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The Influence of Financial Knowledge, Income, and Lifestyle on Financial Behavior of Housewives at Laut Dendang Village

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ABSTRACT

After Covid 19, many changes have occurred regarding the process of understanding and managing finances in the community. Changes in life certainly affect the family's understanding of financial management, income and lifestyle on financial behavior. The population in this family study is in Laut Dendang Village, Deli Serdang Regency. Research by taking a sample of 100 housewives as a sample. This study uses Judgment Sampling, where the sample is selected from a population based on expert considerations and scientific considerations. Data collection techniques in this study used documentation, observation, and questionnaire techniques. The data analysis technique in this study uses a quantitative approach using statistical analysis using the Auter Model Analysis test, Inner Model Analysis, and Hypothesis Testing. Data processing in this study using the PLS (Partial Least Square) software program. The results of this study conclude that partially there is a significant effect of the variable financial knowledge on financial behavior, there is significant effect of the variable income on financial behavior, and there is significant effect of the variable lifestyle on financial behavior. And there is simultaneously significant effect of the variable financial knowledge, income and lifestyle effect on financial behavior.

Keywords: Financial Knowledge, Income, Lifestyle and Financial Behavior.

INTRODUCTION

In the current post-covid-19 economic era, an individual must be able to carefully manage his finances, because financial management will result in financial behavior in carrying out various transactions. Currently, knowledge about finance is growing along with the increasing complexity of human needs. This development increases one's abilities, related to personal intelligence in being effective for the realization of public welfare related to globalization that we cannot avoid, such as in determining future decisions relating to short-term or long-term decisions indirectly. (Brigham & Houston, 2014).

Someone who has the ability to make the right decisions about finances will not have financial problems in the future and demonstrates healthy financial behavior and is able to prioritize needs instead of wants. (Hamdani, 2018)

Financial capabilities are not only about being able to generate sufficient income to meet the needs of life, but also the ability to manage finances wisely and appropriately, make the right decisions in using money. (Gunawan et al., 2018).
The financial behavior of each individual is certainly different. Individuals who are able to know how he gets his money, plan his finances, manage his finances, and save his money are individuals who have good financial behavior. Knowledge of how important this financial behavior is should be done early on, this is because a pattern of managing finances well guarantees success regarding one's finances in the future. (Purwidianti & Mudjiyanti, 2016)

Factors that influence Financial Behavior are Financial Knowledge, Income and Lifestyle. Good financial knowledge will certainly make financial behavior better starting at an early stage and will help individuals to achieve financial goals. By making a spending plan so that it can help to prioritize spending based on needs, not wants. A well-managed income will certainly be able to make a person fulfill the desired needs and a good lifestyle is absolutely necessary to avoid consumptive behavior.

LITERATURE REVIEW

Financial Behavior plays a very important role in making investment decisions. Investment decision making does not always behave in a way that is consistent with the assumptions made in accordance with the perception and understanding of the information received. Financial behavior (financial behavior) relates to one's financial responsibilities related to how to manage a financial business. Financial behavior is fundamental for a person to manage his finances. states that financial behavior is related to the effectiveness of fund management, where the flow of funds must be directed according to a predetermined plan (Humaira & Sagoro, 2018).

Financial behavior is how households or individuals manage financial resources which include planning, budgeting savings, investment and insurance (Sina, 2013). Financial behavior management is a person's ability to manage, namely planning, budgeting, checking, managing, controlling, searching and storing daily financial funds (Kholilah & Iramani, 2013). Financial behavior or financial behavior relates to how a person treats, manages, and uses the financial resources available to him. Individuals who have responsible financial behavior tend to be effective in using the money they have, such as making a budget, saving money, controlling spending, investing, and paying obligations on time (Sari, 2015). So, it can be concluded that financial behavior can be concluded that financial behavior is a person's responsibility in regulating, managing, controlling, finding and saving money they have.

Financial behavior consists of several indicators, namely: Making a financial plan, Knowing the buying experience, Paying bills on time, Financial Evaluation, Setting aside money for unexpected costs, Saving and Investment (Purwidianti & Mudjiyanti, 2016)

Financial knowledge is the basis of a critical factor in making financial decisions. Financial knowledge is important, not only for the benefit of individuals. Financial knowledge is not only able to make a person use money wisely, but also can provide benefits to the economy. Financial knowledge is everything about finances that is experienced or that occurs in everyday life. (Silvy & Yulianti, 2013). Financial knowledge, in this sense, refers to a basic understanding of financial concepts and procedures as well as the use of this knowledge to solve financial problems. The statement explains that in this case financial knowledge refers to a basic understanding of financial concepts and procedures and the use of this knowledge to solve financial problems (Durband et al., 2019). Financial knowledge can also be defined as a person's mastery of various things about the world of finance, which consists of financial tools and financial skills. (Likawati & Andrew, 2014). So, it can be concluded that Financial Knowledge is everything needed to master finance so that the finances used can be according to the desired target.

Financial knowledge consists of several indicators, namely: Investment Experience, Financial Planning, Education History, Savings Activities, (Silvy & Yulianti, 2013).

Income is the result of the sale of goods or services in a company within a certain period. Actually, not only the results of sales, a company's income can also come from interest on company assets. Income is the total gross income of an individual derived from wages, business establishments, and various returns from investments (Likawati & Andrew, 2014). Income is an important predictor of life satisfaction. Not only because it allows people to improve their living standard, but also because it is often interpreted as an indication of one's position in society. (Schalembier, 2019). Income is the total annual gross income of an individual derived from wages, business enterprises and various investments (Ida & Dwinta, 2010). So, it can be concluded that income is something that is received for the work we have given.

Income consists of several indicators, namely: bonuses and incentives, additional income, regular salary income, and investment (Reviandani, 2019).

Lifestyle influences a person's behavior which ultimately determines a person's consumption pattern. Consumers' lifestyles change from time to time. Currently, consumers have more freedom with the availability of various alternative brands and supported by online sales. This new lifestyle in the buying process changes consumer motivation in choosing products (Wijaya, 2018)

Lifestyle is a person's pattern of living in the world that is revealed in his activities, interests, and opinions. Lifestyle describes the whole person who interacts with his environment. Marketers look for links between their products and lifestyle groups (Kotler & Keller, 2014). Lifestyle can be said as a pattern of life of a person in the world which is expressed in his activities, interests, and opinions. Lifestyle describes the "whole of a person" who interacts with his environment (Kaparang, 2013). So, it can be concluded that Lifestyle is a description of the behavior and lifestyle shown by a person.

Lifestyle consists of several indicators, namely: Activities, Interests and Opinions.

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RESEARCH METHOD

The population in the family research in Laut Dendang Village, Deli Serdang Regency, is 4023 households. This study took a sample of 100 housewives as samples. This study uses Judgment Sampling, where the sample is selected from a population based on expert considerations and scientific considerations. Data collection techniques in this study used documentation, observation, and questionnaire techniques. The data analysis technique in this study uses a quantitative approach using statistical analysis using the Auter Model Analysis test, Inner Model Analysis, and Hypothesis Testing. Data processing in this study using the PLS (Partial Least Square) software program

RESULTS

1. VALIDITY TEST

After testing the instrument for all variables, the outer loading results are obtained as follows:

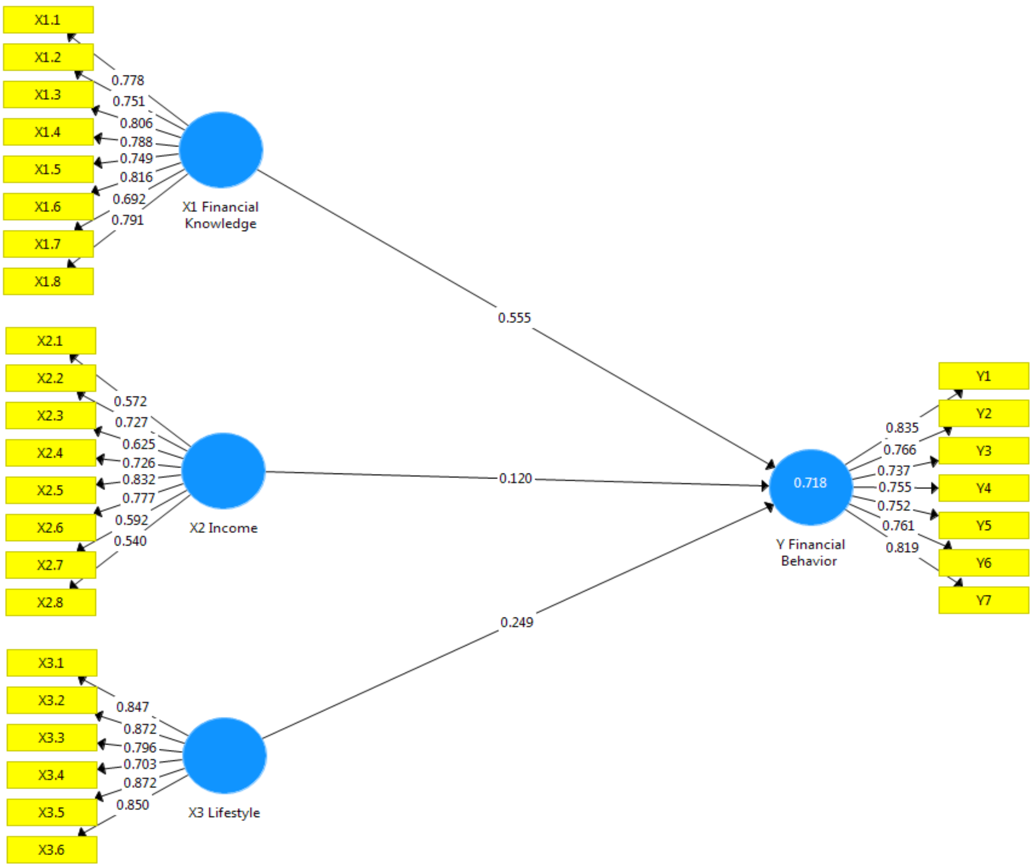

Figure 1. Early Structural Model

To see an indicator of a construct variable is valid or not, it is seen from the value of the outer loading. If the outer loading value is greater than (0.4), then an indicator is valid (Hair Jr et al., 2017). The outer model test results show that all items have an outer loading of more than 0.40 so that all points can be used.

2. RELIABILITY TEST

	Cronbach's Alpa	Rho_A	Reliabilitas Komposit	AVE
Financial Knowledge (X1)	0,9031	0,9078	0,9218	0,5964
Income (X2)	0,8299	0,8493	0,8714	0,4640
Lifestyle (X3)	0,9055	0,9145	0,9274	0,6816
Financial Behaviour (Y)	0,8893	0,8924	0,9135	0,6017

Internal consistency testing uses a composite reliability value with the criteria of a variable being said to be reliable if the composite reliability value is > 0.600 (Hair Jr et al., 2017). And the results of the table above show that all variables have a composite reliability value of more than 0.600. So that the result of each variable is reliable.

3. CONVERGENT VALIDITY TEST

	Financial Knowledge (X1)	Income (X2)	Lifestyle (X3)	Financial Behaviour (Y)
Financial Knowledge (X1)				
Income (X2)	0,7269			
Lifestyle (X3)	0,8231	0,7831		
Financial Behaviour (Y)	0,8993	0,7316	0,8273	

Discriminant validity aims to assess an indicator of a construct variable is valid or not, namely by looking at the Heterotrait Value - Monotrait Ratio Of Correlation (HTMT) < 0.90, then the variable has good discriminant validity (valid) (Hair Jr et al., 2017). And the results of the table above show that all variables have a composite reliability. And each variable below the value of 0.90 then it can be stated that each variable is valid.

4. COLINEARITY TEST

	Financial Knowledge (X1)	Income (X2)	Lifestyle (X3)	Financial Behaviour (Y)
Financial Knowledge (X1)				2,4409
Income (X2)				2,0351
Lifestyle (X3)				2,7544
Financial Behaviour (Y)				

Collinearity testing is to prove whether the correlation between latent variables/constructs is strong or not. If there is a strong correlation, it means that the model contains problems from a methodological point of view, because it has an impact on the estimation of its statistical significance. This problem is called collinearity. The value used to analyze it is by looking at the value of the Variance Inflation Factor (VIF) (Hair Jr et al., 2017). If the VIF value is greater than 5.00, it means that there is a collinearity problem, and conversely there is no collinearity problem if the VIF value is <5.00 (Hair Jr et al., 2017). Based on the table above, each VIF value variable is not greater than 5.0 so there is no collinearity problem

5. DETERMINATION COEFFICIENT TEST

	R Square	*Adjusted R Square*
Financial Behaviour (Y)	0,7178	0,7090

In the table above Financial Knowledge (X1), Income (X2), Lifestyle (X3) and Financial Behavior (Y). is equal to 0.7178 meaning the magnitude of the influence is 71.78%, this means showing a strong PLS.

6. HYPOTHESIS TEST
DIRECT LINE COEFFICIENT

	Original Sample	Sample Mean	Standard Deviation	t Statistics	P Values
X1 – Y	0,5550	0,5652	0,0741	7,4868	0,0000
X2 – Y	0,1198	0,1219	0,0725	1,6522	0,0991
X3 – Y	0,2491	0,2395	0,0790	3,1552	0,0017

Based on the table above, there are 3 hypotheses tested, which are as follows:
H1 : P Values of Financial Knowledge on Financial Behavior is 0.000
where 0.0000 <0.05 then financial knowledge has an effect on behavior Finance
H2 : P Values of Financial Knowledge on Financial Behavior is 0.0991 where 0.0991 >

0.05 then income has no effect on behavior Finance

H3 : P Values of Financial Knowledge on Financial Behavior is 0.001 where 0.0017 < 0.05 then Lifestyle has an effect on Financial Behavior

DISCUSSION

1. The Effect of Financial Knowledge on Financial Behavior

The results of this study found that the direct influence of the Financial Knowledge variable (X1) on the Financial Behavior variable (Y) has a path coefficient of 0.5550 (positive), and a P-Values value of 0.0000 <0.05, so it can be stated that between Financial Knowledge (X1) has a significant effect on the Financial Behavior variable (Y) on Housewives in Laut Dendang Village, Deli Serdang.

This shows that the higher the knowledge about finance, the better financial behavior, where with the financial knowledge that housewives have about the concept of finance, housewives are more careful in managing family finances, a housewife will be more inclined to save and utilize money according to their needs. Financial knowledge possessed can be a strong asset to assist individuals in overcoming any risks that may occur in the process of managing and making financial decisions. Every individual must acquire financial knowledge from learning on past experiences obtained in formal education and informal sources from the surrounding environment, such as from family, friends. Financial knowledge derived from past experience can be an encouragement or an obstacle for individuals in realizing more responsible financial behavior. This means that individuals with high financial knowledge will be increasingly encouraged to make the right decisions in financial management, investment, consumption, and saving activities. (Gunawan et al., 2022).

The results of this study are in line with research conducted by (Nurazizah & Indrayenti, 2022), and (Novia et al., 2022) which state that financial knowledge affects financial behavior.

2. Effect of Income on Financial Behavior

The results of this study found that the direct effect of the income variable (X2) on the financial behavior variable (Y) has a path coefficient of 0.1198 (positive), and a P-value of 0.0991 > 0.05, so it can be stated that between Knowledge Finance (X1) has no effect on the financial behavior variable (Y) on housewives in Laut Dendang Village, Deli Serdang.

This means that if the income received by housewives does not affect financial management decisions at all, income is the result of a person's sacrifice in the form of material to fulfill his life needs.

This is in line with research conducted by (Panjaitan & Listiadi, 2021) From the results it is known that income does not affect financial behavior. The cause of the ineffectiveness of income on financial behavior is, because in this case someone who already has more income will be able to use it more to meet current needs or daily needs, it can also be interpreted that the more a person's income, the higher the desire to use it. to do consumption.

3. Influence of Lifestyle on Financial Behavior

The results of this study found that the direct influence of the Lifestyle variable (X3) on the Financial Behavior variable (Y) has a path coefficient of 0.2491 (positive), and a P-Values value of 0.0017 <0.05, so it can be stated that between Lifestyle (X3) has a significant effect on the financial behavior variable (Y) on housewives in Laut Dendang Village, Deli Serdang.

This is in line with research conducted by (Sufyati & Lestari, 2022). Lifestyle is included in the pattern of an individual that is carried out daily in the world to express his activities, interests, and opinions. This proves that the millennial generation's lifestyle has a strong impact and significantly influences changes in millennial financial behavior. The millennial lifestyle in this day and age has a very consumptive tendency towards their finances which in the end often they are unable or overwhelmed to control their own finances. A high lifestyle will make them continue to follow existing trends, this can be because the environment around them makes them forget about living in the future, which in the end they are wrong in using the right money. A good lifestyle will affect individual financial behavior directly or indirectly.

CONCLUSION

1. Financial knowledge has a positive and significant effect on the financial behavior of housewives in Laut Dendang village, Deli Serdang, this shows that the high knowledge possessed by a housewife will affect financial behavior that is getting better and increasing.
2. Income does not affect the financial behavior of housewives in Laut Dendang village, Deli Serdang, this shows that income does not affect financial behavior at all.
3. Lifestyle has a positive and significant effect on Financial Behavior, this shows that a good and wise lifestyle will affect individual financial behavior

LIMITATION

In this study, researchers chose housewives in Laut Dendang village as research objects. Researchers only focus on researching issues related to Financial Knowledge, Income and Lifestyle on Financial Behavior

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DECLARATION OF CONFLICTING INTERESTS

We declare that we have no conflict of interest with the BEFIC Bali 2022 committee or staff from AIBPM or any conflict regarding this article

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