavior

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Abstract—Research on differences in men and women in term of financial behavior has long been studied, especially with the development of gender equality issues. This study aims to determine differences in men and women in the Indonesian border region in terms of financial knowledge, financial attitude and financial management behavior. This research is conducted in Merauke, border area of Indonesia. The questionnaire was used to collect the data. The sample of the study was 382 respondents and the data analysis applied chi square. The results show that there were no differences between men and women in, financial knowledge, financial attitude and financial management behavior. Financial attitude in terms of obsession shows women rely more on money than men and in terms of cash management women show better abilities. This study has two implications, (1) gender equality has touched financial aspects (2) there is no difference between financial knowledge, financial attitude, and financial management behavior between men and women, but there are different in specific aspect of financial attitude and financial management behavior so that financial education programs should consider those aspect.

Keywords— *financial attitude, financial knowledge, financial management behavior, gender*

I. INTRODUCTION

Financial behavior has emerged and further developed in the business and academic world in 1990. The importance of financial knowledge driven by a number of factors namely increased consumption, increased income not accompanied by investment opportunities and the financial crisis that needs to be faced with good financial management skills [1].

The financial behavior of Indonesian society which tends to be consumptive then leads to various other irresponsible financial behaviors such as lack of savings, investment, fund planning and budgeting for the future. Indonesian people are not accustomed to saving to the maximum, even in the ranks of Southeast Asian countries. Indonesia ranks lowest in terms of total nominal savings and saving habits. Indonesia Financial Services Authority states that Indonesian were increasingly consumptive and began to abandon the habit of saving which is reflected by the

declining of marginal propensity to save (MPS) in the last 5 years and the increasing of marginal propensity to consumption (MPC).

Indonesia Financial Services Authority developing financial education with trilogy of policy instruments, financial inclusion, financial literacy and consumer protection. Indonesia Financial Services Authority collaborates with several institutions, elementary school, junior high school, senior high school and university to develop financial education materials.

In term of financial management, each gender has its own characteristics. Women manage finances using economic principles and efficiency while men tend to increase income in an effort to improve their quality of life [1]. A research proves that female students in China have fewer opportunities in financial education or experience trading [2]. Different results were concluded that in terms of financial planning and investment behavior, men and women do not show differences [3]. Researchers conclude that men have higher financial knowledge than women [4][5] and there are no differences in financial management behavior between men and women [6].

This research analysis gender differences in financial attitude, financial knowledge and financial behavior of university student. University student is young adult that support country development, so understanding their financial attitude, financial knowledge and financial behavior is important.

A. Financial Management Behavior

Financial management behavior is one's ability to regulate planning, budgeting, checking, managing, controlling, searching and storing daily financial funds [7]. The emergence of financial management behavior is the impact of the amount of one's desire to meet their life needs in accordance with the level of income obtained [7]. One's financial management behavior can be seen from four things [8] namely consumption, cash-flow management, saving and investment and credit management.

B. Financial Attitude

Attitude refers to the way one feels towards certain financial problems which are measured by responses to a statement or opinion [9]. Financial attitude is a state of mind, opinions and judgments about finance [10].

There is a relationship between financial attitudes and the level of financial problems [11]. Thus, it can be concluded that one's financial attitude affects the way one regulates self-financial behavior. Financial attitudes also related to financial difficulties that are often faced by young people [12][13].

Financial attitudes can be reflected by the following six concepts [14] :

1. Obsession refers to one's mindset about money and one's perception on the way to managing money properly in the future.
2. Power refers to one that utilizes money as a means to control people and assumes that money could solve problems.
3. The effort refers to one's feeling of worthiness of possessing money for one's efforts.
4. Inadequacy refers to one's feeling of always lacking in money.
5. Retention refers to one that is unwilling to waste money one possesses.
6. Security refers to one's old-fashioned view that money should be saved by oneself, ignoring the existence of bank or investment.

Attitude consists three components, cognitive, affective and behavioral [15]. Cognitive is related to someone's knowledge and beliefs, affective is related to emotions and feelings such good or bad and right or wrong, and behavioral is related with act towards financial object.

C. Financial Knowledge

Knowledge refers to what individuals know towards personal financial problems, measured by their level of knowledge related to various personal financial concepts [9]. Youth learn about money mostly from schools and parents, with an emphasis on savings [16].

There are various sources of knowledge that can be obtained, including formal education, such as high school programs or lectures, seminars, and training classes outside of school, as well as informal sources, such as from parents, friends, and the work environment [17]. Furthermore, knowledge is necessary to handle a systematically and successful personal finance. Financial knowledge has a close relationship with financial literacy or financial education. Financial knowledge is as conceptual definition of financial literacy [18].

II. RESEARCH METHODS

The number of samples was 382 university students in Merauke. This research applied financial attitude, financial knowledge, financial management behavior, and gender as

its variables. Data analysis applied chi-square test. The explanation of each variable provided as follows:

- a. Financial attitude is a state of mind, opinions, and judgments about finance [10]. Indicators of this variable are obsession, power, retention, security, inadequacy, and effort [17]. The data are drawn from the nine questions answered by the respondents in the form of Ordinal scale: strongly agree (score 1), agree (2), doubt (3), Disagree (4), strongly disagree (score 5).
- b. Financial knowledge is knowledge for managing finances in financial decision making [19]. The measurement indicators are as follows: general knowledge of personal finance, savings and loans, insurance, and investment. The data are drawn from the twelve questions answered by the respondents. Then, the number of the correct answers divided to the number of the questions, multiplied by one hundred percent, and then distributed into three groups namely High (>80%, score=3), Medium (60%<80%, score=2), and Low (<60%, score=1).
- c. Financial management behavior. One's financial management behavior can be seen from four things: consumption, cash flow management, saving and investment, and credit management. In this study, respondents were asked about how often they performed several behaviors related to personal finance. This method is in line with previous research [20] where each statement was given an ordinal scale: score "never" (score 1), very rarely (score 2), Sometimes (score 3), Often (score 4), "always" (score 5).

III. RESULTS AND DISCUSSION

A. Statistical Description of Variables

TABLE I . STATISTICAL DESCRIPTION

Description	Male	Female
<i>N</i>	186	196
<i>Financial Attitude :</i>		
Minimum	13	17
Maximum	43	43
Mean	28.5	29.3
Standard Deviation	5.4	4.7
<i>Financial Knowledge :</i>		
Minimum	1	1
Maximum	3	3
Mean	1.2	1.2
Standard Deviation	0.5	0.5
<i>Financial Management Behavior :</i>		
Minimum	1.4	1.7
Maximum	4.8	8.9
Mean	3.2	3.2
Standard Deviation	0.7	0.7

Source: Processed Data

Average male's financial attitude score was 28.5 and females was 29.3. Average male's and female's financial knowledge were 1.2. Average male's and female's financial management behavior were 3.2.

Chi-Square Calculation Results can be seen in Table II.

TABLE II. CHI SQUARE ANALYSIS

Variable	Chi square	Sig
<i>Financial management behavior</i>	43,088	0,301
<i>Financial attitude</i>	27,172	0,455
<i>Financial knowledge</i>	0,968	0,616

Source: Processed Data

Table III present differences in financial attitude aspect between male and female.

TABLE III. FINANCIAL ATTITUDE AND GENDER

Description	Mean		Sig
	Men	Women	
<i>Financial Attitude:</i>			
Obsession	2.75	2.76	0.006**
Power	3.40	3.37	0.168
Retention	3.32	3.52	0.275
Security	3.31	3.06	0.462
Inadequacy	2.60	2.84	0.177
Effort/Ability	3.11	3.16	0.541

** Sig. at 0.05

Table IV presents differences financial management behavior aspects between male and female.

TABLE IV. CHI SQUARE STATISTIC FOR FINANCIAL MANAGEMENT BEHAVIOR AND GENDER

Description	Mean		Sig
	Men	Women	
<i>Financial Management Behavior :</i>			
<i>Consumption</i>	3.66	3.73	0.215
<i>Cash-flow management</i>	3.15	3.21	0.039**
<i>Saving and investment</i>	3.07	3.00	0.440
<i>Credit management</i>	3.19	3.15	0.578

** Sig. at 0.05

The chi-square test in Table II shows that the value of sig. > 0.05, which means that there is no difference in terms of financial management behavior, financial attitude and financial knowledge between male and female. That was a different value in financial attitude, financial knowledge and financial management behavior between male and female, but not significant.

Financial attitude in terms of power, retention, security, inadequacy, and effort is no difference between men and women, whereas, in the case of obsession, the level of women's obsession is higher than men. Women tend to organize money as basis obsession, retention, inadequacy and effort, while men tend to organize money as power and security. Obsession in financial attitude means using money as basis comparison with others, power show having money is an expression of power, retention and security mean conservatism and money as security, inadequacy show feeling lack of money and effort means work have a connection with money [14]. Finding that for men money represented power and security relevant to Furnham [21].

Male and female's financial knowledge value were in medium level and the difference is not significant between male and female. The finding is not relevant to Moon [2]. University student needs to develop their

financial knowledge because lack of financial knowledge will influence financial decision and harmful to their future. Borden et al. [15] suggest in increasing financial knowledge through seminar and workshops about financial topics. Seminar or workshops in short hour are more effective than long hour. The financial class format should be attractive for university student.

Financial management behavior in terms of cash flow management and consumption show the ability of female better than male. Financial management behavior in terms of saving and credit management shows the ability of male better than female. According to Table III, the lowest value of financial management behavior is saving and investment. Student should be encouraged to improve their knowledge about saving and investment, so they can make good financial decision.

Saving and investment are related with ability to plan for future. Parent factor is important to improve saving and investment behavior. Children will learn about saving and investment behavior through their parent's habit. Parents and children can discuss future so they will be encouraged to prepare for the future including financial matter.

IV. CONCLUSION

University students need to develop their financial behavior because they are in important life stage that will support country development. Based on the research and discussion above, it can be concluded that there is no difference between men and women in financial knowledge, financial attitude, and financial management behavior. There is significantly different financial attitude in term of obsession between male and female and cash flow management behavior.

These finding have implication on a financial education program for male and female, which have to consider specific aspect in financial attitude and financial management behavior. Suggestions for next research are added sample to produce varied responses and more generalizable results. Other components of financial attitude: anxiety, interest, decision styles can be analyzed the differences between male and female. Next research can examine the emotional quotient effect on male and female behavior since Fauziyah and Ruhayati conclude that financial literacy and emotional ability built financial behavior [22].

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