THE EFFECT OF FINANCIAL KNOWLEDGE AND FINANCIAL ATTITUDE ON FINANCIAL MANAGEMENT BEHAVIOR OF STUDENTS IN SURABAYA

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ABSTRACT

This study aims to determine the effect of financial knowledge and financial attitude on financial management behavior students in Surabaya. The population of this study were students in Surabaya and sample in this study were active students studying in Surabaya. The sample used in this study amounted to 100 students. Sources of data in this study through the distribution of online questionnaires via google form. The data analysis method uses Partial Least Square (PLS) analysis. The results indicate that financial knowledge and financial attitude have a positive effect on financial management behavior.

Keywords: *financial knowledge, financial attitude, financial management behavior.*

1. INTRODUCTION

The number of shopping centers in the city of Surabaya makes the people of Surabaya have a consumptive lifestyle and pay less attention to their financial management. Not only that, rapid technological advances make people have other choices for shopping, namely online, especially during the Covid-19 pandemic like this. In 2017, Surabaya became the city with the highest percentage of online shopping at 71 percent (Yuliastuti, 2017). From the survey conducted, there were 12 million new e-commerce users during almost 9 months of Covid-19 and at least 40 percent of users made online shopping a habit (Noorca, 2020).

Shopping centers have become lifestyle icons of students, so students who previously did not like traveling to malls are now more seen gathering in malls (Novitasani & Handoyo, 2014). Compulsive buying has also occurred in the younger generation, especially among students (Piero et al., 2018). Compulsive buying itself is a buying behavior characterized by excessive consumption (Han, 2020). Not only that, with rapid technological advances, students who

generally travel to malls to look for goods now only use social networks to make it easier to find and transact (Octaviani & Sudrajat, 2016).

Good financial management and management is known as financial management behavior. Financial management behavior is the set of activities related to a person's financial responsibilities for how to manage their finances (Ida & Dwinta, 2010). Effective financial management behavior must positively improve financial well-being and failure to manage personal finances can lead to long-term consequences (Joo, 2008).

Financial management is one of the important things to be applied in everyday life. To manage finances well requires sufficient knowledge of basic financial management, investment concepts, bank interest rates, and balance sheets (Mien & Thao, 2015). Financial knowledge is defined as knowledge and the ability to overcome financial challenges and decisions in everyday life (Sohn et al., 2012). This is the basis that everyone needs to manage their finances.

In addition to financial knowledge, financial attitude also affects a person's financial management behavior. Financial attitude is a state of mind, opinion and judgment about finance (Pankow, 2003). A person's financial attitude refers to his attitude in terms of saving, keeping a record of expenses, planning finances when there is no income, and planning for the future (Mien & Thao, 2015). A person's financial attitude will help individuals determine financial attitudes and behave in financial matters, both in terms of financial management, personal financial budgeting, or investment decisions that will be taken.

Based on the results of the study, there are still differences in the factors that influence financial management behavior. Research conducted by Adiputra & Patricia (2020) states that financial knowledge has a significant effect on financial management behavior. This research is also supported by research by Yusnia & Jubaedah (2017) which states that financial knowledge has a significant effect on financial management behavior. Meanwhile, Kholilah & Iramani (2013) stated that financial knowledge has no significant effect on financial management behavior. Based on research by Adiputra & Patricia (2020) it is stated that financial attitude has a significant effect on financial management behavior. On the other hand, Rizkiawati & Asandimitra (2018) found that financial attitude had no significant effect on financial management behavior.

Based on the above background, the formulation of the problem from this research is:
1. Does financial knowledge affect the financial management behavior of students in Surabaya?
2. Does financial attitude affect the financial management behavior of students in Surabaya?

2. Literature Review and Hypothesis Development

Financial Management Behavior

Financial management behavior is a person's ability to plan, budget, manage, control, find, and store the financial set they have (Rizkiawati & Asandimitra, 2018). Someone with good financial management behavior tends to get used to preparing financial planning, carrying out plans by controlling themselves, evaluating initial planning actions that are not by conditions that have occurred, and carrying out repairs to financial problems, and always monitoring the condition of improving financial problems (Humaidi et al., 2020). A person's financial management behavior can also be measured based on 3 things, namely consumption, cash flow management, savings and investment (Dew & Xiao, 2011).

Financial Knowledge

Financial knowledge is the formation of financial management behavior which consists of financial education and financial experience that can improve financial knowledge skills so that financial decision making becomes more effective (Adiputra & Patricia, 2020). Someone who already has a high level of financial knowledge will be better at making financial decisions, able to use their money wisely and use it according to their needs. The lower the financial knowledge possessed, the person tends not to know the risks of investing and cannot plan his finances properly. Financial knowledge can also be measured by knowing personal financial management, knowing how to invest, knowing bank interest rates, and understanding the balance sheet (Mien & Thao, 2015).

Financial Attitude

Financial attitude is the application of financial principles to create and maintain value through optimal decision making and management of the resources (Khairani & Alfarisi, 2019). Someone with a good financial attitude will be better able to manage finances and take financial actions such as investing or saving better and responsibly. With a bad financial attitude, someone will be unwise in responding to existing financial problems (Marsh, 2006). This will have an impact on financial problems now and in the future. Financial attitude can also be measured by starting and getting used to saving, having written expenditure records and budgets, planning funds when there is no income, and planning for the future (Mien & Thao, 2015).

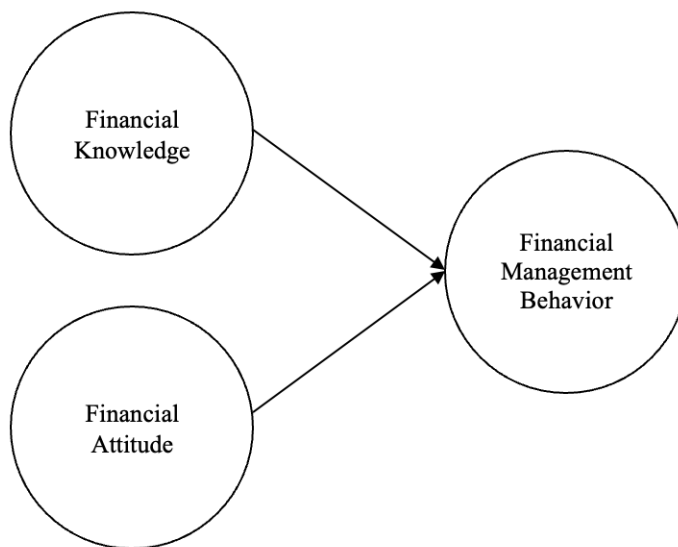The research model in this research is as follows:

Figure 1. Framework

Based on the theoretical basis and supporting theory above, the hypothesis of this study is as follows:

H1: Financial knowledge has a significant effect on financial management behavior.

H2: Financial attitude has a significant effect on financial management behavior.

3. Research Methodology

This study uses an associative approach that aims to explain the influence between two or more variables. The type of research in this research is quantitative research. The population in this study was Surabaya students, which was 272,846 (Badan Pusat Statistik, 2019). The sampling method in this study was purposive, which means that the selection of respondents was based on several criteria set by the researcher (Sekaran & Bougie, 2016). The sample criteria of this study are students studying in Surabaya and active study. The number of samples is calculated using the Slovin technique, because the population is known and the results are 100 respondents. In this study, the data source came from distributing questionnaires via online google forms to respondents who matched the specified sample criteria. The analysis technique in this study is to code the answers to each variable using a five-point Likert scale with 1 indicating "strongly disagree", 2 indicating "disagree", 3 indicating "quite agree", 4 indicating "agree", and 5 indicates "strongly agree". Each variable will be calculated using the average or mean calculation. The formula for calculating the average or mean is as follows:

$$\Sigma(\frac{number\ of\ respondents\ who\ chose\ x\ likert\ scale}{number\ of\ respondents}) \qquad (3.1)$$

After calculating the average value, the value classification is carried out using the calculation of the interval value. The formula for calculating the interval value is as follows:

$$RS = \frac{m-n}{b} = \frac{5-1}{2} = 2 \tag{3.2}$$

Information:

RS = scale range

m = maximum possible score

n   = minimum possible score

b   = number of desired categories

In this study, the categorization will be divided into 2 categories, namely high and low or good and bad.

Table 1. Category *Financial Management Behavior* and *Financial Attitude*

Interval	Category
1.00 – 3.00	Bad
>3.00 – 5.00	Good

Table 2. Category *Financial Knowledge*

Interval	Category
1.00 – 3.00	Low
>3.00 – 5.00	High

This study uses Partial Least Square (PLS) analysis which aims to test the predictive relationship between constructs by seeing whether there is a relationship or influence between these constructs (Haryono, 2016). There are two evaluation models used in PLS, namely the evaluation of the outer model and the evaluation of the inner (Haryono, 2016). Evaluation of the outer model is used to test the validity and reliability of the study. Evaluation of the outer model can be done through convergent validity, discriminant validity and composite validity. In convergent validity, see the standardized loading factor value which shows the magnitude of the correlation of each indicator with its construct, it is said to be valid if the loading factor value is ≥ 0.5 (Haryono, 2016). In discriminant validity, see the value of the Average Variance Extracted (AVE) where the AVE value must be ≥ 0.5 (Haryono, 2016). In composite validity, it is said to be reliable if the composite validity value obtained is ≥ 0.7 (Haryono, 2016). Furthermore, the evaluation of the inner model is to evaluate the value of R^2 to see whether the effect of the exogenous latent variable on the endogenous latent variable has a substantive effect. The greater the value of R^2, the greater the influence of the independent variable on the dependent variable.

Testing this hypothesis is based on the value of t-statistics, where the effect is declared significant if the value of t-statistics is ≥ 1.96. The hypotheses of this research are:

1. H_0: $\beta_1 = 0$, meaning that financial knowledge has no significant effect on financial management behavior.
   H_1: $\beta_1 \neq 0$, meaning that financial knowledge has a significant effect on financial management behavior.
   Decision criteria:
   a. If the t-value ≥ 1.96, then reject H_0, financial knowledge has a significant effect on financial management behavior.
   b. If the t-value < 1.96, then fail to reject H_0, financial knowledge has no significant effect on financial management behavior.
2. H_0: $\beta_2 = 0$, meaning that financial attitude has no significant effect on financial management behavior.
   H_1: $\beta_2 \neq 0$, meaning that financial attitude has a significant effect on financial management behavior.
   Decision criteria:
   c. If the t-value ≥ 1.96, then reject H_0, financial attitude has a significant effect on financial management behavior.
   d. If the t-value < 1.96, then fail to reject H_0, financial attitude has no significant effect on financial management behavior.

4. Result And Discussions

Respondents in this study were active students in Surabaya. Researchers have distributed online questionnaires using google form which consists of 2 independent variables and 1 dependent variable. There were 100 students became respondents in this study.

Partial Least Square Analysis
Outer Model Evaluation
 a. **Convergent Validity**
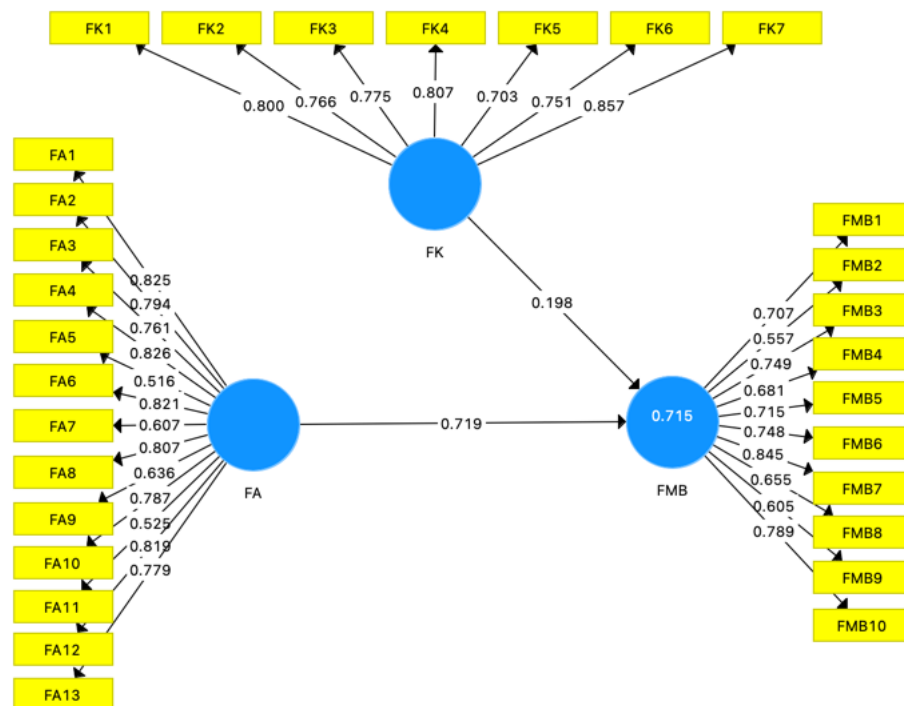
Figure 2. Path Analysis

Table 3. Outer Model

Indicators	Variable		
	FMB	**FK**	**FA**
FMB 1	0.707		
FMB 2	0.557		
FMB 3	0.749		
FMB 4	0.681		
FMB 5	0.715		
FMB 6	0.748		
FMB 7	0.845		
FMB 8	0.655		
FMB 9	0.605		
FMB 10	0.789		

FK 1		0.800	
FK 2		0.766	
FK 3		0.775	
FK 4		0.807	
FK 5		0.703	
FK 6		0.751	
FK 7		0.857	
FA 1			0.825
FA 2			0.794
FA 3			0.761
FA 4			0.826
FA 5			0.516
FA 6			0.821
FA 7			0.607
FA 8			0.807
FA 9			0.636
FA 10			0.787
FA 11			0.525
FA 12			0.819
FA 13			0.779

Based on the figure and table above, it is known that the outer loading value of each indicator on the research variable is greater than 0.5, so that these indicators have met the convergent validity requirements.

b. Discriminant Validity

Table 4. Discriminant Validity Test

Indicators	Variable

	FMB	FK	FA
FMB 1	0.707	0.423	0.650
FMB 2	0.557	0.431	0.513
FMB 3	0.749	0.508	0.693
FMB 4	0.681	0.314	0.447
FMB 5	0.715	0.373	0.504
FMB 6	0.748	0.436	0.602
FMB 7	0.845	0.417	0.746
FMB 8	0.655	0.352	0.467
FMB 9	0.605	0.458	0.501
FMB 10	0.789	0.507	0.647
FK 1	0.777	0.800	0.571
FK 2	0.709	0.766	0.536
FK 3	0.679	0.755	0.365
FK 4	0.689	0.807	0.396
FK 5	0.684	0.703	0.312
FK 6	0.702	0.751	0.506
FK 7	0.768	0.857	0.482
FA 1	0.722	0.551	0.825
FA 2	0.657	0.455	0.794
FA 3	0.594	0.363	0.761
FA 4	0.688	0.457	0.826
FA 5	0.363	0.316	0.516
FA 6	0.682	0.372	0.821
FA 7	0.474	0.396	0.607
FA 8	0.698	0.470	0.807
FA 9	0.491	0.359	0.636

FA 10	0.670	0.442	0.787
FA 11	0.411	0.337	0.525
FA 12	0.699	0.423	0.819
FA 13	0.666	0.411	0.779

Based on the table above, it is known that the cross loading value of each indicator that composes each variable has the largest value when compared to other variables. This shows that each variable in this study has met the requirements of discriminant validity.

Table 5. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
FMB	0.504
FK	0.610
FA	0.547

Based on the table above, it is known that the AVE value of each variable is greater than 0.5 which indicates that each variable in this study has met the requirements of discriminant validity.

c. **Reliability Test**

Table 6. Composite Reliability

Variable	Composite Reliability
FMB	0.909
FK	0.916
FA	0.939

Based on the table above, it is known that the composite reliability value of each variable is greater than 0.7 which indicates that each variable in this study has met the reliability test requirements well.

Inner Model Evaluation

Table 7. R-Square

	R Square	**R Square Adjusted**
FMB	0.715	0.709

Based on the table above, it is known that the R-Square value of the financial management behavior variable is 0.715 which indicates that financial knowledge and financial attitude can affect 71.5% of the financial management behavior of students in this study.

Hypothesis Testing

Testing this hypothesis is based on the value of t-statistics, where the effect is declared significant if the value of t-statistics $\geq$ 1.96. If the t-value $\geq$ 1.96, then reject H0. If the t-value < 1.96, then accept H0.

Table 8. Hypothesis Testing

	Original Sample	**T Statistics**	**P Values**	**Note**
FK --> FMB	0.198	2.046	0.041	Accepted
FA --> FMB	0.719	8.457	0.000	Accepted

H_1: Financial knowledge has a significant effect on financial management behavior.

Based on the table above, it can be seen that financial knowledge influences the financial management behavior of students in Surabaya. This is indicated by the t-statistic value above 1.96, which is 2.046 and the p-value below 0.05, which is 0.041, which means rejecting H0. Financial knowledge also has a positive influence on the financial management behavior of students in Surabaya, as indicated by the original sample value of 0.198. These existing results support the first hypothesis of the study.

H_2: Financial attitude has a significant effect on financial management behavior.

Based on the table above, it can be seen that financial attitude influences the financial management behavior of students in Surabaya. This is indicated by the t-statistic value above 1.96, which is 8.457 and the p-value below 0.05, which is 0.000, which means rejecting H0. Financial attitude also has a positive influence on the financial management behavior of students in Surabaya, as indicated by the original sample value of 0.719. These existing results support the second hypothesis of the study.

Discussion

The results showed that financial knowledge had a significant positive effect on financial management behavior. A person's financial knowledge can be seen from their knowledge related to personal financial management, investment and bank interest rates. Based on the results of the analysis of respondents' answers, it shows that the financial knowledge possessed by students is high. The results of respondents' answers indicate that the highest average result is in the statement "I know the benefits of preparing a budget plan" which means that the majority of student respondents in Surabaya already have good knowledge about the benefits of preparing a budget plan. Meanwhile, the respondent's answer with the lowest average result is in the statement "I know the interest rate applied by the bank on a loan to a bank or financial institution" which means that some student respondents lack knowledge about the interest rate applied by the bank. This shows that financial knowledge will affect the financial behavior of students and the higher the financial knowledge possessed by students, the better their financial management behavior will be. Someone with a high level of financial knowledge will be better at making financial decisions. This will enlarge a person's financial behavior to be more responsible and have better financial control in the future (Alexander & Pamungkas, 2019). High financial knowledge will also help someone in making financial planning correctly. The results of this study are supported by research Adiputra & Patricia (2020) which states that financial knowledge has a significant influence on financial management behavior. Not only that, research conducted by Yusnia & Jubaedah (2017) also states that financial knowledge has a significant positive effect on financial management behavior.

The results showed that financial attitude had a significant positive effect on financial management behavior. A person's financial attitude can be seen from their attitude regarding saving, having written records of expenses and budgets, planning finances when there is no income, and planning for the future. Based on the results of the analysis of respondents' answers, it shows that the financial attitude of students is quite high. The results of respondents' answers indicate that the highest average result is in the statement "every individual is responsible for his financial life" which means that the majority of respondents have a good attitude about the responsibility of their own financial life. Meanwhile, the results of the respondents' answers with the lowest average results were in the statement "financial planning becomes important if I also think about future expenditure items" which means that some student respondents do not agree to

think about future expenditure items. This shows that the financial attitude will affect the financial behavior of students and the better the financial attitude of students, the better their financial management behavior will be. Someone with a good financial attitude will be better able to manage finances and take financial actions such as investing or saving better and responsibly. A person with a good financial attitude will also be able to face financial problems now and in the future. The results of this study are supported by research Adiputra & Patricia (2020) which states that financial attitude has a positive effect on financial management behavior.

5. Conclusion

Based on the results of the research and discussions that have been done, it can be concluded that:

1. Financial knowledge has a positive effect on the financial management behavior of students in Surabaya.
2. Financial attitude has a positive effect on financial management behavior of students in Surabaya

Limitation and study forward

The limitation of this study is that the number of samples used by the researcher is limited so that it cannot describe the actual situation, so that further researchers can increase the number of respondents so that the study can show the actual situation and increase the accuracy of the data. Further researchers can also add other variables such as demographic factors, income or other variables that can affect financial management behavior variables. In addition, it can also expand the object of this research to students in East Java.

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