



FINANCIAL LITERACY AND ATTITUDE ON FINANCIAL MANAGEMENT

Article



INTRODUCTION



TOPIC: THE EFFECT OF FINANCIAL LITERACY AND ATTITUDE ON FINANCIAL MANAGEMENT BEHAVIOR AND SATISFACTION

Introduction:

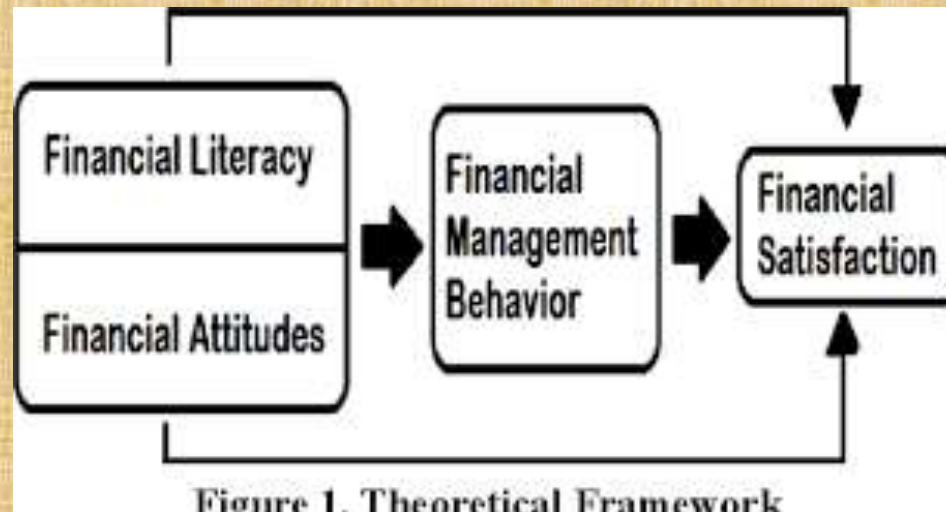
- The Importance of Financial Literacy and Attitude

Financial aspect is crucial before starting a family for maintaining and developing family life. Direktorat Jendral Badan Peradilan Agama (Ditjen Badilag) reported 23.8% of divorce cases in Indonesia in 2010 due to economic or financial reasons. Financial problems often stem from lack of education, communication, unemployment, and poor budgeting. Proper financial planning is essential for achieving family goals and avoiding financial crises.



- Financial Literacy, Attitude, and Satisfaction

Research aims to examine the impact of financial literacy and attitude on financial management behavior and satisfaction among married individuals. Financial literacy and attitude significantly influence financial management behavior. Financial management behavior directly affects financial satisfaction. Understanding these factors is crucial for achieving financial stability and satisfaction in the new millennium





LITERATURE REVIEW





FINANCIAL LITERACY AND ITS IMPACT ON FAMILIES

Some crucial ways

- **Financial Education Programs:**

- The implementation of financial education programs is crucial for enhancing financial literacy. Schools, community centers, and workplaces can offer workshops, seminars, and courses to improve individuals' understanding of financial concepts.
- These programs should cover topics such as budgeting, saving, investing, debt management, and retirement planning.
- Evidence suggests that individuals who participate in financial education programs exhibit better financial behaviors and decision-making.



FINANCIAL LITERACY AND ITS IMPACT ON FAMILIES

Financial Education Programs(contd):

- Financial Literacy as a Foundation:** Financial literacy provides the knowledge (what, how, why, etc.) to make financial decisions. However, it's just one piece of the puzzle.
- Financial Attitudes Matter:** Your beliefs and values (financial attitudes) shape how you view money and use your knowledge. These attitudes can be more influential than pure knowledge on your financial behavior.
- Management is Key:** Good financial management translates knowledge and attitudes into action. It involves planning, making decisions, and taking steps to achieve your financial goals.



FINANCIAL LITERACY AND ITS IMPACT ON FAMILIES

Financial Education Programs(contd):

- **The study's anomaly:** Research suggests a curious finding. When tested together, the direct effect of financial literacy on financial management behavior seems to disappear. However, if tested separately, both financial literacy and attitudes have a significant influence. This suggests a complex interplay between these factors.
- **Money and Happiness:** The passage mentions that simply having financial knowledge doesn't directly translate to financial satisfaction. Viewing money as a measure of success and experiencing anxiety during financial difficulties can actually decrease satisfaction.
- **Financial Attitudes and Planning:** The research on the link between financial attitudes and financial satisfaction is limited. While some studies haven't found a direct connection between attitudes and planning for financial satisfaction, more research is needed in this area.



METHODOLOGY



METHODOLOGY

Effect of
Independent
Variables on
Dependent
Variable

Quantitative Research

1. Questionnaire

- collect data from a targeted sample within the total population.

2. Sampling Technique

- The sample is recruited based on the researcher's accessibility using non-probability sampling.
- The total number of respondents is 200.

Data Collection Method

METHODOLOGY

Questionnaire Structure

- Two Sections:
 1. Respondent's Identity (Demography Factors)
 2. Grading Scale (1 to 5) for Statements on Financial Literacy, Attitudes, Management Behavior, and Satisfaction.

Quantitative Research

1. KMO (Kaiser Meyer-Olkin)
2. Bartlett Test
3. Cronbach Coefficient Alpha
4. Multiple regression analysis

Data Validation

KMO

- It is a measure of sampling adequacy that indicates the proportion of variance among variables that might be common variance.

Definition

$$KMO = \frac{\Sigma \text{ of Squares of Partial Correlations}}{\Sigma \text{ of Squares of Partial Correlations} + \Sigma \text{ of Squares of Residual Correlation}}$$

- **Interpretation:** The result of KMO must be greater than or equal to 0.5 ($KMO \geq 0.5$) for the data to be considered suitable for factor analysis.

Data Validation

MORE TESTS

- Bartlett Test of Sphericity.
- Cronbach's Alpha for Reliability
- Multiple Regression Analysis
- Hypothesis Testing: F-Test and T-Test

Definition

Bartlett Test of Sphericity

- **Purpose:** Measure variable correlation being tested.
- **Approach:** Chi-square approach.
- **Interpretation:** Significance value (Sig) must be < 0.05 .

Cronbach's Alpha for Reliability

- **Measurement:** Indicates internal consistency reliability.
- **Criteria:** Ideal $\alpha \approx 1$, minimum $\alpha = 0.6$ for reliability.
- **Significance:** Values below 0.6 signify unreliable data.

Multiple Regression Analysis

- **Purpose:** Examine relations between multiple independent variables and a dependent variable.
- **Utility:** Provides insight into how variables predict outcomes.
- **Benefits:** Enables accurate predictions and understanding of relationships.

Hypothesis Testing: F-Test and T-Test

- At the end, the researcher uses hypothesis testing (F-Test and T-Test) to see if the result could meet the hypotheses as predicted by the researcher.

Data Validation

OBJECTIVE OF R VALUE

- Correlation coefficient value.
- Status of correlation between dependent or independent variables.
- Consider as quality prediction of dependent variable.
- Describe strength and direction of linear relationship between two variables.

Objective

Range of R Value:

- Between 0.0 and 1.0
- ❖ Adjusted R square use to determine amount of variance

Data Validation:

- ✓ Leech (Entities that exploit company resources without benefit company)
- ✓ Barrett(Exchange of goods and services directly)
- ✓ Morgan

Range of R value

F-TEST & T-TEST

- Representation :
 - Result of each independent variable
 - Have influence on dependent variable
 - Test individually on each dependent variable
- Range :
 - Less than 0.10 Value

T Test statistic

- Representation of F Test :
 - Test all independent variables jointly towards dependent variable
- Range:
 - Under 0.001 under ANOVA Table

F Test Statistics



RESULT



RESULTS(ANALYSIS OF DATA)

- The first step is by analyzing two independent
- variables, financial literacy and financial attitudes, through two tests;
- KMO
- Bartlett's test
- 18 questions related to independent variables;
- 7 questions related to financial literacy
- 11 questions related to financial attitudes

First step

- The second step is performance reliability test for
- all variables will be done by checking the value of
- Cronbach's Alpha and Item-Total Statistics table to
- define the degree of reliability of a data.
- The minimum value of Cronbach's alpha is below **0.06**.
- The minimum value for item total correlation is **0.3**.

Second Step

TEST RESULTS

T - test statistics H1 and H2

No	Independent	Dependent	Hypothesis	Beta	Sig.	Info
1	financial literacy	Financial mang.behavior	H1	0.069	0.428	H1 is reje.
2	Financial attitude	Financial mang.behavior	H2	0.480	0.000	H2 is accp.

T - test statistics H1 and H2

No	Independent	Dependent	Hypothesis	F	Sig.	Infor.
1	FL and FA	FMB	H3	38.815	0.000	H3 is accepted

TEST RESULTS


R, R square and adjusted R square

correlations	R	R square	Adjusted R square
The effect of financial literacy and financial attitudes towards financial management behavior.	0.532	0.283	0.275

T - test statistics for H4, H5 H6

Independent variable	Dependent	Hypothesis	Beta	Sig	information
Financial literacy	Financial satisfaction	H4	0.116	0.244	Rejected
Financial attitudes	H5	-0.073	0.495	Rejected
Financial management behavior.	H6	0.243	0.003	Accepted

CONCLUSION



“FINANCIAL FREEDOM
IS AVAILABLE TO
THOSE WHO LEARN
ABOUT IT AND WORK
FOR IT”

- **Financial attitude** have a positive impact on financial behaviour because positive attitude of individual is an indicator of spending money well.

- **Financial management behaviour** is affected by financial attitude and so financial attitude becomes a main controller of decision to acquire financial satisfaction.

- **Financial literacy**, mental budgeting and self control leads to investment decision making which then leads to financial well being.

- **Financial management** is a guiding force that enables businesses to optimise their resources, make informed financial decision and achieve their profit objectives while maintaining long term sustainability.

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