

## THE INFLUENCE OF FINANCIAL LITERACY ON THE FINANCIAL BEHAVIOR OF STUDENTS AT STIE LATIFAH MUBAROKIYAH SURYALAYA

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### Abstract

The purpose of this research is to know: 1) Student Financial literacy of STIE-LM Suryalaya. 2) Student financial behavior of STIE-LM Suryalaya. 3) The influence of financial literacy on students' financial behavior STIE-LM Suryalaya. The method used is a quantitative method with the type of survey approach. Population in this research is all student of STIE-LM Suryalaya. The sample of this study were 195 respondents. The data used are primary data and secondary data. The analytical tool used is Interval levels Value, Simple Regression Analysis, and Hypothesis Testing. The results showed: 1) In the financial literacy variables obtained in the amount of 5299 which included in the classification is good enough, with the highest value obtained by the indicator of personal financial basic knowledge of 726 while the lowest score obtained by risk management indicators with a score of 548. 2) In the variable of financial behavior obtained by the number of 5235 which is included in the classification is good enough, with the highest value obtained by the indicator compare the price between stores or supermarkets with a score of 769 while the lowest value obtained by periodic savings indicators with a score of 519. 3) There is a positive influence and between financial literacy and financial behavior of STIE-LM students. The amount of influence of financial literacy on student financial behavior of STIE-LM Suryalaya with determination coefficient value (KP) of 77,4% the rest influenced by other factor not examined in this research and tcount (25,714) bigger than ttabel value (1,972 ) or  $25.714 > 1.972$  so that the test decision  $H_0$  is rejected and  $H_a$  accepted.

Keyword: *Financial Literacy, Financial Behavior, Student Financial Management*

### A. INTRODUCTION

One of the challenges faced by students is the lack of personal income. Most students still rely on their parents or guardians to cover their living expenses, depending on the financial support provided by their parents for daily needs. Students' attitudes in allocating this money depend on their individual behavior. Some students tend to spend all the money given by their parents, sometimes even requesting additional funds, while others choose to learn how to save their money.

Students' spending behavior depends on their financial knowledge. This financial knowledge can be acquired through learning at the university level. Education in higher education institutions plays a crucial role in shaping students' financial literacy. Students live in diverse and complex economic environments, making the need for enhanced financial education increasingly important. Effective and efficient learning helps students develop the ability to understand, evaluate, and act in their financial interests. With early financial knowledge, students are expected to achieve a prosperous life in the future.

However, in reality, not all students possess adequate financial knowledge. Several studies have indicated that students' financial literacy is categorized as low. For example, a previous study conducted by Wulandari (2012) stated that "The level of financial literacy in the faculty of economics is still categorized as low, mainly due to insufficient family financial management education and the absence of academic courses on personal finance for students. As a result, students lack discipline and consistency in managing their finances."

The low level of financial literacy encourages students to exhibit negative behaviors, such as being more inclined toward consumptive habits. According to Nirmala, Muntahanah, and Achadi (2022), "Students with low levels of financial literacy are more likely to make poor financial decisions compared to those with higher levels of financial literacy."

Students, as the future generation of the nation, are expected to possess a high level of financial literacy. Good financial literacy will shape students' financial intelligence. Financial intelligence, which includes the ability to manage personal finances effectively, serves as a foundation for improving students' well-being. Over the long term, financial intelligence will lead students to develop wise financial behavior, enabling them to make appropriate and accurate consumption decisions while avoiding

susceptibility to marketing strategies that often target the younger generation as a key market segment (Fitriani, Dewi, and Gunawan 2022).

STIE-LM, as one of the Colleges of Economics in Tasikmalaya Regency, plays a vital role in shaping students' financial literacy. This can be achieved through economics education, which ultimately serves as a foundation for students in making financial decisions. These financial decisions will impact their future well-being, as poor financial decisions may lead to financial difficulties. Financial difficulties do not only arise from low income but can also result from mismanagement of finances, such as improper use of credit and the absence of financial planning (STIE-LM 2013).

The subject of this research is the students of STIE Latifah Mubarokiyah Suryalaya. STIE-LM students were chosen as subjects because STIE-LM is a higher education institution that focuses on economics, offering specialized courses in subjects like accounting, banking and financial institutions, financial management, and more. Therefore, STIE-LM students are considered to already have financial literacy, which will support them in making sound financial decisions in the future.

STIE-LM has two departments: the Bachelor's program in Management (S1) and the Associate's program in Banking and Finance (D3). Most of these students are in a transitional phase, moving from financial dependency to financial independence as they prepare to enter the workforce. Therefore, financial literacy is needed as a foundation for managing and making financial decisions in the future. In addition, positive financial behavior needs to be developed from an early stage (STIE-LM 2013).

To explore the phenomenon of financial behavior, the researcher conducted a survey among the students of STIE-LM. The results of the survey, conducted with 17 respondents, can be presented as follows:

Table 1.1  
Survey Results on the Financial Behavior of STIE-LM Students

No	Description	Highest Score	Survey Results	Classification
1.	Paying bills on time	85	59	Good
2.	Creating a spending and budget plan	85	41	Poor
3.	Recording expenditures and spending	85	32	Poor
4.	Allocating funds for unexpected expenses	85	43	Poor
5.	Saving regularly	85	55	Fairly Good
6.	Comparing prices across stores/supermarkets	85	52	Fairly Good
<b>Total</b>		<b>510</b>	<b>282</b>	<b>Fairly Good</b>

Source: Primary Data (processed by the researcher 2023)

The data above shows that STIE-LM students tend to have fairly good financial behavior, but have not reached the "good" classification. Therefore, the researcher is interested in further examining the financial behavior exhibited by STIE-LM students. This study is titled "The Influence of Financial Literacy on the Financial Behavior of STIE Latifah Mubarokiyah Suryalaya Students."

## B. LITERATURE REVIEW

Financial literacy is very important, as it is essential for achieving future well-being. A person must have sufficient financial knowledge to ensure financial security in the future. A person with good financial literacy will be able to avoid financial problems. Financial issues are not only caused by the size of one's income but also by how well an individual can manage their finances. Financial knowledge is the foundation for making proper financial decisions and behaviors.

"According to the Financial Services Authority (OJK, 2017), financial literacy is the knowledge, skills, and beliefs that influence attitudes and behaviors to improve the quality of decision-making and financial management in order to achieve well-being."

Furthermore, according to Nababan and Sadalia (2012), the indicators of financial literacy are as follows: a) Basic Personal Finance Knowledge, b) Credit Management, c) Savings and Investment Management and d) Risk Management.

Behavior refers to all the actions and activities carried out by living beings. Meanwhile, finance pertains to anything related to money, so financial behavior is the actions or behaviors that a person exhibits in relation to the money they possess. According to Suryanto (2017), "Financial behavior emerged in the 1990s, in line with the demands of business and academic developments that began to address the behavioral aspects in the process of financial and investment decision-making."

According to Suryanto (2017), "Financial behavior is the behavior exhibited by an individual in managing their personal finances." A person who takes responsibility for their financial behavior will use their money effectively by budgeting, saving, controlling expenses, making investments, and paying off debts on time. According to Nababan and Sadalia (2012), financial behavior is related to how an individual treats, manages, and utilizes the resources available to them.

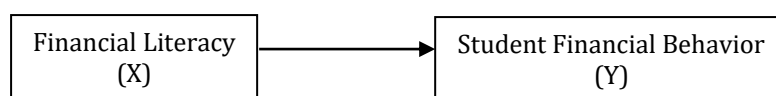
According to Nababan and Sadalia (2012), the indicators of financial behavior are as follows: a) Paying bills on time, b) Recording expenditures and spending (daily, monthly, etc.), c) Allocating funds for unexpected expenses, d) Saving regularly and e) Comparing prices between stores, supermarkets, or hypermarkets before deciding to make a purchase.

### C. RESEARCH METHODOLOGY

The type of research used in this study is quantitative, which is a method that adheres to scientific principles and uses statistical analysis for processing the data. This research aims to examine the effect of financial literacy on the financial behavior of STIE-LM Suryalaya students. The approach used is a survey method, which is described as "a method used to obtain data from a specific location that is natural (not artificial), but the researcher applies certain treatments in data collection, such as distributing questionnaires, conducting tests, structured interviews, etc."

In this study, the population consists of all students of STIE-LM Suryalaya, totaling 380 students, which are divided into two departments: Management and Banking and Finance. The sample size is determined using the Slovin formula with an  $\alpha = 5\%$ , resulting in a sample of 195 respondents. The paradigm or framework of the study can be illustrated in the following diagram:

Image 1.1.  
Paradigm Framework



### D. RESULTS AND DISCUSSION

#### Financial Literacy of STIELM Suryalaya Students

Based on the results of primary data processing obtained from the distribution of questionnaires, the level of financial literacy of STIELM Suryalaya students can be seen in table 1.2 below:

Table 1.2.  
Respondents' Responses to Financial Literacy Variables (X)

NO	Description	Highest Score	Result Score	Classification
1	College is part of an investment because after graduating you can earn a bigger income than just graduating from high school.	5 x 195 = 975	676	Good
2	Your purchasing power will decrease if the inflation rate is 5% and the bank interest on savings is 3%.	5 x 195 = 975	572	Pretty good
3	Financial evaluation serves to see whether we have made a good plan and whether or not there are errors in the planning.	5 x 195 = 975	726	Good
4	The repayment period and type of collateral are things that must be considered when borrowing money from a financial institution.	5 x 195 = 975	694	Good

NO	Description	Highest Score	Result Score	Classification
5	If I buy shares in company A in a stock company, then I have a share of ownership in stock company A.	5 x 195 = 975	709	Good
6	Savings are income after deducting expenses	5 x 195 = 975	649	Pretty good
7	Risk management is an important part of financial planning.	5 x 195 = 975	725	Good
8	I always know the risks I will face when making a financial decision.	5 x 195 = 975	548	Pretty good
Total Number		7800	5299	

Source: Processed Primary Data, 2018

Based on table 1.2. regarding the responses of respondents on financial literacy of STIE-LM Suryalaya students, the score is 5299. The number 5299 is in a fairly good range, namely between 4057 - 5304. So it can be concluded that STIELM Suryalaya students have fairly good financial literacy.

### Financial Behavior of STIELM Suryalaya Students

Based on the results of primary data processing obtained from the distribution of questionnaires, the level of financial behavior of STIELM Suryalaya students can be seen in table 1.3. below:

Table 1.3.  
Respondents' Responses to Financial Behavior Variables (Y)

NO	Description	Highest Score	Result Score	Classification
1	I always pay my bills on time (such as paying for college, paying for electricity, internet, debt installments or other bills).	5 x 195 = 975	709	Good
2	I always make a plan/budget for spending and shopping (such as Daily, Monthly, Annual Budget)	5 x 195 = 975	567	Pretty good
3	I always record all expenses (such as daily expenses Daily, Monthly, Annual)	5 x 195 = 975	524	Pretty good
4	I always look at bank deposit interest before saving money in the bank.	5 x 195 = 975	519	Pretty good
5	I always save for my future life	5 x 195 = 975	687	Good
6	I always set aside my money for unexpected needs	5 x 195 = 975	722	Good
7	I always compare prices between stores/supermarkets/supermarkets, before making a purchase	5 x 195 = 975	738	Good
8	Price surveys help me get cheaper prices.	5 x 195 = 975	769	Good
Total Number		7800	5235	

Source: Processed Primary Data, 2018

Based on table 1.2. regarding the respondents' responses to the financial behavior indicators of STIE-LM Suryalaya students, the score is 5235. The number 5235 is in a fairly good range, namely between 4057 - 5304. So it can be concluded that STIELM Suryalaya students have fairly good financial literacy.

### The Influence of Financial Literacy on the Financial Behavior of STIELM Suryalaya Students

Based on the results of a simple regression analysis on the effect of financial literacy on the financial behavior of STIE-LM Suryalaya students using a significance level of 0.05 and 2 sides, it produces a constant of 0.818 and a regression coefficient of financial literacy of 0.929 and is positive. This means that student financial literacy has a direct relationship with the financial behavior of STIELM Suryalaya students. For the correlation coefficient, the R value is 0.880. Where the value of 0.880 is in the interval of

0.80-1,000, then this shows that there is a very strong influence between financial literacy and the financial behavior of STIE-LM Suryalaya students, and for the coefficient of determination it produces a percentage of 77.4% meaning that the influence of financial literacy on the financial behavior of STIE-LM Suryalaya students is 77.4% the remaining 22.6% is influenced by other variables not examined in this study, and the results of the hypothesis test  $t$  count (25.714) are greater than the  $t$  table value (1.972) or  $25.714 > 1.972$  with a significance value of  $0.000 < 0.05$  then the test decision  $H_0$  is rejected and  $H_a$  is accepted, meaning that there is a significant influence between financial literacy of students on the financial behavior of STIE-LM Suryalaya students.

The results of this study are supported by the research of Erawati and Susanti (2017) whose research results show that financial literacy has a significant effect on the financial behavior of students of the Faculty of Economics, State University of Surabaya. Sari's (2015) research results showed that factors that can directly influence financial behavior include family financial education, learning at university, and financial literacy.

## E. CONCLUSION AND SUGGESTIONS

### Conclusion

Based on the research, the following conclusions can be drawn: 1) Financial Literacy of STIELM Suryalaya Students is included in the fairly good classification. 2) Financial Behavior of STIELM Suryalaya Students is included in the fairly good classification. 3) Financial literacy has a significant effect on the financial behavior of STIELM Suryalaya Students.

### Suggestion

Based on the results of the study, the following suggestions can be given: 1) It is better for STIE Latifah Mubarakiyah students to study more deeply about risk management so that they know what risks they will face when making a financial decision. 2) It is better for students before deciding to choose to save in a financial institution to know or see information about the deposit interest offered by the financial institution, because the deposit interest is very profitable. 3) It is expected for further research to add other variables that will affect the variables of student financial behavior such as family financial management, culture and others.

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