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Financial Literacy and Demographics on Financial Behavior of Malang State Polytechnic Students

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Abstract
The purpose of this research is to analyze (1) the influence of financial literacy on financial behavior (2) the effect of gender on financial behavior (3) the effect of age on financial behavior (4) the effect of academic ability on financial behavior (5) the effect of residence on financial behavior . The population in this study were all active D3 students in the Business Administration Study Program, State Polytechnic of Malang, consisting of 547 people. The sample was selected using clustered proportional sampling to obtain a total sample of 116 students. The data of this research are primary data and secondary data. Data were analyzed by multiple regression analysis using SPSS version 25.0. The results of this study are: (1) financial literacy has a positive and significant relationship to behavioral finance (2) gender has a positive and significant relationship to behavioral finance (3) age has a positive and significant relationship to behavioral finance (4) academic ability has a positive relationship and significant on behavioral finance (5) place of residence has a relationship on behavioral finance.

Keywords: ***Financial Literacy, Demographics, Financial Behavior***

INTRODUCTION

Financial management (money management) is an activity in managing daily funds carried out by individuals and organizations with the aim of obtaining financial prosperity. The purpose of financial management is that today's finances are fulfilled while future needs and desires have been prepared from now on. Good financial management is based on good financial behavior. Chinen and Endo (2012) say that individuals who have the ability to make the right decisions about finances will not have financial problems in the future and will demonstrate healthy financial behavior.

Shefrin (2000) defines financial behavior as a study that studies how psychological phenomena influence behavior in managing finances. It is this limited information absorption and individual market sensitivity that drives differences in financial behavior. Financial behavior arises because of a bias in one's decision making.

Mandell and Klein (2009) said that the best way to improve behavior in adulthood is to teach good behavior from childhood, including financial behavior. Sabri et al in Nujmatul (2013) said that for most students, college is the first time they manage their own finances without any supervision from their parents. Students will face problems that may be new to them and face a new environment without the supervision and support of their parents. Students must be able to independently manage their finances properly and must also be able to take responsibility for the decisions they have made..

Nujmatul (2013) concluded that financial literacy also influences financial behavior. Financial literacy can be interpreted as a person's ability to understand, analyze, understand and manage his personal finances based on the knowledge he has. Each individual must have a different level of financial literacy, thus affecting the quality of his financial management. Gutter in Nyoman (2015) says financial literacy is the main predictor in shaping one's financial behavior.

The survey conducted by OJK in 2013 on Indonesia's state financial literacy measured six topics on finance including banking, insurance, financing, pension funds, capital markets, and procurement. Among the six topics above, Indonesia is in the lowest rank for capital market investment, namely only 2.40%, while for financial topics, the part of the Indonesian state that is best understood by the Indonesian people is the banking sector, which is equal to 75.44%. Only 21.84% of Indonesia's population over 17 years are well literate.

Nujmatul (2013) said that Planned Behavior Theory shows that background such as gender, age, and knowledge will affect one's belief in one's financial behavior. This is reinforced by research conducted by Mahdzan and Tabiani (2013) which says that demographic factors influence the decision to save funds by individuals, this is influenced by factors of age, gender, educational level, and work experience. Nyoman (2015) said that financial literacy simultaneously influences financial behavior, other influencing factors such as gender, place of residence, family financial education and others.

Gender is defined as one of the factors that influence students' financial behavior. This statement is reinforced by Hair's research (2006) which shows that there is a relationship between gender and the way a person manages and plans his finances. Laily (2013) said that men and women have different motivations in terms of their finances. In several studies, men are smarter at managing their finances than women

(Chen and Volpe, 1998). (Nujmatul, 2013) says men are more financially independent than women. Wagland and Taylor in Nujmatul (2013) said that women have low self-confidence in managing their finances. Nujmatul (2013) said that men are more confident, women are more likely to be risk averse. The opinions of the experts above were rebutted by Ayu, et al., (2010) who found different findings that male students have a lower level of financial management than female students, especially with regard to investment, credit and insurance. Furnham (1999) adds that women are less comfortable with debt than men, therefore women can avoid serious financial problems by staying out of debt..

Age influences individual financial behavior, the more mature the individual is more sensitive to financial management. Nujmatul (2013) said that a person's age indicates a lot of experience in financial matters so that the more experienced the decision making in financial management will be the better. So it can be concluded that more senior students have more knowledge and experience than junior students so that it will have an impact on behavior or attitudes in their financial behavior..

Malang State Polytechnic is one of the most popular vocational colleges in Indonesia. Therefore, Polinema students do not only come from Malang but also come from outside the city of Malang. This causes differences in residence between students while they are in college. Manik in Nur (2016) states that a residence is a building where a person or group of people resides for a certain period of time and place. So that student residences can be divided into two, namely living alone (boarding / rented) and living with parents (family).

The educational variable as human capital is one of the variables that is expected to have an effect on one's welfare. Educational variables affect one's productivity and work efficiency which will then affect the real income of individuals or households (Rahmatia, 2004). Without good financial knowledge and personal financial management, students will fall into the wrong lifestyle and bad financial behavior so that they will fall into debt. Nujmatul (2013) Students who have the knowledge and ability to manage their finances well will show wise decision-making behavior about finances such as when is the right time to invest, save, and use a credit

card.
Students often start their college years with or without understanding and being responsible for their own personal finances (Mae, 2002). Because of that this research aims

Determine the effect of financial literacy on the financial behavior of D3 Business Administration students. Students will not only face increasing complexity in products, services and markets, but will also have to assume greater risks in the future. Therefore financial literacy is a significant thing needed for students

RESEARCH METHODS

The population in this study were all 547 D3 Business Administration students at the Malang State Polytechnic class of 2022. The sampling technique is cluster proportional sampling. The large number of research samples is based on the slovin formula with an error rate of 9% according to Umar (2008:65). So the number of samples is 231 students.
Financial behavior describes the attitudes and ways in which D3 Business Administration students at the State Polytechnic of Malang behave in making decisions (Danes and Haberman, 2007). The indicators used to measure financial behavior are statements taken based on research conducted by Dew and Xiao (2011): (1) Consumption (2) Cash Flow Management (3) Investment Behavior (4) Credit Management.

Financial Literacy is defined as the intelligence or ability of D3 Business Administration students at the State Polytechnic of Malang in managing their finances. The indicators for this variable are measured using measurements found in Chen and Volpe's research (1998). The indicators to measure it are: (1) general knowledge (2) saving and borrowing (3) insurance (insurance) (4) investment (investment).

The demographic factor is the demographic differences held by D3 Business Administration students at the State Polytechnic of Malang. The indicators to measure it are: Gender, Age, Place of Residence Academic Ability (Nyoman, 2015). Gender is measured using a nominal scale for male = 1 and female = 0. Age is measured by how many years the student is. Academic ability is measured using the student's GPA. Place of residence is measured using a nominal scale for living alone = 1 and for living with parents = 0. This study uses a multiple regression analysis model. The analytical tool used is multiple regression. In this study, the classical assumption test was carried out consisting of a normality test, multicollinearity test, heteroscedasticity test, and linearity test. Then a t test was carried out to see the effect of the independent variables on the dependent variable, an F test and an R2 test were also carried out. The multiple regression equation in this study is as follows:

Behavioral Fin = a + b1.FinLit + b2.Gender + b3.Age + b4.Residence + b5.Academic Ability + e

RESULTS AND DISCUSSION

Financial literacy has a significant effect on the financial behavior of D3 Business Administration students. According to TPB financial behavior is influenced by several factors such as internal, external, and demographic factors. Robb and Sharpe (2009) define gender as a characteristic concept that distinguishes a person between men and women. Furnham (1999) said that gender influences financial behavior. Nujmatul (2013) says that men and women have different motivations in terms of their finances. In several studies, men are smarter at managing their finances than women (Chen and Volpe, 1998). (Nujmatul, 2013) says men are more financially independent than women. Wagland and Taylor (2009) said that women have low self-confidence in managing their finances. Nujmatul (2013) said that men are more confident, women are more likely to be risk averse.

Ayu, et al., (2010) found different findings that male students have a lower level of financial management than female students, especially with regard to investment, credit and insurance. Furnham (1999) adds that women are less comfortable with debt than men, therefore. women can avoid serious financial problems by staying out of debt.

Age influences individual financial behavior, the more mature the individual is more sensitive to financial management. Nujmatul (2013) said that a person's age indicates a lot of experience in financial matters so that the more experienced the decision making in financial management will be the better. Cude et al (2006) said that academic ability as measured by GPA has a significant effect on financial behavior. Mahdzan and Tabiani (2013) said that the higher a person's education level, the person's financial knowledge will experience a significant increase. Sabri et al. (2008) explained that students who have higher GPA students have fewer financial problems than students who have a low GPA. Mandell (2008, 143) says that students who live with their parents are more sensitive to their financial behavior and understand more about financial literacy. But this is refuted by Homan's research in Nur (2016) which shows that place of residence has no effect on a person's financial behavior.

CONCLUSION

From the results of this study, the dominant gender in this study were female students, 137 people or 59.5%, and at least 954 students or 40.5%. So it can be concluded that the distribution of the characteristics of respondents based on gender is dominated by female students. For the age that dominates in this study are students aged 22 years, namely as many as 43 people or 37.1% of the total respondents. For the category of respondents the least was the age category of 18 years, namely as many as 6 people or 5.2% of the total respondents. So it can be concluded that the dominant respondents in this study were respondents who were 22 years old.

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