JURNAL RISET BISNIS DAN MANAJEMEN

https://journal.unpas.ac.id/index.php/jrbm/index

EFFECT OF FINANCIAL LITERACY, FINANCIAL ATTITUDE, AND FINANCIAL INCLUSION ON FINANCIAL BEHAVIOR

Sjahmagri Priatama Sukma[1]✉, Mahir Pradana[2]
[1,2]Telkom University
✉ sjahmagripriatamas@gmail.com
[1,2]Jl. Telekomunikasi, Terusan Buah Batu, Bandung

Abstract

Students who are financially dependent on parents and financial-independent students are affected by Covid-19. Preventing financial problems can be carried out by good financial literacy. The study employed a quantitative method, verificative description, and purposive non-probability sampling technique. The study respondents amounted to 100 students of Business Administration undergraduate study. Data were analyzed using path analysis. From the hypothesis testing results, the financial literacy variable affected financial attitude, financial inclusion, and financial behavior. The inclusion variable affected and mediated the effect of financial literacy on financial behavior. Meanwhile, financial attitude did not affect and mediate the effect of financial literacy on financial behavior.

Keywords: financial; financial literacy, financial attitude; financial inclusion; financial behavior; students

Article Info

History of Article
Received: 03/02/2022
Revised: 14/02/2022
Published: 17/02/2022

Jurnal Riset Bisnis dan Manajemen
Volume 15, No. 1, February 2022,
Page 20-25
ISSN 2088-5091 (Print)
ISSN 2597-6826 (Online)

INTRODUCTION

The economy is the social prosperity parameter in fulfilling individual and collective needs in a particular period. According to (Rassanjani, et al., 2021) All commodities are affected by the effects of covid on the economic sector. Theoretically, Indonesia can suffer an economic downturn, leading to economic recession. Economic recession is a form of temporary economic downturn. On a macro scale, it turns up as the declining trading and industrial processes observed from the declining GDP graph in two consecutive quarters (Putsanra, 2020).

It explains that Covid-19 significantly affects the economy and indirectly affects all sectors, such as the education sector. The education sector is highly impacted by all educational institutions processes, policies issued by the Ministry of Education and Culture to transform the learning system to online, and the tuition fee payment for private institutions, e.g., Telkom University.

During the semester transition period of 2020, there was a vertical political movement between students and the campus concerning the remission of Education Costs. This tension originated when students were dissatisfied with the hearing outcome, followed by students demonstrating in front of the Yayasan Pendidikan Telkom building to demand their claim. The action taken by the campus in handling this conflict was issuing a discount for IDR 400,000 and relief for Covid-impacted families with specific criteria, i.e., the breadwinner is laid off or confirmed positive for Covid-19 equipped with the postponement of Education Costs adjusted to the student ability in paying the college arrears.

When parental income is affected by the COVID-19 pandemic, it directly affects the students since they are financially dependent on their parents. It is supported by (Suryanto, 2017), where most students encounter a complex financial problem since their finance depends on parents or guardians. Also (Yogasnumurti, et al., 2019) The phenomenon of consumptive behavior is a difficult problem faced by college students, thus encouraging excessive consumption of goods and services. Thus, students have various financial distribution methods among individuals. Moreover, most Telkom University is out-region students who are highly dependent on their parents to live in Bandung.

Theoretically, handling COVID-19 can be adjusted to each individual's ability in preference. However, serving during this pandemic, the crucial and fundamental factor is effective money management, consisting of financial literacy, financial attitude, and financial inclusion to adjust financial behavior to improve the survival possibility during the Covid-19 pandemic.

The researchers employed the following literature review as the reference during the study process:

Financial literacy compresses insights and commissions regarding financial rules and risks, including the ability, encouragement, or belief to apply the concept in an appropriate financial decision-making process to achieve personal and social financial welfare and participate in economic activities (Otoritas Jasa Keuangan, 2017). Which mean that line is similar with (Margaretha & Prambudhi, 2015) opinion that information about finance could be very critical for individuals so they're no longer incorrect in making other financial choices. (Afriani & Yanti, 2021) give an explanation for financial literacy is a person's capacity to manage price range by using using their economic sources to make decisions for you to manage price range properly. According to (Widayati, 2021), financial literacy takes place while a person has a set of abilties and competencies that allow a person to make use of existing sources to obtain anticipated goals.

financial literacy may be perceived in another way for everyone, as proven by means of the various meanings located inside the literature. numerous standards point out that it includes an capability to be privy to economics conditions and situations that have an impact on household selections. For others, it makes a speciality of the fundamentals of cash control: budgeting, saving, investing, and insurance. some expressions are used interchangeably throughout the board. in this regard, there are some other definitions for monetary literacy (Kartawinata, et al., 2021).

From some above definitions, financial literacy is a measuring ability of individual understanding the finances by an object, use, and benefits that can be used for both personal and collective interests.

Financial inclusion is a branch of the efforts made in order to increase the access of the public, especially the unbanked, to the formal monetary supply machine by minimizing various restrictions that will hinder their access (Ritonga, et al., 2021). According to Otoritas Jasa Keuangan (2020), Financial inclusion is the channel openness to financial institutions, products, and services that align with social needs and financial capacity to achieve prosperity. Mean while, (Sanderson, et al., 2018) explain, access to public financial product services through knowledge, availability, and use of products and services

According to Mien, et al. (2015), explain that financial attitude is one's pattern in shaping, saving, collecting, and spending money. Financial attitude can be interpreted with tendency delivered in the financial control evaluation outcomes. It can determine one's attitude towards their finance. According to (Halim & Setyawan., 2021) study financial attitudes can change a person's moral, cultural and personal view of financial decisions and products, in terms of opinions, judgments, and thoughts about finance.

Financial behavior is a method in solving problems through various perspectives with fundamentals of the study method and decision making, referring to several disciplines, such as accounting and economical behavioral psychology (Baker, et al., 2017). give an explanation for financial behaviour is how people behave in a economic dedication, specially studying how psychology affects financial, company and financial marketplace selections (Yuesti, et al., 2020). According to (Sang, 2021) Behavioral finance is the attitude and action of individuals to do something related to their price range.

The Business Administration Undergraduate Study Program aims to educate students in the Financial Planning subject, including study variables. It is the knowledge to handle financial problems due to Covid-19. The results of previous studies regarding financial literacy of Telkom University students published by Ikhsan revealed a good level of 76.97% (Ikhsan, 2020). It shows financial literacy improvement. Aliah & Krisnawati (2018) asserted that a low financial literacy level is under 60%. This improvement directly shows knowledge development; however, there is a gap in real life. Therefore, it triggers a gap between the theory and reality. Hence, the researchers are interested in analyzing the financial behavior of Telkom University students, primarily in the Business Administration Study Program as the study object.

METHOD

Based on the theoretical review, (Nhan, 2020) use of a principle (or theories) in a have a look at that simultaneously conveys the private values of the researcher's and presents an articulated signpost or lens for the way the observe will method new understanding. The framework of researchers can be presented as follows:

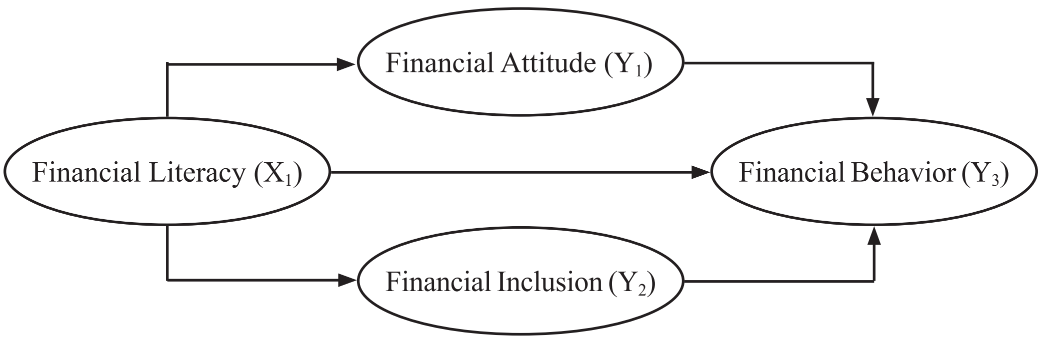

Figure 1. Framework

The hypotheses concluded from the framework are as follow: ($H1_1$) Financial Literacy (X) significantly affects Financial Attitude (Y_1); ($H1_2$) Financial Literacy (X) significantly affects Financial Inclusion (Y_2); ($H1_3$) Financial Literacy (X) significantly affects Financial Behavior (Y_3); ($H1_4$) Financial Attitude (Y_1) significantly affects Financial Behavior (Y_3); ($H1_5$) Financial Inclusion (Y_2) significantly affects Financial Behavior (Y_3); ($H1_6$) Financial Attitude (Y_1) mediates the effect of Financial Literacy (X) on Financial Behavior (Y_3); ($H1_7$) Financial Inclusion (Y_2) mediates the effect of Financial Literacy (X) on Financial Behavior (Y_3).

The researchers employed a descriptive replicative study method through a quantitative approach. According to Sugiyono (2017), a quantitative study uses quantitative analysis of the population and sample size according to the criteria to test a predetermined hypothesis and having a positivism philosophy nature. However, (Apuke, 2017) defines that quantitative research requires statistical analysis by reducing phenomena to numerical values. (Patel & Patel, 2019) concluded that measuring phenomena in quantity is the focus of quantitative research.

Sugiyono (2017:11) argued that a descriptive study is a data analysis instrument that explains data processing results specifically. therefore, (Nassaji, 2015) define phenomena through characteristics naturally without experimentation. Meanwhile, according to Sugiyono (2017), a verificative study method is a form of hypothesis testing determined on samples in a population in a study.

Through these methods, the researchers described the formulation of problems, i.e., the effect of financial literacy, financial attitude, and financial inclusion on students' financial behavior, aiming to test a financial literacy argument of Telkom University students with reality during the Covid-19 pandemic.

The researchers enrolled students of the Business Administration Undergraduate Study of Telkom University, amounting to 1.664 active students in classes of 2017-2020 as the study population. The study samples were a part of the Business Administration Undergraduate Study of Telkom University students. The researchers utilized a purposive non-probability sampling technique to determine the sample size, obtaining 100 students. Data were screened using questionnaire distribution and processed using the path analysis method. Riduwan & Kuncoro (2017) Stated that path analysis is an analysis form of direct and indirect effects of independent and dependent variables. (Pristiyono, et al., 2019) Path analysis techniques are used to investigate causal relationships inherent in variables. (Rahmah, et al., 2021) path analysis is used to assess whether the unbiased variable is related to the structured variable without delay or indirectly.

In this case, the researchers utilized path analysis to discover the causality concept to explain direct and indirect effects between independent and dependent variables using the SmartPLS application.

RESULTS

The path analysis in this study consists of two process series: an outer model for validity and reliability tests and an inner model to discover the predictive relevance value and test hypotheses.

The outer model was started by calculating convergent. The eligibility criteria are observed from the model calculation on a reflective indicator by AVE > 0,5 (Ghozali, 2014).

Table 1. Convergent Validity

Variable	Value	Note
Financial Literacy (X)	0.651	Valid
Financial Attitude (Y_1)	0.772	Valid
Financial Inclusion (Y_2)	0.658	Valid
Financial Behavior (Y_3)	0.662	Valid

Discriminant validity test is defined from the comparison of value in all constructs. A good discriminant validity value is produced if the calculation results in all constructs exceed the correlation value on other constructs in a model (Ghozali, 2014).

Table 2. Discriminant Validity

Variable	Financial Inclusion	Financial Literacy	Financial Behavior	Financial Attitude
Financial Inclusion (Y_2)	0.811			
Financial Literacy (X)	0.595	0.807		
Financial Behavior (Y_3)	0.754	0.736	0.814	
Financial Attitude (Y_1)	0.601	0.516	0.632	0.879

In the calculation method at SmartPLS, the reliability test was performed by two methods, i.e., composite reliability value > 0.70 and Cronbach's alpha > 0.60 (Ghozali, 2014).

Table 3. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Description
Financial Inclusion (Y_2)	0.871	0.906	Reliable
Financial Literacy (X)	0.824	0.882	Reliable
Financial Behavior (Y_3)	0.829	0.887	Reliable
Financial Attitude (Y_1)	0.713	0.871	Reliable

It is discovered that the convergent validity in Table 1 has exceeded the requirement, i.e., > 0.5. Meanwhile, for the discriminant validity in Table 2, the values in all constructs exceed the correlation values among constructs. Table 3 presents Cronbach's alpha and composite reliability values exceeding the requirement, i.e., over 0.7. These three tables conclude that the study tests are valid and reliable.

SmartPLS was employed in the inner model using various methods in the calculation process. There were three methods applied by the researchers. In examining the variance level of exogenous variables on endogenous variables, the R-square test was utilized, where value defines good strength of the study prediction model. The classification of values R^2 are good strength if ≥ 0,67, moderate strength if ≥ 0,33, and poor strength if ≤ 0,19 (Haryono, 2017).

Table 4. R-Square

Variable	R^2	Description
Financial Attitude (Y_1)	0.267	Weak
Financial Inclusion (Y_2)	0.354	Moderate
Financial Behavior (Y_3)	0.716	Good

The three R^2 values show the predictive strength of each dependent variable on the proposed study model. Financial literacy affected financial attitude by 26.7% and 35.4% on financial inclusion. Meanwhile, financial behavior was simultaneously affected by three variables, i.e., potential literacy, financial attitude, and financial inclusion by 71.6%.

The study was evaluated by Q – square to measure the model observation value and its scale. The model determination has a predictive relevance value if it exceeds 0 (zero) (Ghozali, 2014). The calculation process generated $Q^2 = 0.87$, i.e., > 0. Therefore, it demonstrates that the processed data have a predictive relevance value.

Subsequently, the researchers conducted hypothesis testing to discover the effect and significance among constructs with requirements of path coefficient (p-value) ≤ 0,05 and T – Statistic > 1.96 for two-tailed hypotheses and > 1.64 for one-tailed hypotheses with (α) of 5% (Haryono, 2017).

Table 5. Hypothesis Test

Hypothesis	Path	P - Values	T - Statistic	T - Table	Description
$H1_1$	FL - FA	0	6.041		Accepted
$H1_2$	FL - FI	0	8.796		Accepted
$H1_3$	FL - FB	0	5.66		Accepted
$H1_4$	FA - FB	0.071	1.81	1,96	Rejected
$H1_5$	FI - FB	0	4.206		Accepted
$H1_6$	FL - FA - FB	0.081	1.749		Rejected
$H1_7$	FL - FI - FB	0	3.595		Accepted

DISCUSSION

The hypothesis testing results describe that financial literacy significantly affected financial inclusion and financial behavior. Financial inclusion affected and mediated the effect of financial literacy on financial behavior, while financial attitude did not significantly affect financial behavior nor mediated the effect of financial literacy on financial behavior.

Through this data, the researchers interpret the demonstration phenomenon of Telkom University students regarding the education cost policy. Although precedent studies revealed good financial literacy of students, such a phenomenon occurred due to their financial attitude that affects daily financial behavior. Inappropriate money use according to needs triggered the demonstration in Telkom University.

CONCLUSIONS

The study describes that potential literacy significantly affected students' financial attitude, financial inclusion, and financial behavior. Meanwhile, financial inclusion affected and mediated the effect on financial behavior. However, financial attitude did not mediate nor affect financial behavior. Therefore, the researchers can understand the demonstration phenomenon against tuition fees since students inappropriately spend, save, collect, and use money according to their needs despite having good financial literacy.

The researchers highly recommend that students observe good financial conditions to have comprehensive financial planning. Your money is your choice; however, your life is not only yours. The university is recommended to assist students actually or use other learning mechanisms to improve the conditions from financial attitude.

REFERENCES

Afriani, S. & Yanti, R. T., 2021. The Effect Of Financial Literacy On Student Financial Behavior (Case Study of Students of Economic Faculty). International Journal of Economics, Business and Accounting Research (IJEBAR), 4(4), pp. 1227-1236.

Aliah, S. & Krisnawati, A., 2018. Analisis Perbedaan Tingkat Literasi Keuangan dan Perilaku Keuangan Mahasiswa di Universitas Telkom. Jurnal Mitra Manajemen (JMM Online), 3(1), pp. 109 - 120.

Apuke, O. D., 2017. Quantitative Research Methods : A Synopsis Approach. Kuwait Chapter of Arabian Journal of Business and Management , 6(11), pp. 40-47.

Baker, et al., 2017. Financial Behavior: Players, Services, Products and Markets. s.l.:Oxford University.

Ghozali, I., 2014. Structural Equation Modeling: Metode Alternatif dengan Partial Least Square (PLS). Edisi 4. Semarang: Badan Penerbit Universitas Diponegoro.

Halim, M. A. & Setyawan., I. R., 2021. Determinant Factors of Financial Management Behavior Among People in Jakarta During COVID-19 Pandemic.. International Conference on Economics, Business, Social, and Humanities, Volume 570, pp. 131-136.

Haryono, 2017. Metode SEM untuk Penelitian Manajemen AMOS LISREL 8.8 PLS. Jakarta Timur: Luxima Metro Media.

Ikhsan & Wardhana, A., 2020. Application, The Influence Of Telkom University Student Financial Literacy On Investment Decision On Peer To Peer Lending. e-Proceeding of Management, 7(2), p. 3948.

Kartawinata, B. R. et al., 2021. The role of financial self-efficacy: mediating effects of financial literacy & financial inclusion of students in West Java, Indonesia. Journal of Management Information and Decision Sciences, 24(7), pp. 1-9.

Margaretha, F. & Prambudhi, R. A., 2015. Tingkat Literasi Keuangan Pada Mahasiswa S-1 Fakultas Ekonomi, Jurnal Manajemen dan Kewirausahaan. Journal of Management and Entrepreneurship, 17(1), pp. 76-85.

Mien, Ngoc, N. T., Thao & Phuong, T., 2015. Factors Affecting Personal Financial Management Behaviors: Evidence from Vietnam.. s.l., Proceedings of the Second Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences.

Nassaji, H., 2015. Qualitative and descriptive research: Data type versus data analysis. Language Teaching Research, 19(2), pp. 129-132.

Nhan, N. T., 2020. The role of theoretical framework and methods in Research. Hanoi, Foreign Trade University.

Otoritas Jasa Keuangan, 2017. Literasi Penting untuk Meningkatkan Kemampuan Pengelolaan Keuangan Individu. In: O. J. Keuangan, ed. Strategi Nasional Literasi Keuangan Indonesia. Jakarta: Otoritas Jasa Keuangan, p. 15.

Otoritas Jasa Keuangan, 2020. Persentase Literasi dan Inklusi Keuangan, Jakarta: Otoritas Jasa Keuangan.

Patel, M. & Patel, N., 2019. Exploring Research Methodology: Review Article. International Journal of Research & Review, 6(3), pp. 48-55.
Pristiyono, et al., 2019 . Path Analysis Of Work Intervening Variables. International Journal Of Scientific & Technology Research, 8(8), pp. 1134-1136.
Putsanra, D. V., 2020. tirto. [Online] Available at: https://tirto.id/arti-resesi-ekonomi-penyebab-dampak-ciri-negara-yang-mengalami-f2ww [Accessed 28 February 2020].
Rahmah, et al., 2021. Does Learning Interest Mediate Computer Self-Efficacy Nd Internet Use On Learning Achievement? (Accounting Class Student Overview). International Journal of Economics, Business and Accounting Research (IJEBAR), 5(2), pp. 469-484.
Rassanjani, S. et al., 2021. Impact of COVID-19 on Economic Activities and Poverty Threats in the Asia-Pacific Region. Policy & Governance Review, 5(1), pp. 82-96.
Riduwan & Kuncoro, E. A., 2017. Cara Menggunakan Dan Memakai Analisis Jalur (Path Analysis). Bandung: Alfabeta.
Ritonga, M. et al., 2021. The Influence of Financial Literacy, Financial Inclusion and Consumptive Behavior on Student Interests in Management Department, Faculty of Economics and Business, Labuhanbatu University in Using Financial Institution Products and Services.. Budapest International Research and Critics Institute-Journal , 4(3), pp. 4005-4013.
Sanderson, A., Mutandwa, L. & Le Roux, P., 2018. A review of determinants of financial inclusion. International Journal of Economics and Financial Issues, 8(3), pp. 1-8.
Sang, N. M., 2021. Financial well-being of Vietnamese students. Investment Management and Financial Innovations, 18(4), pp. 355-365.
Sugiyono, 2017. Statistika untuk Penelitian. Bandung: Afabeta.
Suryanto, 2017. Pola Perilaku Keuangan Mahasiswa di Perguruan Tinggi. Jurnal Ilmu Politik dan Komunikasi, 7(2), pp. 11-19.
Widayati, 2021. Faktor- Faktor yang Mempengaruhi Literasi Financial Mahasiswa Fakultas Ekonomi dan Bisnis Universitas Brawijaya. Acta Crystallographica Section E: Structure Reports Online, 1(1), p. 89–99.
Yogasnumurti, R. R., Sadalia, I. & Irawati, N., 2019. The Effect of Financial, Attitude, and Financial Knowledge on the Personal Finance Management of College Collage Students.. Economics and Business International Conference, pp. 649-657.
Yuesti, A., Rustiarini, N. W. & Suryandar, N. N. A., 2020. Financial Literacy In The Covid-19 Pandemic: Pressure Conditions In Indonesia. Entrepreneurship And Sustainability, 8(1), pp. 884-898.