International Journal of Research and Review
[Indexed, Peer Reviewed Journal]
Volume 12; Issue: 1; January 2025
Website: www.ijrrjournal.com
E-ISSN: 2349-9788; P-ISSN: 2454-2237

Research Paper

The Effect of Financial Knowledge and Self-Efficacy on Students' Financial Management Behavior in Indonesia

Sabrin[1*], Omasrianto[2], Darmono[3], Muhammad Nur Afiat[4], La Aso[5]

[1,2]Department of Accounting Education, Halu Oleo University, Kendari, Indonesia
[3]Department of Financial Management, Universitas Muhammadiyah Berau, Indonesia
[4]Department of Development Economics, Halu Oleo University, Kendari, Indonesia
[5]English Literature Study Program, Faculty of Cultural Studies, Halu Oleo University, Kendari, Indonesia

*Corresponding Author: Sabrin (sabrin.se.msi@gmail.com)

DOI: https://doi.org/10.52403/ijrr.20250144

ABSTRACT

This study is aimed at analyzing the effects of both financial knowledge and financial self-efficacy on simultaneously and partially financial management behavior. The research was conducted at the Halu Oleo University and focused on students taking Financial Management course. Data collection techniques used questionnaires and the number of samples was 71 out of the total population of 220. Non-probability sampling with purposive sampling technique was involved. The data analysis techniques included descriptive analysis, classical assumption test and multiple linear regression analysis. The results show that both simultaneously and partially financial knowledge and self-efficacy have a positive and significant effects on the students' financial management behaviors. The simultaneous effect was indicated by F value of 52.423 which showing positive value with a Sig value of 0,000 < 0,05. Meanwhile, the partial effect by the t value pointed to X1 of 2.585, indicating a positive value with a Sig value of 0.012 < 0,05. The Adjusted R Square value of 59.5% shows the contribution of the influence of financial knowledge and self-efficacy on financial management behavior and the remaining 40.5% was influenced by other variables not included in this study.

Keywords: Financial knowledge, financial self-efficacy, financial management behavior

INTRODUCTION

As one of developing countries in the world Indonesia achieves a high economic growth which can be indicators for people getting financially successful. Financial success is not always about what we know about finance, but how we behave towards finance. Healthy financial behavior can be obtained by proper planning, management and control of every financial activity. Financial intelligence is needed amidst the increasing consumptive culture in Indonesian society.

Per-capita expenditure according to non-food commodity groups as of March 2023 shows that the percentage of expenditure for shopping for goods, clothing and parties has increased by 9.35% compared to March last year.[1] Thus, majority of Indonesians have a tendency to consumptive behavior. The Lending Fintech Statistics in December 2022 showed that 62% of shared funding fintech accounts were owned by customers aged between 19-34 years.[2] Not far from this figure, 60% of loans from shared funding fintech are also channeled to customers aged between 19-34 years. All this means that users of shared funding fintech are dominated by the Gen Z and Millennials. Therefore, it is not surprising that Gen Z and Millennials are considered to tend to be consumptive.

The profile of Gen Z and Millennials as productive age groups can be measured that they work and have incomes, and can shop for their daily needs. Since they are not capable of managing finances, they tend to become consumptive. Among generation Z and millennials who are currently the center of attention in financial behavior are students who are usually in a state where they face financial independence and start making decisions. Basically, they are the next generation in this country. Hence, character building and development in financial planning and management are required. The results of a national survey by the OJK conducted in 2016 showed that the level of financial knowledge of students and college students was still low, and the survey results showed that only 23.4% of students or college students had good financial knowledge or well literate or lower than the national literacy level.[3]

Financial management practices in students receive serious attention from various organizations, such as the government, financial institutions, universities, and so on. University students are at a very important time in their lives where they face financial independence and start making responsible decisions.[4] However, in reality, students often enter the world of lectures without having responsibility for the source and careful management of their finances. Students, in general, have not been able to control every expenditure they make, and always follow their ego in making financial decisions. Although not as a whole, but almost most students experience this.

The phenomenon found by researchers shows that some students, when asked whether they have financial planning, on average, state that they do not have financial planning. It is very rare to find about their budgets or their record of financial expenses. Let alone setting aside some money to save or invest, funds that should be able to meet their needs for the next month will run out faster if they are unable to manage them properly. Therefore, the paper tries to know the effect of financial knowledge and financial self-efficacy on college students' financial management behavior.

LITERATURE REVIEW

A. Financial Management Behavior

Financial management behavior refers to the ability of individuals to plan, monitor, manage, control, search for, and save their daily financial funds.[5] Financial management behavior is the impact of a person's desire to meet his life needs according to his income level. This behavior is related to a person's financial responsibility regarding how to manage finances. Responsibility in terms of finance is the process of managing finances and of mastering the productive use of financial assets and other assets. Good financial behavior can be seen from healthy financial management planning and control activities. There are four important indicators to measure financial management behavior.[4]

1. Consumption

Consumption refers to spending by households on various goods and services. A person's financial management behavior can be seen from how he conducts his consumption activities, such as what a person buys and why he buys it.

2. Cash-flow Management

Cash flow becomes the main indicator of financial health, which is a measure of a person's ability to pay all the costs he has, while, good cash flow management is a balancing act, cash input and expenditure. Such a management can be measured by whether a person pays bills on time, pays attention to records or proof of payment and makes financial budgets and future planning.

3. Savings and investment.
Savings can be defined as the portion of income that is not consumed in a given period. Since one does not know what will happen in the future, money must be saved to pay for unexpected events. Investment is allocating or investing resources today with the aim of getting benefits in the future.
4. Debt management (credit management)
Debt management is a person's ability to utilize debt so as not to make you experience bankruptcy or in other words; the use of debt is to improve welfare.

B. Financial Knowledge
Financial knowledge is a fundamental understanding of financial ideas and procedures, as well as the ability to apply knowledge as a tool to solve a financial problem.[6] Such knowledge is inseparable in a person's life because it is a useful tool for someone to make financial decisions.[7] Financial knowledge is the knowledge to manage finances in making financial decisions and has four aspects.[4]
1. General knowledge of personal finance
A person's ability to manage personal financial assets might include his understanding of some of the most basic things in the financial system such as the role and benefits of financial knowledge in life. By applying the right way to manage finances, he will be able to utilize the money they have to achieve their goals.
2. Savings and loans
Savings are a person's ability to set aside income for future needs and by setting aside income for savings, a person will avoid financial problems. Meanwhile, loans are defined as goods or services which is the obligation of one party to be paid to another party in accordance with a written or oral agreement, which is stated or applied and must be paid back within a certain period of time.
3. Investment
Investment is an economic activity that places funds in an economic activity (producing goods and services) at this time, with the aim of getting greater results (profits) in the future. Several previous studies stated that the more someone knows and understands financial knowledge, the better they will invest.
4. Insurance
Insurance is an agreement between the insurer and the insured, which requires the insured to pay a premium to provide compensation for the risk of loss, damage, death, or loss of expected profits, which may be suffered due to an unexpected event.

C. Financial Self-Efficacy
Self-efficacy becomes part of the Social Cognitive Theory and it is defined as personal self-confidence in his ability to have an impact on his life. Self efficacy determines how a person feels, thinks, motivates themselves and behaves. For individuals who doubt their abilities they will avoid difficult tasks, will slow down their efforts and give up quickly when facing difficulties. They are slow in restoring confidence when failure comes until finally they become individuals who are easily stressed and depressed.[8] To measure someone' financial self-efficacy, six indicators can be used: i) ability to plan financial expenditure, ii) ability to achieve financial goals, iii) ability to make decisions when unexpected events arise, iv) ability to deal with financial challenges, v) confidence in financial management, and vi) confidence in future financial conditions.

MATERIALS & METHODS
This research was conducted at the Department of Accounting Education, Faculty of Teacher Training and Education, Halu Oleo University. The data collection technique in this study involved a questionnaire. The population included all students who took financial management courses and there were 220 of them in which the sample amounted to 71 ones selected by using purposive sampling technique. The data analysis techniques covered descriptive analysis, classical assumption test (including normality test, multicollinearity, heteroscedasticity,

linearity) and multiple linear regression test. Data analysis was carried out using the SPSS 23 software.

RESULT

1. Classical Assumption Test

A. Normality test

The normality test aims to determine whether the research data is normally distributed or not, because, in parametric statistics, normal data distribution is a must and is an absolute requirement that must be met. The test was carried out using the Shapiro-Wilk method with the basis for making decisions, as stated: if the significance value> 0.05, then the research data is normally distributed, and if the significance value <0.05, then the research data is not normally distributed.

Table 1. Normality Test

Normality Test						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
Unstandardized Residual	.090	71	.200*	.980	71	.326
a = Lilliefors Significance Correction						
* = a lower bound of the true significance						

Source: Output SPSS

Based on table 1, the results of the data normality test based on Shapiro-Wilk's significance value refers to 0.326> 0.05. So, the overall data obtained from 71 respondents was classified as normally distributed. As the basis for decision making in the Shapiro-Wilk's normality test above, it can be concluded that the research data is normally distributed and can be used in research.

B. Multicollinearity test

The multicollinearity test aims to test whether the regression model is correlated to the independent variables and good regression model should not contain multicollinearity. The test was done by comparing the tolerance value with the variance inflation factor (VIF). If the tolerance value> 0.10 and the VIF value < 10, then there is no multicollinearity problem between the variables. If the opposite occurs, then there is a multicollinearity problem.

Table 2. Multicollinearity Test

Variable	Tolerance Value	VIF Value
Financial Knowledge	0,678	1,475
Financial Self-Efficacy	0.678	1.475

Source: Output SPSS (the processed data, 2024)

Table 2 shows the financial knowledge variable obtaining a tolerance value of 0.678 with a variance inflation factor (VIF) value of 1.475; while, the financial self-efficacy variable obtained a tolerance value of 0.678 with a VIF value of 1.475. Based on this data, the two variables have a tolerance value> 0.10 and a VIF value < 10, so there are no symptoms of multicollinearity in the independent variables.

C. Heteroscedasticity test

In this heteroscedasticity test, this study used the park test with the basis for decision making if the significance value> 0.05; hence, the regression model does not have heteroscedasticity symptoms and if the significance value <0.05, then, the regression model has heteroscedasticity symptoms.

Table 3. Heteroscedasticity Test

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	8.214	2.935		2.799	.007
	X1	-.048	.079	-.083	-.599	551
	X2	-.132	.067	-.273	-1.963	.054
a = Dependent Variable: LN_RES						

Source: Output SPSS

Table 3 indicates the significance value for each independent variable, namely the financial knowledge variable of 0.551 and the financial self-efficacy variable of 0.054 or greater than 0.05, so, the regression model does not have heteroscedasticity symptoms because the significance value is> 0.05.

D. Linearity test

This test aims to determine whether two variables have a significant linear relationship or not. The decision making in this study is based on 'if the value of Deviation from Linearity Sig. > 0.05 then there is a significant linear relationship between the independent variable and the dependent variable.' Conversely, if the value of deviation from linearity is in the Sig. <0.05], then, there is no significant linear relationship between the independent and dependent variables.

Table 4. Linearity Test of Y and X1 Variable

ANOVA TABLE							
			Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Y * X1	Between Groups	(Combined)	992.234	14	70.874	2.646	.005
		Linearity	866.427	1	866.427	32.341	.000
		Deviation from Linearity	125.807	13	9.677	.361	.976
	Within Groups		1500.245	56	26.790		
	Total		2492.479	70			

Source: Output SPSS

Based on the table of linearity test results for financial management behavior variables and financial knowledge variables, the Deviation from Linearity Sig. value is 0.976> 0.05. So it can be concluded that there is a significant linear relationship between the financial knowledge variable (X1) and the financial management behavior variable (Y).

Based on the table of linearity test results (see Table 5) for the financial management behavior variable (Y) and the financial self-efficacy variable (X2), the deviation from linearity Sig. value is 0.981> 0.05, hence, there is a significant linear relationship between the variables of financial self-efficacy and of financial management behavior.

Table 5. Linearity Test of Y and X2 Variable

ANOVA TABLE							
			Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Y * X2	Between Groups	(Combined)	1538.248	18	85.458	4.657	.000
		Linearity	1415.548	1	1415.548	77.139	.000
		Deviation from Linearity	122.701	17	7.218	.393	.981
	Within Groups		954.231	52	18.351		
	Total		2492.479	70			

Source: Output SPSS

2. Multiple Linear Regression Analysis

Multiple linear regression analysis means a comprehensive description of the relationship between one variable to another. The regression analysis was used to measure the effect of independent variable on dependent one.

Table 6. Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.320	4.971		1.473	.145
	X1	.348	.135	.239	2.585	012
	X2	.763	.114	.618	6.690	.000
a = Dependent Variable: Y						

Source: Output SPSS

Table 5 indicates the coefficients value of the multiple linear regression equation which is formulated in the following:

Y= 7,320 + 0,348(X1) + 0,763(X2)

Description:

Y= Financial management behavior

X1 = Financial knowledge

X2= Financial self-efficacy.

The regression equation formula states in the (a) to (c) in the followings:

a. The constant value of 7.320 means that if the dependent variable financial management behavior (Y) is not influenced by the independent variables financial knowledge (X1) and financial self-efficacy (X2) = 0, then the average financial management behavior is 7.320.

b. The value of financial knowledge is 0.384, meaning that the regression coefficient for the financial knowledge variable is positive, indicating a unidirectional relationship between financial knowledge and financial management behavior. The financial knowledge regression coefficient is 0.384, meaning that every increase in financial knowledge will cause an increase in financial management behavior of 0.384.

c. The value of financial self-efficacy is 0.763, which means that the regression coefficient for the financial self-efficacy variable is positive, indicating a unidirectional relationship between financial self-efficacy and financial management behavior. The financial knowledge regression coefficient is 0.763, meaning that every increase in financial self-efficacy causes an increase in financial management behavior of 0.763.

Table 7. Simultaneous Test (F Test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1511.901	2	755.950	52.423	.000[b]
	Residual	980.578	68	14.420		
	Total	2492.479	70			
a. Dependent Variable: Y						
b. Predictors: (Constant), X2, X1						

Model Summary				
Model	R	R-Square	Adjusted R Square	Std. Error of the Estimate
1	.779[a]	.607	.595	3.797
a. Predictors: (Constant), Total_X2, Total_X1				

Source: Output SPSS

Based on the results of the f-test by Anova, Table 7 shows the f-count value of 52,423 with a significance of 0.000 <0.05. Then, there is a simultaneous significant influence between the financial knowledge (X1) and financial self-efficacy (X2) variables on the financial management behavior (Y) variable. With the adjusted R square value of 0.595 or (59.5%), the percentage contribution of the influence of X1 and X2 on Y is amounted to 59.5%; while, the remaining 40.5% is influenced by other variables that are not included in this research model.

3. Partial Test (t-Test)

The t-test is used to test whether the independent variables (i.e. financial knowledge and financial self-efficacy) partially affect the dependent variable (i.e. financial management behavior) by comparing the significance value with the probability (α) with a real level of 0.05. Test procedures were applied by two aspects: if the significance value <0.05 probability, the independent variable has a significant effect on the dependent variable and if the significance value> probability 0.05 then the independent variable does not have a significant effect on the dependent variable.

Table 8. Partial Test (T-test)

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**T**	**Sig.**
1	(Constant)	7.320	4.971		1.473	.145
	X1	.348	.135	.239	2.585	012
	X2	.763	.114	.618	6.690	.000
a = Dependent Variable: Y						

Source: Output SPSS

Based on Table 8, it can be concluded that, based on hypothesis testing 1 (i.e. the effect of X1 on Y), the results show that the t-count value of 2.585 is positive with a significant result of 0.012 <0.05. Thus, the financial knowledge partially has a positive and significant effect on financial management behavior with a large influence of 0.239 or 23.9%; and on hypothesis testing 2 (i.e. the effect of X2 on Y), the results indicate that the t-count value of 6.690 is positive with a significant result of 0.000 <0.05. The results prove that financial self-efficacy partially has a significant effect on financial management behavior with a large influence of 0.618 or 61.8%.

DISCUSSION

Based on the results of regression analysis and hypothesis testing and of the effect of financial knowledge and financial self-efficacy on financial management behavior, the research has proved that the financial knowledge has a positive and significant effect on the students' financial management behavior. Their financial knowledge has a positive and significant influence on financial management behavior; this is in line with research conducted by Asaff and Rahmayani.[9] Financial knowledge influences financial management behavior and makes them understand financial management well. So, they can determine what behavior they should carry out to make a decision. Students who have good financial knowledge are able to use money wisely and to provide benefits to their lives. they who have good financial knowledge understand actual financial management which make their finances more controlled. They know how to manage the finances they have up to a certain time if they know how to actually manage finances. On the other hand, those who have low financial knowledge tend not to have good behavior regarding personal financial management or decision making. This happens when they do not know and understand the true importance of financial knowledge, and ultimately, this is bad for them to use money wisely.

Financial self-efficacy has a positive and significant effect on the students' financial management behavior. The students have good financial self-efficacy and confidence so they become good financial managers, are able to make wise financial decisions, and to face financial challenges. Thus, they have confidence in their ability to manage finances well. The research also illustrates that the better the level of financial self-efficacy one has, the better the level of financial management behavior of students would be. Good financial management behavior is caused by students' good trust or confidence in their finances. They feel confident in their actions regarding finances and tend to be successful in managing their personal finances. If they were unsure or hesitant in taking financial actions or decisions, they would have a high level of error in making these decisions.

Financial knowledge and financial self-efficacy have a positive and significant effect on the students' financial management behavior. Financial knowledge and financial self-efficacy which influence financial management behavior make them understand financial management well and be able to determine what behavior they should carry out to make decisions regarding their finances. In short, the better the level of financial knowledge and financial self-efficacy they have, the better the level of financial management behavior they would be. Good financial management behavior dues to their good financial knowledge and trust or confidence in their finances. They who feel confident in their actions regarding finances tend to succeed in managing their personal finances. If they were unsure or hesitant in taking financial actions or decisions, they would have a high level of error in making decision.

CONCLUSION AND SUGGESTION

Simultaneously, the financial knowledge and financial self-efficacy variables have a significant effect on the financial management behavior variable. Partially, the financial knowledge variable has a significant effect on the financial management behavior variable and, also, partially, the financial self-efficacy variable has a significant effect on the financial management behavior variable. It is suggested students are expected to continue to behave financially well so as not to cause financial difficulties in the future. Future researchers are hoped that the results of this research can be used as a reference for conducting research on financial management behavior; they are also hoped to add variables that are not examined in this research.

Declaration by Authors

Acknowledgement: None

Source of Funding: None

Conflict of Interest: The authors declare no conflict of interest.

REFERENCES

1. Badan Pusat Statistik. Penggolongan Pendapatan Penduduk. Jakarta: Badan Pusat Statistik, 2023.
2. Otoritas Jasa Keuangan. Survei Nasional Literasi dan Inklusi Keuangan 2022. Jakarta: Otoritas Jasa Keuangan, 2022.
3. Kusumaningtuti S, Soetiono, Setiawan C. Literasi dan Inklusi Keuangan Indonesia, Depok: Rajawali Pers, 2018.
4. Herdjiono I, Damanik A. Pengaruh Financial Attitude, Financial Knowledge, Parental Income Terhadap Financial Management Behavior. Jurnal Manajemen Teori dan Terapan, 2016; 9(3): 226–241.
5. Kholilah N, Iramani R. Studi Financial Management Behavior pada Masyarakat Surabaya. Journal of Business and Banking. 2013; 3(1): 69–80.
6. Fitriani A, Widodo A. Pengaruh Financial Knowledge Terhadap Financial Behavior Dengan Financial Attitude Sebagai Variabel Intervening Pada Generasi Z. Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA). 2020; 4(2): 310-319.
7. Pritazahara R, Sriwidodo U. Pengaruh Pengetahuan Keuangan dan Pengalaman Keuangan Terhadap Perilaku Perencanaan Investasi Dengan Self-Control Sebagai Variabel Moderating. Jurnal Ekonomi dan Kewirausahaan. 2015; 15(1): 28-37.
8. Mulyadi A, Eka D, Nailis W. Pengaruh Kepercayaan, Kemudahan, dan Kualitas Informasi Terhadap Keputusan Pembelian

di Toko Online Lazada. Jurnal Ilmu Manajemen. 2018; 15: 2.

9. Asaff R, Suryati S, Rahmayani R. Pengaruh Financial Attitude and Financial Knowledge Terhadap Financial Management Behavior. Jurnal of Economic, Management and Accounting. 2019; 2: 2.

How to cite this article: Sabrin, Omasrianto, Darmono, Muhammad Nur Afiat, La Aso. The effect of financial knowledge and self-efficacy on students' financial management behavior in Indonesia. *International Journal of Research and Review*. 2025; 12(1): 351-359. DOI: *https://doi.org/10.52403/ijrr.20250144*

******