Adpebi International Journal of Multidisciplinary Sciences

https://journal.adpebi.com/index.php/AIJMS

Vol.1, No.1, 2022
ISSN: 2829-8217
pp. 145-154

The Influence of Financial Attitude, Financial Knowledge, and Personal Income on Personal Financial Management Behavior

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ARTICLE INFO

Research Paper

Article history:
Received: 18 July 2022
Revised: 7 August 2022
Accepted: 26 August 2022

HOW TO CITE

SYARIF, A., & Putri, A. (2022). The Influence of Financial Attitude, Financial Knowledge, and Personal Income on Personal Financial Management Behavior. *Adpebi International Journal of Multidisciplinary Sciences*, *1*(1), 145–154. https://doi.org/10.54099/aijms.v1i1.226

ABSTRACT

This research aims to analyze the effect of financial attitude, financial knowledge, and personal income on personal financial management behavior

Methodology/approach – This research uses quantitative methods. Data processing and hypothesis testing using SmartPLS Version 3.2.9. This research was conducted at PT. Bank Tabungan Negara (Persero) Tbk Padang Branch, West Sumatra Province, Indonesia. The sampling technique used is the saturated sampling technique. The sample used is 92 respondents.

Findings – It was found that. financial attitude and financial knowledge have a positive and significant effect on personal financial management behavior. Personal income has a positive and insignificant effect on personal financial management behavior.

Novelty/value – financial attitude, financial knowledge are important factors that influence personal financial management behavior. While personal income does not affect personal financial management behavior. However, these indicators remain important in improving personal financial management behavior, especially by paying attention to indicators of financial attitude, financial knowledge and personal income

Keywords: Financial Attitude, Financial Knowledge, Personal Income, Personal Financial Management Behavior

INTRODUCTION

Personal financial management behavior is a person's ability to manage (planning, budgeting, checking, managing, controlling, searching, and storing) daily financial funds (Kholilah & Iramani, 2013) . Most individuals experience problems in managing finances caused by consumptive behavior and their perspective in managing finances. Personal financial management behavior is influenced by several determining factors such as financial attitude, financial knowledge, income ,. This is in accordance with research conducted by (Lianto & Elizabeth, 2017) ; (Fietroh & Mandasari, 2022) ; (Elicia, 2020) ; (Kholilah & Iramani, 2013) ; (Herdjiono & Damanik, 2016) ; (Ida & Dwinta, 2010) ; (Nobriyani

& Haryono, 2019) ; (Khairani & Alfarisi, 2019) ; (Aditya & Azmansyah, 2021) ; (Sibagariang & Wulandari, 2021) ; (Banthia & Dey, 2022) .

The selection of the millennial generation as the object of research is because the millennial generation will face a greater risk if personal financial management is not currently carried out. The initial phenomenon of financial management behavior of millennial employees at PT Bank Tabungan Negara (Persero) Tbk Padang Branch is still low due to the high level of consumer consumption of millennial generation employees. Seeing the initial phenomenon, it is necessary to conduct a pre-survey of 22 millennial generations where it is found that some millennial generation employees do not compare prices before deciding to make a purchase, do not pay bills on time and do not budget for expenses. Based on the pre-survey above, it is known that some millennial generation employees when they have debt are not used for productive activities to improve welfare.

The relationship between financial attitude and financial knowledge is that financial knowledge is objective and financial beliefs or financial attitudes are subjective, resulting in a low level of correlation to financial behavior and both have a significant impact on financial behavior (Robb & Woodyard, 2011) . The results of this research are in line with research conducted by (Sibagariang & Wulandari, 2021) ; (Banthia & Dey, 2021) ; (Fietroh & Mandasari, 2022) ; (Yogasnumurti et al., 2021) where the research shows that financial attitude and financial knowledge have a significant effect on personal financial management behavior.

The relationship between income and personal financial management behavior, namely with high income will show more responsible financial management behavior and vice versa considering the available income gives a person the opportunity to act responsibly (Ida & Dwinta, 2010) . As research that has been done by previous researchers, namely (Lianto & Elizabeth, 2017) ; (Aditya & Azmansyah, 2021) ; (Sibagariang & Wulandari, 2021) the results show that income has a positive and significant effect on personal financial management.

After looking at previous research, there is no consistency and many studies have not empirically proven the problems of financial attitude, financial knowledge, and personal income. Therefore, this research aims to determine and analyze the influence of financial attitude on personal financial management behavior, to determine and analyze the effect of financial knowledge on personal financial management behavior, and to determine and analyze the effect of personal income on personal financial management behavior.

LITERATURE REVIEW

Financial attitude is the application or application of financial principles to create and maintain value through sound decision making and resource management. Attitude is a person's evaluative statement, both pleasant and unpleasant, towards objects, individuals, and events (Robbins & Judge, 2012) . A person's attitude about money will support his behavior towards the money he has. A person's attitude in using money is also a shaper of that person's financial behavior. This is in accordance with the results of research conducted by (Khairani & Alfarisi, 2019) that financial attitude has a positive and significant effect on financial management behavior.

Financial knowledge is defined as a measurement of one's understanding of financial concepts and having the ability and confidence to measure personal finances through making appropriate short-term decisions, long-term financial planning and paying attention to economic events and conditions (Kholilah & Iramani, 2013) . Financial knowledge has a significant impact on financial management. A person's knowledge of money will support his behavior towards the money he has. The results of research that are appropriate and relevant to this research regarding the effect of financial knowledge on financial management behavior are research conducted by (Sibagariang & Wulandari, 2021) ; (Banthia & Dey, 2021) ; (Fietroh & Mandasari, 2022) ; (Mardhatillah et al., 2020) ; (Yogasnumurti et al., 2021) . Based on this research, it shows that financial knowledge has a significant effect on personal financial management behavior.

Income (income) is all a person's receipts as remuneration in the production process. The remuneration can be in the form of wages, interest, rent, or profits depending on the production factors involved in the production process (Sudremi, 2007) . It is possible that individuals with high sources of income will show more responsible financial management behavior and vice versa considering that the available income gives a person the opportunity to act responsibly (Ida & Dwinta, 2010) .

Financial Management Behavior

Financial management behavior is a person's ability to manage, namely planning, budgeting, checking, managing, controlling, searching and storing daily financial funds . The emergence of financial management behavior is the impact of a person's desire to fulfill their needs in accordance with the level of income earned (Kholilah & Iramani, 2013) . Good financial management behavior is measured by five components of a person's ability to budget, save money, and manage debt. The five components consist of being able to spend money as needed, paying monthly obligations on time, planning finances for future needs, saving, and setting aside funds for oneself and family, utilizing debt (Xiao & Dew, 2011).

Financial Attitude

Attitudes are evaluative statements both favorable and unfavorable towards objects, individuals, and events (Robbins & Judge, 2012) . Attitude towards money is defined as the point of view or behavior of an individual towards money (Muhammad Shohib, 2015) . Financial attitude is measured by components consisting of money as a source of strength, seeking status, money as a means of recognition from others, competition, ownership of luxury goods, future interests with careful planning, caution in its use, money as a source of suspicion, doubt in decision making, money as uncertainty, symbol of success, symbol of quality of life, cause of anxiety (Muhammad Shohib, 2015) .

Financial Knowledge

Financial knowledge is defined as a measurement of one's understanding of financial concepts and having the ability and confidence to measure personal finances through making appropriate short-term decisions, long-term financial planning and paying attention to economic events and conditions (Kholilah & Iramani, 2013) . Basic understanding and financial management, Personal financial management, recording, investment, deposits, knowledge of risk and insurance protection, Knowledge of credit and debt management are indicators in this research (Nababan & Sadalia, 2013) .

Personal Income

Personal income (income) is all a person's receipts as remuneration in the production process. The remuneration can be in the form of wages, interest, rent, or profits depending on the production factors involved in the production process (Sudremi, 2007) . Income (income) is measured based on income from all sources obtained where the largest component of total income (income) is wages and salaries.

METHOD

This research uses quantitative methods. Data processing and hypothesis testing using SmartPLS Version 3.2.9. This research was conducted at PT. Bank Tabungan Negara (Persero) Tbk Padang Branch. The sampling technique used is the saturated sampling technique. The sample used is 92 respondents.

RESULTS AND DISCUSSION

Characteristics of Respondents

The sample in this research were 92 people who became respondents in this research who were employees of the millennial generation of PT. Bank Tabungan Negara (Persero) Tbk Padang Branch. In this research the respondents were divided into several characteristics where the characteristics of the respondents were dominated by women, namely 57 people with a percentage of 62%, while men were 35 people with a percentage of 38%. The age of respondents was 26-30 years old, namely 33 people with a percentage of 36%, ages 31-35 years, namely 45 people with a percentage of 49%, and ages 36-41 years, namely 14 people with a percentage of 15%. The working period of respondents from 1-5 years is 24 people with a percentage of 26%, respondents working period of 6-10 years is 37 people with a percentage of 40%, and the working period of respondents is 11-14 years with a percentage of 34%.

Outer Model Evaluation (Measurement Model)

The outer model or measurement model defines how each indicator relates to its latent variable. The design of the measurement model by drawing the latent variable and filling it with each indicator of the latent variable (reflective or formative) based on the operational definition of the variable. The assessment of the outer model uses three methods, namely convergent validity, discriminant validity, and composite reliability. The results of the outer model test are validity and reliability tests for each variable.

Convergent Validity

Convergent validity is indicated by the correlation between indicators and latent variables. In this research, convergent validity was proven through the achievement of criteria. A reflective indicator should be removed from the measurement model when the value of loading (λ) < 0.6 and then the model is recalculated. If the loading value (λ) > 0.6 , it can be said that the indicator has been declared valid. Indicators with a high loading factor have a strong contribution to explain the latent variables.

Table 1. Loading Factor after several statements are eliminated/deleted

Indicator	Financial Attitude (X1)	Financial Knowledge (X2)	ersonal Income (X3)	Personal Financial Management Behavior (Y)
FA6	0.647			
FA7	0.621			
FA8	0.827			
FA10	0.820			
FA13	0.661			
FK2		0.838		
FK3		0.842		
FK4		0.841		
FK5		0.933		
FK9		0.616		
FK10		0.681		
PI			1,000	
PFMB1				0.711
PFMB2				0.917
PFMB3				0.731
PFMB4				0.841
PFMB5				0.865
PFMB6				0.696

Source: SmartPLS Processing Results, 2022

Based on Table 1, it can be seen that there are eight statements with a loading value of less than 0.6, namely for the financial attitude variable consisting of FA1, FA2, FA3, FA4, FA5, FA9, FA11, FA12 so that it must be eliminated or deleted. For the financial knowledge variable, there are four statements with a loading factor value of less than 0.6 , namely FK1, FK6, FK7, FK8. Based on Table 1 above, there are indicators that can be used after elimination or deletion. Next to further prove it can be seen the output value of AVE and Composite Reliability. Based on the table, it can be seen that there is no correlation with indicators that have a value smaller than the correlation of variables with other indicators. So it can be interpreted that discriminant validity has been met.

Discriminant Validity

The discriminant validity test was also assessed through AVE (Average Variance Extracted). According to the theory (Hair et al., 2017) a model has an AVE (Average Variance Extracted) value of 0.5 or higher, then the model is categorized as having high discriminant validity. The results of the AVE value can be seen in Table 2 below :

Table 2 AVE (Average Variance Extracted)

Variable	Average Variance Extracted (AVE)
Financial Attitude	0.519

Financial Knowledge	0.639
Personal Income	1,000
Personal Financial Management Behavior	0.637

Source: SmartPLS Processing Results, 2022

Based on Table 2 above, it can be seen that the Average Variance Extracted (AVE) value of each model construct already has a value above 0.5 . These results can indicate that the data in this research already have convergent validity requirements (Convergent Validity).

Composite Reliability

The specific Composite Realibilty value that can be accepted in explanatory research is in the range from 0.6 to 0.7 (Hair et al., 2017) . A construct is said to have high reliability if its value is > 0.7 according to Table 3 below:

Table 3 Composite Reliability

	Composite Reliability
Financial Attitude	0.842
Financial Knowledge	0.912
Personal Income	1,000
Personal Financial Management Behavior	0.912

Source: SmartPLS Processing Results, 2022

Based on Table 3, it is found that the four variables have a composite reliability value above 0.7 , which means that all established indicators are able to measure each variable well. so that the variables in this research are reliable.

Evaluation of the Structural Model (Inner Model) Coefficient of Determination

R Square (godness-fit model test) was used to test the endogenous latent variables. R Square is used to measure how much the endogenous variable is influenced by other variables. Sugiyono (2014) states that the R square result of 0.67 and above for endogenous latent variables in the structural model indicates the effect of exogenous variables (which affect) on endogenous variables (which are influenced) including in the strong category. Meanwhile, if the result is 0.33 - 0.67 then it is included in the medium category, and if the result is 0.19 - 0.33 then it is included in the weak category. The results of the coefficient of determination in this research can be seen in Table 4 below:

Table 4 Coefficient of Determination / R-Square (R^2)

Variable	R Square	Category
Personal Financial Management Behavior	0.742	Strong

Source: SmartPLS Processing Results, 2022

Based on Table 4, it is found that the influence contribution given by the variables of financial attitude, financial knowledge, and personal income simultaneously on personal financial management behavior is 74.2 % with a strong category.

Hypothesis test

Hypothesis testing is a causal analysis that can be used to determine the effect that occurs between the independent variable and the dependent variable. The independent variable was declared to have a significant effect on the dependent variable if the t statistic value > t table 1,96 and the p values <0.05. The results of the hypothesis test are informed in Table 5 below:

Table 5 Path Coefficient (Direct Effect)

Relationship Between Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Financial Attitude -> Personal Financial Management Behavior	0.531	0.529	0.098	5,429	0.000	Received
Financial Knowledge -> Personal Financial Management Behavior	0.347	0.351	0.086	4.020	0.000	Received
Personal Income -> Personal Financial Management Behavior	0.048	0.050	0.065	0.739	0.460	Rejected

Source: SmartPLS Processing Results, 2022

The influence of financial attitude on personal financial management behavior

Financial attitude (X1) has a positive and significant effect on personal financial management behavior (Y) which can be seen in Table 5 where the X1 variable has a value that has a positive and significant effect on Y. This result can be seen from the original sample value of 0.531 which is positive and significant. on Y from the t-statistic results of 5.429 where the magnitude of 1.96 (> 1.96) with a p-value of 0.000 which is smaller than 0.05 (<0.05) so that the hypothesis in this research can be accepted.

The influence of financial knowledge on personal financial management behavior

Financial Knowledge (X2) has a positive and significant effect on personal financial management behavior (Y) which can be seen in Table 5 where the X2 variable has a value that has a positive and significant effect on Y. This result is known from the original sample value of 0.347 which is positive and significant. against Y from the results of the t-statistic of 4.020 where it is greater than 1.96 (> 1.96) with a p-value of 0.000 which is smaller than 0.05 (<0.05) so that the hypothesis in this research can be accepted.

The influence of personal income on personal financial management behavior

Personal income (X3) has a positive and insignificant effect on personal financial management behavior (Y) which can be seen in Table 5 where the variable from X3 has a value that has a positive and insignificant effect on the value of Y. This result can be seen from the original sample value of 0.048 which is positive and not significant to Y from the t-statistic result of 0.739 which is smaller than 1.96 (<1.96) and the p-value is 0.460 which is greater than 0.05 (>0.05) so that the hypothesis on this research was rejected.

CONCLUSION

Financial attitude has a positive effect on personal financial management behavior. To improve personal financial management behavior, you can monitor spending in financial attitude because this has proven to be significant. Financial knowledge has a positive effect on personal financial management behavior. In improving financial knowledge, making a list of expenses and income is a very influential indicator because this has proven to be significant. Personal income has a positive and insignificant effect on personal financial management behavior. This means that the income received is an important factor but in this research it does not have an important influence because the level of income is not the reason for managing finances, especially in the personal financial management behavior variable.

ACKNOWLEDGMENT

Thank you to the Haji Agus Salim Bukittinggi Institute of Technology and Business for giving me the opportunity to research and gain knowledge, especially in the field of management. Thanks to Dr. Anne Putri, SE, M.Sc., AK., CA who has helped in completing my studies as a supervisor.

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