

The Influence of Financial Literacy and Lifestyle on Student Personal Financial Management

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Abstract

Students who have good financial literacy and lifestyle will be able to manage their personal finances well. The aim of this research is to determine the influence of financial literacy and lifestyle on students' personal financial management. The population in this study were Regular Class students, Semester 5 and 7, Management Study Program, Faculty of Economics and Business, Muhammadiyah University of Palopo, totaling 304 students. The sampling technique used purposive sampling, determining the sample using the Slovin formula, totaling 75 respondents. This research method uses quantitative methods, the type of data used is primary data obtained through distributing questionnaires online. Data analysis techniques use validity tests, reliability tests, multiple linear regression analysis, t tests, f tests and coefficient of determination tests using the SPSS 26 application. The t test results show that financial literacy has a positive and significant effect on students' personal financial management. Lifestyle has a positive and significant influence on students' personal financial management. The results of the f test show that financial literacy and lifestyle simultaneously have a positive and significant effect on students' personal financial management.

Keywords: Financial Literacy; Lifestyle; Personal Financial Management

1. Introduction

Students must realize how important financial literacy is for managing their personal finances. This is very important for every student to have in order to avoid bad financial conditions. On the contrary, lack of financial literacy will have a negative impact on them. There is a phenomenon of lack of financial literacy demonstrated by the case of hundreds of IPB students being caught in online loans, where this case is an act of fraud under the guise of investment. The total loan bill was IDR 650.19 million with the highest bill being IDR 16.09 million. This nominal is data that has been collected by the Investment Alert Task Force (SWI) Complaints Post on the IPB campus until November 23 2022 [1].

Current technological advances have made it easier for students to make online loans. Online loans are money lending services that start the process of applying, approving and disbursing funds through online interviews without face to face [2]. Students often use online loans to meet consumer needs such as buying gadgets, staycations and others, without considering their ability to pay back. Students are one of the targets who are easily influenced to take part in loan programs, because many students do not have greater financial literacy in making financial decisions [3]. Therefore, it is important for students to have good financial literacy so they can manage their personal finances effectively.

[4] states that good financial management is supported by good financial literacy because in reality humans always face financial problems. A person can experience financial problems if they do not know how to manage their money and have a low income. [5] also said that financial literacy is very important if someone wants to avoid financial problems. Students who

have good financial literacy will be better able to budget effectively, manage debt wisely and have sufficient savings.

Apart from that, a factor that can influence students' personal finances is lifestyle. In today's modern era, students tend to have a consumerist lifestyle and are willing to spend money to buy things that may not always be needed, but may be considered a symbol of status or a desired lifestyle. This lifestyle has a negative effect because it results in increased expenses as a result of an excessive lifestyle which causes an individual's money to decrease, which makes it difficult to manage finances [6]. This is because students do not know how to manage finances well. They will not do things that make them more consumptive if they know how to manage their finances properly [7]. A person's lifestyle determines their financial management. Someone who has strong self-understanding and control will not fall into an unhealthy lifestyle [8].

The phenomena that occur among Muhammadiyah Palopo University students include lack of income, limited funds, very large needs and difficulty in controlling their desires who like to spend time with their friends just to gather, watch or sometimes even do assignments in cafes or places to eat. which is quite expensive, giving rise to wasteful behavior that makes managing their finances difficult.

Personal financial management is an important skill that every individual must have in order to achieve financial stability and sustainability in their lives. When someone starts implementing these financial management habits, someone may feel more motivated to do so, so that when they encounter problems along the way, these problems can be resolved and they can get back on track financially [9]. It is not the amount of money a person has that determines their success in financial management, but how intelligently they allocate it and decide how they spend it. Thus, managing finances should not be underestimated in everyday life [6]

The research conducted by [10];[11] stated that financial literacy has a positive and significant effect on financial management. However, it is different from research conducted by [7]; [12]found that financial literacy does not influence how students manage their finances. Furthermore, research conducted by [13]; [14] stated that lifestyle has a positive and significant effect on financial management. while research conducted by [15]; [16] stated that lifestyle has no effect on financial management.

In the context of the importance of financial literacy and lifestyle in managing personal finances, the aim of this research is to examine and analyze "The Influence of Financial Literacy and Lifestyle on Students' Personal Financial Management". By understanding these factors, it is hoped that individuals can improve their ability to manage personal finances better, achieve long-term financial stability, and achieve desired financial goals.

2. Methodology

Types of research

This type of research uses quantitative research methods. Quantitative research methods are research methods that use numbers and statistics in collecting and analyzing data that can be measured. According to [17], quantitative research aims to test hypotheses by taking certain samples using research instruments, with statistical/quantitative analysis.

Research Location and Time

This research was carried out at the Muhammadiyah Palopo University college located on Jl. Jendral Sudirman Km. 3 Binturu, Palopo City, South Sulawesi Province. The research will be carried out in November-December 2023.

Population and Sample

According to [17], population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions. The population of this research was Regular Class Students, Semester 5 and 7 of the Management Study Program, Faculty of Economics and Business, Muhammadiyah University of Palopo, totaling 304 students.

Research population

Semester	Number of Students
Seven	98
Five	206
Amount	304

According to [17], the sample is part of the number and characteristics of the population. The sampling technique uses purposive sampling with the criteria that have been obtained, namely Regular Class Students, Semester 5 and 7 of the Management Study Program, Faculty of Economics and Business, Muhammadiyah University of Palopo. Sample determination uses the Slovin formula as follows:

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

n = Number of samples

N = Population

e = Error rate 10% or 0.1

$$n = \frac{304}{1+(304)(0,1)^2}$$

$$n = \frac{304}{1+(304)(0,01)}$$

$$n = \frac{304}{1+3,04}$$

$$n = \frac{304}{4,04}$$

$$n = 75,25$$

Based on the results of calculations using the Slovin formula, the number of samples used in this research was 75 respondents.

Data source

In obtaining data, the author used primary data where according to [17] primary data is data obtained directly from data sources by direct observation.

Data collection technique

The data collection technique used in this research is a questionnaire, consisting of statements that will be answered by respondents. questionnaires distributed online in the form of a Google form. The research measurement scale uses a Likert scale which has five options, namely, strongly agree, agree, neutral, disagree, strongly disagree.

Data analysis technique

The data analysis techniques used are starting from the validity test, reliability test, multiple linear regression analysis, t test, f test and coefficient of determination test. By using the following regression equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information:

Y = Personal Financial Management

α = Constant

β_1, β_2 = Regression coefficients

X1 = Financial Literacy

X2 = Lifestyle

e = Standard error

3. Result and Discussion

3.1. Result

Validity test

This validity is carried out to find out whether the data collected after the research is valid or not, using a questionnaire as a measuring tool. An item can be declared valid if R count > R table where the significance level used is 5% or 0.05.

Table 1.
Validity Test Results

Variable	Items	R count	R table	Note.
Financial Literacy	LK1	0.337	0.191	Valid
	LK2	0.504	0.191	Valid
	LK3	0.525	0.191	Valid
	LK4	0.496	0.191	Valid
	LK5	0.574	0.191	Valid
	LK6	0.564	0.191	Valid

	LK7	0.657	0.191	Valid
	LK8	0.617	0.191	Valid
	LK9	0.571	0.191	Valid
	LK10	0.681	0.191	Valid
Lifestyle	GH1	0.586	0.191	Valid
	GH2	0.567	0.191	Valid
	GH3	0.686	0.191	Valid
	GH4	0.591	0.191	Valid
	GH5	0.663	0.191	Valid
	GH6	0.799	0.191	Valid
	GH7	0.790	0.191	Valid
Personal Financial Management	PK1	0.373	0.191	Valid
	PK2	0.703	0.191	Valid
	PK3	0.787	0.191	Valid
	PK4	0.715	0.191	Valid
	PK5	0.677	0.191	Valid
	PK6	0.583	0.191	Valid
	PK7	0.614	0.191	Valid
	PK8	0.728	0.191	Valid

Source: Data processed by SPSS 26 (2023)

Based on the data in table 1, it can be concluded that all statement items in the research instrument for the variables Financial Literacy (X1), Lifestyle (X2) and Personal Financial Management (Y) are declared valid because they have a calculated R value > R table.

Reliability Test

Reliability testing was carried out to determine whether the research variable data through the questionnaire was reliable or not. A variable is said to be reliable when the Cronbach's Alpha value is > 0.60.

Table 2.
Reliability Test Results

Variable	Cronbach's Alpha	N of Items	Information
Financial Literacy (X1)	0.750	10	Reliable
Lifestyle (X2)	0.793	7	Reliable

Personal Financial Management (Y)	0.806	8	Reliable
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Source: Data processed by SPSS 26 (2023)

Based on table 2. it can be seen that the Cronbach's Alpha value of the Financial Literacy variable (X1) is 0.750, Lifestyle (X2) is 0.793 and Personal Financial Management (Y) is 0.806. All variables that have been tested have a Cronbach's Alpha value > 0.60, so it can be concluded that all variables in this study are declared reliable.

Multiple Linear Regression Analysis

Multiple linear regression analysis is carried out to test the influence of two or more independent variables on the dependent variable.

Table 3.
Coefficients^a

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1.704	3.646		-.467	.642
	Financial Literacy	.611	.100	.554	6.112	.000
	Lifestyle	.297	.093	.291	3.210	.002

Source: Data processed by SPSS 26 (2023)

Based on the results of data processing in table 3. it can be seen that the regression equation is: $Y = -1.704 + 0.611 (X1) + 0.297 (X2)$

From the equation above it can be explained that:

1. The constant of -1.704 indicates that if Financial Literacy (X1) and Lifestyle (X2) are considered constant or do not change (equal to zero) then personal financial management is -1.704.
2. The Financial Literacy regression coefficient (X1) of 0.611 indicates that if Financial Literacy (X1) is increased by 1% then Personal Financial Management (Y) will increase by 0.611 assuming the independent variable Lifestyle (X2) is considered constant.
3. The Lifestyle regression coefficient (X2) of 0.297 indicates that if Lifestyle (X1) is increased by 1% then Personal Financial Management will increase (Y) by 0.297 assuming the independent variable Financial Literacy (X1) is considered constant.

From the description above it can be concluded that all independent variables Financial Literacy (X1) and Lifestyle (X2) have positive coefficient values. This shows that all independent variables in this study have a direct relationship and influence on the dependent variable.

Hypothesis testing

T Test (Partial)

Testt is carried out to see the influence of the independent variable on the dependent variable partially. Testing is carried out by comparing the T count with the T table or by looking at the significance column for each T count. The T table value is for a significance level of 5% (0.05) and degrees of freedom (df) = nk = 75-3 = 72, so the T table value is 1.666.

Table 4.
Coefficients^a

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1.704	3.646		-.467	.642
	Financial Literacy	.611	.100	.554	6.112	.000
	Lifestyle	.297	.093	.291	3.210	.002

Source: Data processed by SPSS 26 (2023)

Based on table 4. above, the following results are obtained:

1. The results in this research variable Financial Literacy has a calculated T value of 6.112 > T table 1.666 and a significance value of 0.000 < 0.05. This means that Financial Literacy has a positive and significant effect on Personal Financial Management (H1 is accepted).
2. The results in this study for the Lifestyle variable have a calculated T value of 3.210 > T table 1.666 and a significance value of 0.002 < 0.05. This means that lifestyle has a positive and significant effect on personal financial management (H2 is accepted).

F Test (Simultaneous)

The f test is carried out to test the influence of the independent variable on the dependent variable simultaneously. Testing is carried out by comparing the calculated F with the F table or by looking at the significance column in each calculated F. The F table value for the significance level is 0.05 and degrees of freedom (df1) = k-1 = 3-1 = 2, (df2) = nk-1 = 75-3-1 = 71, then the F table value is 3.126.

Table 5.
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	585.538	2	292.769	43.230	.000b
	Residual	487.609	72	6.772		

Total	1073.147	74		
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Source: Data processed by SPSS 26 (2023)

Result calculations in table 5. It is known that simultaneously the influence of financial literacy (X1) and lifestyle (X2) on personal financial management (Y) has a calculated F value of $43.230 > F \text{ table } 3.126$ and a significance value of $0.000 < 0.05$, so it can be concluded that simultaneously literacy Finance (X1) and Lifestyle (X2) have a positive and significant effect on Personal Financial Management (H3 is accepted).

Coefficient of Determination Test

The coefficient of determination test is carried out to determine the extent to which the independent variable is able to explain and contribute to influencing the dependent variable.

Table 6.
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739a	.546	.533	2.602

Source: Data processed by SPSS 26 (2023)

Based on the results of table 6. it can be seen that the coefficient of determination value is found in the Adjusted R Square value of 0.533, which means that the influence of the independent variables, namely Financial Literacy (X1) and Lifestyle (X2) on the dependent variable Personal Financial Management (Y) is 53.3% and the remaining 46.7% was influenced by other variables not discussed or included in this research.

3.2. Discussion

The Influence of Financial Literacy on Students' Personal Financial Management

Based on the results of the t test, the financial literacy variable has a calculated T value of $6,112 > T \text{ table } 1,666$ and a significance value of $0.000 < 0.05$, so it can be concluded that financial literacy has a positive and significant effect on students' personal financial management, meaning that the higher the student's level of financial literacy, the better their financial management. the student's personality.

This can be seen from the respondents' answers, the majority of respondents stated that they agreed with the statement made. So it can be concluded that students have a general understanding of financial literacy, such as basic knowledge of finance, savings, loans, insurance and investments which will help in managing their personal finances. In line with behavioral financial theory which is about the science of studying how people act when they make financial decisions.

This research is in line with research by [18] which states that financial literacy is closely related to an individual's ability to manage finances, so that the role of financial literacy can encourage individuals to overcome financial management difficulties. [19]; [10] also stated that financial literacy has a positive and significant effect on personal financial management.

The Influence of Lifestyle on Students' Personal Financial Management

Based on the results of the t test, the lifestyle variable has a calculated T value of $3,210 > T$ table 1,666 and a significance value of $0.002 < 0.05$, so it can be concluded that lifestyle has a positive and significant effect on students' personal financial management, meaning that students who have a good lifestyle have better financial management. the student's personality.

The results of the research can be seen from the respondents' answers in statements about activities like spending time shopping, interest in following trends and opinions about social media influencing buying something, they still manage their finances well, because they know which needs must be met first. Even though changing times continue to demand lifestyles, spending must remain controlled and under control to avoid waste. In line with the theory of planned behavior which can help explain and predict how students behave in managing their finances.

This research is in line with research by [20] stated that the better students manage their finances in allocating income to meet their lifestyle needs as expressed in activities, interests and opinions, the better they manage their finances. Research by [13] also stated that lifestyle has a positive effect on students' personal financial management.

The Influence of Financial Literacy and Lifestyle on Students' Personal Financial Management

Based on the results of the f test, the financial literacy and lifestyle variables have a calculated F value of $43,230 > F$ table 3,126 and a significance value of $0.000 < 0.05$, so it can be concluded that simultaneously financial literacy and lifestyle have a positive and significant effect on students' personal financial management, meaning students who have A good understanding of financial literacy and their lifestyle will make it easier to manage their finances.

This research is in line with research by [14] stated that by having good financial literacy and a disciplined lifestyle in determining which priorities must be fulfilled, students will be able to have good and wise management in allocating income and achieve an independent, happy and prosperous life. In line with research by [9] financial literacy and lifestyle have a positive and significant effect on personal financial management.

4. Conclusion

Based on the results of the research that has been conducted, it can be concluded that financial literacy has a positive and significant effect on students' personal financial management, meaning that the higher the student's level of financial literacy, the better the student's financial management. Lifestyle has a positive and significant influence on students' personal financial management, meaning that the better the lifestyle a student has, the better the student's personal financial management will be. Financial literacy and lifestyle simultaneously have a positive and significant effect on students' personal financial management.

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