

FACTORS AFFECTING FINANCIAL LITERACY IN THE USE OF FINANCIAL INSTITUTIONS' PRODUCTS AND SERVICES

Volume: 1
Number: 1
Page: 15 - 22

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Article History:

Received: 2021-03-21

Revised: 2021-04-10

Accepted: 2021-06-25

Abstract:

This study aimed to determine the effect of gender, parental income, and area of origin on financial literacy in the simultaneous and partial use of financial institutions' products and services among active students in the fifth semester of the Faculty of Economics and Business Warmadewa University. The results showed that gender, parents' income, and area of origin had a significant positive effect on financial literacy in the use of products and services of financial institutions. Then partially, gender has a significant positive effect on financial literacy in the use of products and services of financial institutions, while the income of parents and area of origin has no effect on financial literacy in the use of products and services of financial institutions.

Keywords:

financial literacy, financial institutions, products and services



Cite this as: MAHAENI, N.K.K.N, JAYAWARSA, A.A.K., BAGIADA, K (2021). "Factors Affecting Financial Literacy In The Use Of Financial Institutions Products And Services". *Journal of Tourism Economics and Policy* 1(1), 15-22. <https://doi.org/10.38142/jtep.v1i1.104>

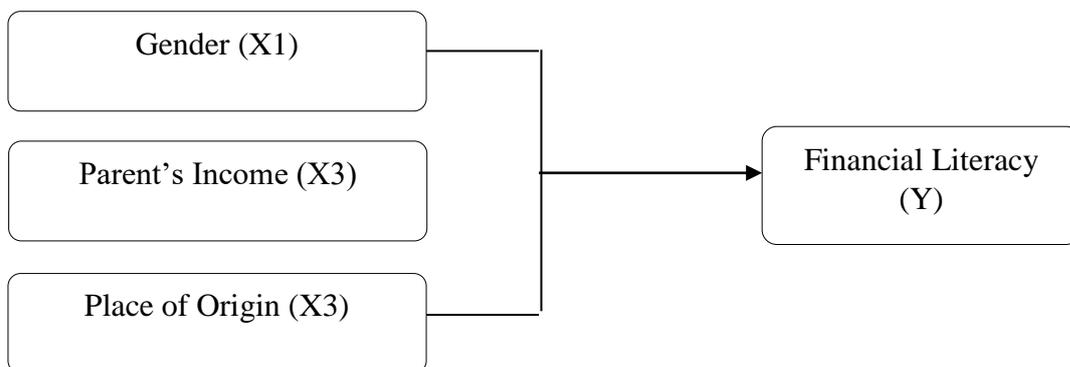
INTRODUCTION

Financial literacy is closely related to financial management, where the higher one's financial literacy, the better one's financial management. Financial management is an application of the concept of financial management at the individual level. Financial management, which includes planning, managing, and controlling financial activities, is very important to achieve financial prosperity (Putra, 2014). Financial literacy in the form of understanding all aspects of personal finance is not intended to make it difficult or restrict people from enjoying life, but rather with financial literacy, people can enjoy life by utilizing their financial resources appropriately to achieve their personal financial goals. Wise or not, one's financial management is closely related to one's abilities and abilities for financial concepts known as financial literacy (Sari et al., 2015). Several factors influence financial literacy. Factors related to the level of financial literacy are based on variables of age, family size, family life cycle, gender, income, occupation, education, religion, generational race, nationality, and social class. Nababan and Sadalia (2012), in their research, suggest that there is an influence between gender, status, place of residence, GPA affects financial literacy. Margaretha and Sari (2015) found that the factors that influence the level of financial

literacy are education level, education major, parents' economic status, age, marital status, income, and gender.

Gender is one of the factors that affect a person's financial literacy. Several studies suggest that women have a higher level of financial literacy. According to Laily (2016), men are better at managing finances than women. Women tend to be less in control of financial matters than men. The above states that between men and women, there are differences in finance. The number of individuals experiencing financial difficulties is caused by low income and errors in allocating income. A low level of financial literacy causes less wise in allocating income; therefore, having financial literacy intelligence will help make the right decisions. The higher a person's education and income, the higher the level of financial literacy. This research is a replication that combines variables from 4 previous studies, namely, Margaretha and Pambudi (2015), Laily (2013), Rachmasari (2018), Giffari (2018).

Financial literacy is knowledge about financial management that is owned to develop for a more prosperous life in the future (Kurniasari et al., 2018). The importance of financial literacy is to provide education in the financial sector to the Indonesian people to manage finances intelligently (Devi et al., 2019). The Financial Services Authority defines financial literacy as a series of processes or activities to increase the knowledge, skills, and confidence of consumers and the wider community to manage personal finances better (Kaplan, 1998). In reality, the financing activities of financial institutions can be earmarked for corporate investment, consumption activities, and distribution of goods and services. The public recognizes financial service institutions in two forms: banks and non-banks (Saputra, Jayawarsa, et al., 2019). Both of these institutions have greatly benefited the community as a solution to any problems that arise (Ardana et al., 2017). Moreover, these two financial institutions both serve as development agents (Saputra, Prihandani, et al., 2019). It means that their decisions and roles are not merely to pursue profit but more than that, namely as a development driver.



Based on the literature review (theoretical foundations and previous publications), the hypotheses in this study are:

- H1: Gender, parents' income, and area of origin simultaneously and significantly affect financial literacy in the use of financial institution products and services.
- H2: Gender has a significant and significant effect on financial literacy in the use of products and services of financial institutions.
- H3 : Parents' income has a significant and significant effect on financial literacy using financial institution products and services.
- H4 : The area of origin has a significant and significant effect on financial literacy in using financial institution products and services.

METHODS

The population in this study were active students in the fifth semester at the Faculty of Economics and Business, Warmadewa University, amounting to 1,180 people. In order to save time and cost, not all students are the object of this research. Therefore, sampling was carried out. The sampling technique in this study used purposive sampling, which is a technique for determining the sample with certain considerations to ensure that the data obtained is more representative. The criteria for determining the sample in this study are: Active student at the Faculty of Economics and Business, University of Warmadewa Students have been studying for fourth semesters. The sample was taken from the Department of Economics and Development Studies (IESP), Accounting, and Management.

RESULT AND DISCUSSION

With a sample of 25-50 respondents from each department. To determine the size of the sample from the existing population, the researcher used the Slovin formula, which is as follows:

$$n = N / (1 + \frac{1}{e^2})$$

n : sample size

N : population size

e : percentage of allowance for inaccuracy due to errors that can still be tolerated, for example, by ten percent (10%) or (0.1).

The following is the sample calculation that will be used:

$$n = 1.180 / (1 + \frac{1}{(0,1)^2}) = 1,180 / 12.8$$

$$n = 92.1875$$

Based on the calculation of the sample size to be used, the number of samples obtained is 92.1875, and after being rounded up, a minimum sample size of 92 people will be used. The method used to obtain data from students is the Questionnaire Method, which is a data collection technique carried out by giving a set of questions or written statements to respondents to answer. To measure the opinion of respondents, it is done using a Likert scale of 1-5, namely: strongly disagree (score 1), disagree (score 2), disagree (score 3), agree (score 4), strongly agree (score 5). To see the effect of gender, parental income, and area of origin on financial literacy in the use of financial products and services. Meanwhile, the regression model used is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Y : Financial Literacy

a : regression constant

b₁, b₂, b₃ : Regression Coefficient

X₁ : Gender

X₂ : Parents' Income

X₃ : Origin

e : Error

Characteristics of respondents are data collected to determine the profile of respondents at the Faculty of Economics and Business, University of Warmadewa, amounting to 92 people. Most of the respondents were students majoring in management with a total of 35 people or 38%, while the least respondents were

students majoring in IESP with a total of 27 people or 29%. Respondents with students majoring in Accounting as many as 30 people or 33%. Furthermore, most of the respondents were female, with a total of 53 people or 58%. In comparison, the fewest respondents were male, namely 39 people or 42%. Most of the respondents with a parent's monthly income of Rp. 5,000,000 as many as 60 people or 65%. While respondents with a parent's monthly income of Rp. 5,000,000 – Rp. 10,000,000 as many as 32 people or 35%.

Descriptive statistics show the average standard deviation with a value of N; as many as 92 questionnaires were processed. The gender variable (X1) has an average value of 0.4239 with a standard deviation of 0.49688, which means that the sex variable (X1) has a standard deviation of 0.49688 to its average value. The parental income variable (X2) has an average value of 1.3478 with a standard deviation of 0.47889, which means that the parental income variable (X2) has a standard deviation of 0.47889 to the average value. The area of origin variable (X3) has an average value of 1.3043 with a standard deviation of 0.46265, which means that the area of origin variable (X3) has a standard deviation of 0.46265 to its average value. Finally, the financial literacy variable in the use of financial institution products and services (Y) has an average value of 83.7391 with a standard deviation of 7.48753, which means that the financial literacy variable in the use of financial institution products and services (Y) has a standard deviation of 7.48753 to the average value.

Table 1. Descriptive Statistical Results

Variable	Mean	Std. Deviation	N
Financial Literacy in the Use of Financial Institutions' Products and Services (Y)	83,7391	7,48753	92
Gender (X1)	0,4239	0,49688	92
Parent's Income (X2)	1,3478	0,47889	92
Place of Origin (X3)	1,3043	0,46265	92

Source: Data Processed 2020

Based on Table 2, the results of the multiple linear regression analysis above can be explained the relationship between each independent variable and the dependent variable as follows:

Table 2. Results of Multiple Regression Analysis

		Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	89.052	2.628		33.886	.000						
	X1	3.155	1.499	.209	2.104	.038	.207	.219	.208	.985	1.015	
	X2	-.017	1.705	-.001	-.010	.992	-.106	-.001	-.001	.820	1.219	
	X3	-5.081	1.754	-.314	-2.897	.005	-.313	-.295	-.286	.831	1.204	

a. Dependent Variable: Y

Source: Data Processed 2020

$$\begin{aligned}
 a &= 89,052 \\
 b_1 &= 3,155 \\
 b_2 &= -0,017 \\
 b_3 &= -5,081 \\
 Y &= 89,052 + 3,155X_1 - 0,017X_2 - 5,081X_3 + e
 \end{aligned}$$

The regression equation shows the direction of the relationship of each independent variable to the dependent variable, which is indicated by the coefficients of each independent variable. Each of the independent variable coefficients will be explained as follows: The constant of 89,052 states that if gender (X1), parental income (X2), area of origin (X3) is constant or non-existent or 0, then financial literacy in product use and financial institution services (Y) of 89,052. The coefficient for the X1 variable has a positive value of 3.155 so that if the gender variable increases by 1 unit, then financial literacy in the use of financial institution products and services (Y) also increases by 3.155 units, parental income (X2), and area of origin (X3). The coefficient for the X2 variable is negative (-0.017) so that if the parental income variable decreases by 1 unit, then financial literacy in the use of financial institution products and services (Y) also decreases by (-0.017) unit, gender (X1) and the origin (X3) remains. The coefficient for the X3 variable has a negative value of (-5.081) so that if the area of origin variable decreases by 1 unit, then financial literacy in the use of financial institution products and services (Y) also decreases by (-5.081), gender (X1) and parent's income (X2) is fixed.

The regression analysis results on the SPSS output test results using three independent variables, including gender, parental income, and area of origin, have met the classical assumption test, and there is no autocorrelation so that the regression can be continued. The Effect of Gender on Financial Literacy in the Use of Financial Institution Products and Services. The table of coefficients for gender variables has a positive and significant influence on financial literacy in the use of financial institution products and services. With a confidence level of 95% and an error of 5%, the Sig value is obtained. 0.038. Therefore the value of Sig. 0.038 with a regression coefficient of 3.155 and the value of t arithmetic $>$ t table ($2.104 > 1.662$), This result means that gender has a positive and significant effect on financial literacy in the use of financial institution products and services in active students in semester V, Faculty of Economics and Business, Warmadewa University. (Datrini et al., 2018). The increasing gender of active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University will further increase financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University, on the contrary, if the gender of the active students in the fifth semester of the Faculty of Economics and Warmadewa University's business declines, financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University will decrease (Atmadja & Saputra, 2018b).

The Effect of Parents' Income on Financial Literacy in the Use of Financial Institution Products and Services. In the SPSS results above, the coefficients table of the parental income variable has no effect on financial literacy in the use of financial institution products and services. With 95% confidence level and 5% error, the Sign value is obtained. 0.992 with a regression coefficient of -0.017 and a value of t count $<$ t table ($(-0.010) < 1.662$), This result means that parental income has no effect on financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business Warmadewa University (Murti et al., 2018). The study results were not significant, indicating that the income of students' parents ranged from Rp. 5,000,000 to Rp. 10,000,000 did not show their participation in financial literacy in the use of products and services of financial institutions. In other words, the parental income variable does not directly influence financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University (Yudha & Saputra, 2019).

The Influence of Regions of Origin on Financial Literacy in the Use of Financial Institutions' Products and Services. The table of coefficients for the variable of origin has a positive and significant influence on financial literacy in the use of financial institution products and services. With 95% confidence level and 5% error, Sig value is obtained. 0.005. Therefore the value of Sig. Sig. 0.005 with a regression coefficient of -5.081 and the value of t count $< t$ table ($(-2.897) < 1.662$), This result means that the area of origin has no effect on financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business Warmadewa University (Atmadja & Saputra, 2018a). Suppose more students come from the island of Bali or outside the island of Bali. In that case, they do not have a relationship that can affect the increase in financial literacy in the use of financial products and services. In other words, the area of origin variable does not directly influence financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University (Saputra, Pradnyanitasari, et al., 2019).

The Influence of Gender, Parents' Income, and Region of Origin on Financial Literacy in the Use of Financial Institutions' Products and Services. Based on the results of data analysis shows the influence of gender, parental income, and area of origin have a joint effect on financial literacy in the use of products and services of financial institutions. With a confidence level of 95% and an error of 5%, the sig value is 0.004. Therefore the value of Sig. Sig. is 0.004 with calculated F value $> F$ table ($4.847 > 2.71$). It means that gender, parental income and area of origin simultaneously have a positive and significant effect on financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University.

CONCLUSION

Gender has a positive and significant effect on financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University. Parental income does not affect financial literacy in using financial institution products and services for active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University. The area of origin does not affect financial literacy in using financial institution products and services for active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University. Gender, parental income, and area of origin on financial literacy in the use of financial institution products and services in active students in the fifth semester of the Faculty of Economics and Business, Warmadewa University, simultaneously have a positive and significant effect. Based on the conclusions and limitations of the study, suggestions for further research are as follows: Future research is expected to use more supporting variables, which are factors that affect financial literacy. Further research is expected to expand the sample and increase the number of samples at Warmadewa University or conduct research with other locations (regions) to obtain better and different research results. For universities, the results of this research can be used as recommendations for teaching materials and as case studies in related subjects.

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Journal of Tourism Economics and Policy
ISSN 2775-2283 (print)
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