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Analysis of Factors Influencing the Financial Management Behavior of Medan City Students

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***Abstract**. This research aims to find out how financial literacy and financial attitudes influence students' financial management behavior. Data collection was carried out by distributing questionnaires to 110 Medan City students to find out responses regarding the state of financial literacy, financial attitudes, and financial management behavior of students. Based on the results of the analysis, it shows that partially and simultaneously, the higher the financial literacy and financial attitude, the higher the student's financial management behavior. Students have relatively good behavior, indicating that students are able to apply the knowledge and attitudes they have to their financial management behavior. Optimizing financial literacy and attitudes is needed so that student behavior in managing finances becomes better in order to face increasingly complex financial problems.*

***Keywords**: Financial Management Behavior, Financial Literacy, Financial Attitude.*

INTRODUCTION

Financial management behavior shows that money has many meanings according to the level of understanding and personality, including money being an important part of life, a source of respect, quality of life, freedom, and even crime. Every human being has different behavioral patterns in managing finances and usually, someone who understands their financial condition has wise financial management behavior (Nasution and Muda, 2020). One of the financial management behaviors of Medan City students can be seen from their activities in prioritizing needs and controlling expenses. Based on a questionnaire that was distributed to 50 Medan City students, it is known that as many as 98% or 49 students are aware of the benefits obtained by arranging a priority scale for needs, but only 10% or 5 students develop a priority scale of needs. This shows that many students are still aware of the importance of the priority scale of needs, but have not been able to apply it in their lives. This negligence can lead to errors in prioritizing needs, resulting in expenses becoming out of control (Nasution et al, 2020).

Uncontrolled spending on students can be seen from the amount of spending they do during a month. These expenses include less than Rp. 500,000.00 owned by 48% or 24 students, Rp. 500,000.00 to Rp. 1,000,000.00 owned by 44% or 22 students, and more than Rp.

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1,000,000.00 owned by 8% or 4 students. The amount of expenditure was 32% or 16 students who made the largest expenditure to fulfill their desires. In the end, inaccuracy in managing finances can lead to errors in prioritization and result in uncontrollable expenses. Several studies have been conducted to determine the influence of financial literacy and financial attitudes on financial management behavior, including Humaira and Sagoro (2018) concluding that financial literacy, financial attitudes and personality influence financial management behavior in MSMEs in Bantul Regency, Djou (2019) concludes that Financial literacy and financial attitudes influence the financial management behavior of Ende Regency MSMEs, and Dayanti, Susyanti and Broto (2020) concluded that financial literacy and financial attitudes influence the financial management behavior of Malang Regency MSMEs. The difference from previous research in this research is to find out how the factors studied influence financial management behavior, namely financial literacy and financial attitudes, with Medan City students as research subjects.

Understanding the importance of financial management is very necessary because managing finances is one of the realities that every human being always faces in their life (Nasution et al, 2021). This means that a person must have wise behavior in managing finances so that they do not get trapped in financial difficulties which can lead to failure in managing finances. There are many factors that underlie the emergence of financial management behavior that is applied in everyday life, one of which is financial literacy and financial attitudes (Nasution and Erlina, 2019). Literacy can be obtained through various sources such as education, textbooks, seminars, and so on. Meanwhile, attitudes are usually formed due to factors originating from the state of mind and emotions within oneself.

LITERATURE REVIEW

Rapih (2016) states that financial literacy is demonstrated in the form of the ability to sort financial needs, discuss financial problems, plan for the future, and respond wisely to life events that influence daily financial decisions. Skills in managing finances are something you need to have in order to minimize the financial difficulties you will face, such as mistakes in financial planning that cause expenses to become uncontrollable. Gunawan, Pulungan, and Koto (2019) stated that financial management based on an understanding of managing finances can help make good and orderly financial decisions. Laily (2016) said that students who have the knowledge and ability to manage their finances well usually show good decision-making behavior. wise about finances. Ulfatun, Udhma, and Dewi (2016) said that to achieve this, there is several knowledge required, including: 1) General Knowledge about Finance, 2) Knowledge of Savings and Loans, 3) Knowledge of Insurance, and 4) Knowledge of Investment.

Prihartono and Asandimitra (2018) stated that financial attitude is a view of money seen from the psychological aspect which is demonstrated by the ability to control finances, make financial plans, make budgets, and actions in making appropriate financial decisions. Humaira and Sagoro (2018) stated that the state of mind, opinions, and judgments about personal finance that are applied can shape financial attitudes. Financial attitude can also be interpreted as the application of financial principles to create and maintain value through appropriate decision-making and management of financial resources. Rustiaria (2017) explains that bad financial attitudes can give rise to greedy traits and behavior, especially if used carelessly. Adiputra, Suprastha, and Tania (2021) stated that to achieve a good financial attitude, there are several attitudes that must be had, including 1) Savings Plan, 2) Personal Financial Management, and 3) Future Financial Capabilities.

Amanah, Iridianty, and Rahardian (2016) said that financial management behavior is manifested as behavior in managing finances from a psychological and habitual perspective. Good financial behavior habits arise from rational decisions in managing finances so that the right way prevents a person from being trapped in fulfilling uncontrolled desires. Suwatno, Waspada, and Mulyani (2019) are of the opinion that healthy financial management behavior can be demonstrated through good financial planning, management, and control activities. Yunita (2020) states that there are several behaviors that must be reflected in managing finances including, 1) Spending Money According to Needs, 2) Paying Obligations on Time, 3) Planning Finances for Future Needs, 4) Saving, and 5) setting aside money for needs of yourself and your family.

RESEARCH METHODS

The type of research used in this research is associative with a quantitative approach, as well as through multiple linear regression analysis techniques. This technique is useful for seeing whether or not there is an influence between the independent and dependent variables being studied. The variables to be studied include financial literacy (X1), financial attitudes (X2) as independent variables, and financial management behavior (Y) as dependent variables. The population in this study was Economics Education students, totaling 151 students. A simple random sampling technique is used to take sample members from the population randomly. The number of samples required is 110 students using the Slovin formula as follows (Sugiyono, 2017).

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{151}{1 + (151)(0{,}05)^2} = 109{,}61 = 110$$

where:

n = Number of samples

N = Number of population

e2 = Real level or error limit

Data collection was carried out by distributing questionnaires with a Likert measurement scale. Sudarman (2018) explains that a questionnaire is an instrument consisting of several questions or statements that are prepared based on indicators of a research variable. Before the questionnaire is distributed, there are several stages that need to be carried out, including testing the validity and reliability of the questionnaire. A statement is said to be valid if the r-count value > r-table, while an instrument is said to be reliable if the Cronbach alpha value is > 0.60. The data obtained is analyzed using the following analysis: 1) the classic assumptions used to see the equation of the regression line obtained can be used (feasible) and linear, then the tests carried out include normality, multicollinearity, heteroscedasticity, and linearity. 2) Multiple linear regression analysis to analyze the influence of the independent variable (X) on the dependent variable (Y). 3) F-test which is basically to see the simultaneous influence of independent variables on the dependent variable. 4) The t-test is used to determine the significance of the partial influence of the independent variable on the dependent variable. 5) The coefficient of determination is basically used to find out how much influence the independent variable has on the dependent variable.

FINDINGS AND DUSCUSSION

This research carried out instrument reliability testing and the results showed that the instruments for financial literacy (X1), financial attitudes (X2), and financial management behavior (Y) obtained Cronbach's alpha values > 0.60, so the questionnaire was suitable for distribution. After that, the research also carried out normality tests, multicollinearity tests, and heteroscedasticity tests and the results all met the requirements.

Table 1. Linearity Test

Ramsey RESET Test

	Value	df	Probability
t-statistic	0.003428	106	0.9534
F-statistic	0.003558	(1, 106)	0.9534
Likelihood ratio	0.003558	1	0.9524

Source: Primary data processed (2023)

Table 1 shows that the results of the linearity test using the Ramsey RESET test method obtained a probability f-statistic value of 0.953 > 0.05, so there is a linear relationship between financial literacy (X1), financial attitudes (X2) and financial management behavior (Y). After all classical assumptions have been met, the data can be analyzed using multiple linear regression.

Table 2. Multiple Linear Regression Test

Variabel	Coefficient	Std. Error	t-Statistic	Probability
	5.377939	4.838332	1.111528	0.2688
Financial Literacy	0.425705	0.087927	4.841563	0.0000
Financial Attitude	0.736002	0.119856	6.140733	0.0000

Source: Primary data processed (2023)

In the financial literacy variable (X1), the value obtained is t-count = 4.841 > t-table = 1.982 and the significance value is 0.000 < 0.05, which means that partial financial literacy (X1) has a significant effect on financial management behavior (Y). 2. On the attitude variable financial (X2) obtained a calculated value = 6.141 > t table = 1.982 and a significance value of 0.000 < 0.05, which means that partially financial attitudes (X2) have a significant effect on financial management behavior (Y).

The results of the analysis on the financial literacy variable (X1) obtained a value of t-count = 4.841 > t-table = 1.982 and a significance value of 0.000 < 0.05, which means that partial financial literacy (X1) has a significant effect on financial management behavior (Y). This shows that students are able to implement various kinds of financial knowledge so that they can generate good behavior in planning and controlling their finances. The results of this research are in line with several studies conducted, including Busyro (2019) concluding that students who have good knowledge about finance can plan and control their finances well, Sugiharti and Maula (2019) conclude that students are able to implement various financial aspects, so that it can lead to behavior who are wise in planning and controlling their finances. The results of this research are in contrast to Herdjiono and Damanik (2016) who concluded that financial literacy has no effect on financial management behavior. Students' financial knowledge plays a role in generating good behavior in financial management, including general knowledge about finance. , savings and loan knowledge, insurance knowledge, and investment knowledge. This shows that students have mastered the required knowledge and skills, resulting in wise behavior in managing their finances. In line with the opinion of Laily (2016) that students who have good skills and knowledge in managing finances usually show wise decision-making behavior about finances. Students need to generate better financial literacy by getting to know more about the function of money other than as a medium of exchange so that their behavior in planning finances for future needs also improves.

The results of the analysis on the financial attitude variable (X2) obtained a value of t-count = 6.141 > t-table = 1.982 and a significance value of 0.000 < 0.05, which means that partially financial attitude (X2) has a significant effect on financial management behavior (Y). This shows that a vigilant and responsible attitude results in good behavior in managing one's finances. The results of this research are in line with several studies that have been conducted, including Qamar, Khemta, and Jamil (2016) concluding that vigilance regarding finances has an impact on routines in managing finances, Rustiaria (2017) concludes that a responsible attitude results in alert behavior in managing one's finances. The results of this research are inversely proportional to those of Gahagho, Rotinsulu, and Mandeij (2021) who concluded that financial attitudes have no effect on financial management behavior. Their financial attitudes play a special role in directing students to practice their financial management behavior. Financial attitudes that play a role in the emergence of good behavior in managing finances include savings plans, personal financial management, and future financial capabilities. Students with better financial attitudes will certainly reflect much better behavioral patterns regarding their finances. Optimizing attitudes is very necessary for improving wise behavior in financial management, especially in increasing future financial capabilities. Students can also improve their routine for recording expenses so that their finances become more controlled and they can pay their obligations on time. Apart from that, students need to improve their future financial capabilities by consulting their financial activities with their parents, so that students can better utilize financial resources to meet their personal needs.

The results of the analysis on the financial management behavior variable (Y) obtained a value of f-count = 50.335 > f-table = 3.08 and a significant value of 0.000 < 0.05, which means that the variables financial literacy (X1) and financial attitude (X2) simultaneously influence on the financial management behavior variable (Y). This shows that financial literacy and financial attitudes of students play an important role in directing students to behave wisely in managing their finances. The results of this research are in line with research conducted, including Yap, Komalasari, and Hadiansah (2016) concluding that financial literacy and financial attitudes play an important role in a person's behavior in managing finances. Student behavior in good financial management is shown in their activities in spending money according to needs, paying obligations on time, planning finances for future needs, saving, and setting aside money for personal and family needs. In line with the opinion of Suwatno, Waspada, and Mulyani (2019) that healthy financial management behavior can be demonstrated through good financial planning and control activities. As economic actors, the right thing to do for students is to prioritize needs which are priorities, not the existence of the surrounding environment (Kurniawan, 2017). The importance of awareness of resources and the desire to manage their finances so that they can be used for one month means that students must spend money according to their needs. This means that students must have good financial planning and control activities.

CONCLUSION AND RECOMMENDATION

Based on the results of the analysis and discussion that have been presented, several conclusions can be drawn, including: (1) The higher the financial literacy (X1) of students, the higher the financial management behavior (Y) which shows mastery of knowledge about finance, plays an important role for students to develop good behavior in managing finances. Students have relatively good financial literacy and show that students have mastered the knowledge needed to manage finances. (2) The higher the student's financial attitude (X2), the higher the financial management behavior (Y) which shows awareness and responsibility for their finances. , can direct students to practice financial management behavior. Students have a financial attitude that is classified as very good and shows that students have an attitude that plays a special role in directing them to behave wisely in managing their finances. (3) The higher the financial literacy (X1) and financial attitude (X2), the higher the financial management behavior (Y). shows an increase in knowledge followed by the way students respond to the resources they have, giving rise to wise behavior in financial management. Students have relatively good financial management behavior, indicating that students are able to apply the knowledge and attitudes they have to their financial management behavior.

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