INFLUENCE FACTOR FINANCIAL LITERACY

Muhamad Irpan Nurhab
Institut Agama Islam Negeri Metro
Email: irpanmatstat@gmail.com

Abstract - *One of the intelligence that modern humans must possess is financial intelligence, namely intelligence in managing personal financial assets. Students generally have greater freedom to make personal decisions in financial matters. However, the current phenomenon does not reflect the level of student financial literacy. This is the maximum money he has. Students need to be equipped with knowledge and expertise in the field of finance and taught ways to manage finances so that students cannot take advantage of this research. This study aims to determine what factors influence the financial literacy of students at the Metro State Islamic Institute. The method used in this study was to take a direct approach to the respondents who were sampled in the study to obtain primary data. The sampling technique in this study used a proportional random sampling technique with data collection techniques using a questionnaire distribution technique. Factor analysis of 17 indicator variables produces 5 forming factors, namely: 1) Management factor, 2) Revenue factor, 3) Budgeting factor, 4) Education factor, and 5) Planning factor.*

Keywords: Factor Analysis, Financial Literacy, Multivariate Analysis

1. INTRODUCTION

One of the intelligence that modern humans must possess is financial intelligence, namely intelligence in managing personal financial assets. By applying the correct method of financial management, one is expected to get the maximum benefit from his money. In one's personal life, there are three financial decisions to make: (1) how much to consume each period; (2) whether there is excess income and how it is invested; and (3) how to finance the consumption and investment. In order to achieve financial well-being, a person needs to have sound personal financial knowledge, attitudes and implementation. The extent to which a person's knowledge, attitudes and implementation in managing finances is known as financial literacy (Widayati, 2012). Based on a survey conducted by the Financial Services Authority in 2013, it shows that Indonesia is a country that has a low level of financial literacy among the surrounding countries—evidenced by the results of a national financial literacy survey conducted by the Financial Services Authority in 2013 in 20 provinces with 8,000 respondents showing the level of financial literacy of the Indonesian people at 21.8% with a utilization rate of 59.7 percent.

Students need greater knowledge of personal finance as well as real-life skills such as balancing income, managing expenses and using credit cards, setting up a budget, saving money, paying interest, or even taking out insurance for a prosperous future. College students generally have greater freedom to make personal decisions when it comes to finances. Many students learn from trial and error, but this has not been able to make them smart economic actors in today's life. Students are faced with the problem of whether they are financially ready to live independently and start a family. Education plays an important role in the formation of financial literacy, both informal education in the family environment and formal education in the tertiary environment. Within the family environment, the level of financial literacy is determined by the role of parents in providing support in the form of financial education in the family. Through family education, in simple ways, children are brought to a value system or desired attitude of life and accompanied by the example of parents who have indirectly brought children to certain views and habits. Jorgensen (2007) stated "Students who reported they learned either some or a lot about managing their money from parents had

higher financial knowledge, attitude, and behavior scores than students who reported learning none or not much about managing their money from their parents." Financial management education in the family is influenced by the socio-economic status of parents. Differences in the socioeconomic status of parents make a big difference in the upbringing of children. Children are conditioned by subcultural position and socioeconomic class which in turn influences their cognition and behavior.

Learning in tertiary institutions plays an important role in the process of forming student financial literacy. Students live in a pluralistic and complex economic environment so an increase in the need for financial education is urgently needed. Several countries have recognized the need for financial literacy to be taught in the classroom. Effective and efficient learning will help students have the ability to understand, assess and act in their financial interests. Financial education has a significant positive effect on financial knowledge, attitudes and behavior (Gutter, 2008). Reinforced by research by Lutfi and Iiramani (2008) which states that financial education management has a significant effect on financial literacy.

2. LITERATURE REVIEW

Financial Literacy

The definition of financial literacy, according to Bhushan and Medury (2013), is "Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money" which means that financial literacy is the ability to make informed judgments and make effective decisions. regarding the use and management of money. Huston (2010) states that financial knowledge is an integral dimension of financial literacy, but cannot yet describe financial literacy. Financial literacy occurs when an individual has the skills and abilities that make that person able to utilize existing financial resources to achieve goals (Khrisna, 2010). Byrne (2007) suggests that wrong financial planning as a result of low financial knowledge will result in not achieving the expected welfare. Attitude is an important element in financial literacy. Financial attitude is defined as a person's psychological characteristics related to personal financial problems5. Financial attitudes such as being open to information, assessing the importance of managing finances, not being impulsive in consumption, orientation to the future, and responsibility.

According to the Program for International Student Assessment (PISA) in the Ministry of Education and Culture Research and Development (2012) the aspects contained in financial literacy are:
1. Money and transactions
2. Financial planning and management
3. Risks and rewards
4. Financial landscape.

A parent's socioeconomic status is a person's class position or a combination of economic positions which includes the level of education, type of parental work, income level, and student pocket money (Widayati, 2014). Furthermore, Widayati (2014) through well-planned teaching, media, and learning resource training that is in accordance with competence, is expected to be able to provide students with skills in the field of finance, so that students become ready and able to face life today and in a challenging future. increasingly complex. The indicators are:
1. Understanding of material in finance courses
2. Methods and media used
3. Process and assessment of learning

Financial education in the family is the ability of a person or family to budget, save money, manage expenses, invest, and save for future family needs (Zahriyan, 2016). According to Nababan and Sadalia (2013), there are 5 aspects of financial literacy, including:
1. General knowledge of finance (basic personal finance)
2. Savings and loans (saving and investment)
3. Insurance (insurance)
4. Investment (investment)
5. Risk management

Various studies have been conducted to identify the factors that affect the level of financial literacy among students according to Widayati (2014), Zahriyan (2016) and Nababan & Sadalia (2013), including:
1. Level of education
2. Type of work
3. Level of education
4. Student monthly pocket money
5. Budgeting
6. Save money
7. Manage expenses
8. Make an investment
9. Saving
10. Understanding of material in finance courses
11. Methods and media used
12. Learning process and assessment
13. General knowledge of finance
14. Savings and loans
15. Insurance
16. Investment
17. Risk management

3. METHODS

Research subject

Research subjects are people, places, or objects observed in the targeting context. The research subjects in this study were students of the Metro State Islamic Institute consisting of students from the Faculty of Sharia, the Faculty of Tarbiyah, the Faculty of Ushuludin Adab and Da'wah, and the Faculty of Islamic Economics and Business.

Research Object

The object of research is the object of research. According to Supranto (2000), the object of research is a set of elements which can be people, organizations or goods to be studied. The objects that we examine are the factors that affect the financial literacy of students at the Metro Metro State Islamic Institute.

Sample

According to Sanusi (2011), the sample is part of the selected election elements. The sample is part or representative of the population being studied (Arikunto, 2013). The sample is part of the population that can represent the characteristics of the population that is used as the object of research. According to Arikunto (2013), there are several advantages to conducting research using samples, namely:
1. There are fewer subjects in the sample compared to the population, so the hassle is certainly reduced.
2. If the population is too large, it is feared that something will be missed.

3. There is efficiency in sample research (in terms of money, time and effort).

4. There are times when population research is destructive.

5. There is a danger of bias from the person collecting the data (the inaccuracy of the data collector).

6. There are times when it is not possible to do population research.

The samples we took from this study were 80 student samples from 20 students of the Faculty of Sharia, 20 students of the Faculty of Tarbiyah, 20 students of the Faculty of Ushuludin Adab and Da'wah and 20 students of the Faculty of Islamic Economics and Business with 17 male students (21, 25%) and female as many as 63 female students (78.75%), aged less than 20 years (<20 years) as many as 69 students and more than 20 years (> 20 years) as many as 11 students.

Sampling technique

According to Sugiyono (2013), the sampling technique is a sampling technique to determine the sample to be used. The sampling technique in this study used a proportional random sampling technique. The proportional random sampling technique means that the sampling technique is carried out if the characteristics or elements in the population are not homogeneous and proportionally stratified. This technique is a probability sampling technique, namely a sampling technique that provides equal opportunities for all members of the population to be selected as members of the Nanang sample (2012).

Method of collecting data

The data collection method used was by visiting the respondents directly who were the samples in the study. Data collection techniques using questionnaires (questionnaire). The questionnaire itself is a list of questions given to other people who are willing to provide responses (respondents) according to user requests. The goal is to find complete information about a problem from the respondent without worrying if the respondent gives an answer that is not in accordance with reality in filling out a list of questions (Riduwan, 2015).

The unit of analysis is the individual because each respondent's answer represents his own opinion. Data measurement uses a Rating Scale, namely raw data obtained in the form of numbers and then expansion in a qualitative sense (Riduwan, 2015). The questionnaire in this study was in closed form, namely a questionnaire with answers already provided so that the respondent only had to choose. The number of questions in the questionnaire is 34 questions. Respondents can choose the available alternative answers, namely: Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree.

Research design

Before starting the preparation and writing of this research, we prepared several designs or procedures for compiling this research. The design is divided into several stages, namely:

1. Problem Identification Stage

   At this stage, the core of the problem to be discussed is the variable costs used in the research. The variables used in this study include variables used to determine the factors that influence student financial literacy. There are 17 variables, namely:

Table 1. Research Variables

1. Level of education	10. Understanding material in finance courses
2. Type of work	11. Methods and media used
3. Level of education	12. Process and assessment of learning
4. Student monthly pocket money	13. General knowledge of finance
5. Budgeting	14. Savings and loans
6. Save money	15. Insurance
7. Wear expenses	16. Investment
8. Make an investment	17. Risk management
9. Saving	

2. Information Gathering Stage

At this stage, we collect materials and sources of information from websites, newspapers, journals, and books.

3. Compile a Questionnaire

At this stage, we compiled a questionnaire to find out the factors that influence financial literacy according to the procedure and distributed it to respondents.

4. Looking for Alternative Problem Solvers

At this stage, we analyze the data obtained then test the validity and reliability of the questionnaire used then discuss the factors that affect students' financial literacy

Data analysis

The data analysis method that will be used is Factor Analysis with MS.Excel and SPSS analysis programs which are Statistics Software programs. Data were analyzed through the following stages:

1. Testing the validity and reliability of the research questionnaire
2. Tabulate in the Data View
3. Formation of the correlation matrix
4. Test the feasibility factor based on the Bartlett test of sphericity and Measure of Sampling Adequacy (MSA)
5. Factor extraction process
6. Rotation factor
7. Interpretation factor

4. RESULTS AND DISCUSSION

Factor Analysis Assumptions Test To Assess Eligible Variables.

Factor analysis has assumptions that must be fulfilled beforehand, including the KMO statistical value for sample or data adequacy and the significance of the Barlett test to test that between variables correlate.

Table 3. KMO and Bartlett's Test Outputs

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.740
Bartlett's Test of Sphericity	Approx. Chi-Square	457.961
	df	136
	Sig.	.000

Identification of Data Adequacy

The adequacy of data or samples can be known through the Measure of Sampling Adequacy (MSA) and Kaiser-Meyer-Olkin (KMO) values. Based on the table above, it can be seen that the data adequacy assumption has been fulfilled by looking at the KMO value of the SPSS output (0.740 > 0.5). This means that the data is satisfactory for factor analysis so that the data or sample adequacy test has been fulfilled.

Identification of Correlation Between Variables

Between variables must meet the correlation assumption. To help identify correlations between variables, SPSS software is used. The information obtained from the table shows that the variables have fulfilled the assumption of mutual correlation by looking at the Barlett 457 test value at 136 degrees of freedom, far below 0.05 which means H0 is rejected. Thus

both assumptions for factor analysis have been proven. In addition, the feasibility variables to be analyzed are also seen from the Anti-Image Matrix which is used to find out which variables should be removed because they cannot be predicted and cannot be analyzed further. MSA (Measure of Sampling Adequacy) numbers range from 0 to 1,

Table 4 MSA values on Anti-Image Matrices

VARIABLE	MSA	VARIABLE	MSA
LEVEL OF EDUCATION	0.593	UNDERSTANDING OF MATERIALS IN FINANCE COURSES	0.688
TYPE OF WORK	0.762	METHODS AND MEDIA USED	0.532
INCOME LEVEL	0.661	PROCESS AND ASSESSMENT OF LEARNERS	0.743
MONTHLY STUDENT POCKET MONEY	0.548	GENERAL KNOWLEDGE OF FINANCE	0.829
BUDGETING	0.696	SAVINGS AND LOANS	0.624
SAVING MONEY	0.806	INSURANCE	0.701
MANAGES EXPENDITURE	0.808	INVESTMENT	0.699
MAKE INVESTMENTS	0.754	RISK MANAGEMENT	0.772
SAVE	0.909		

From the output of the anti-image matrix, it turns out that the MSA value of all variables is above 0.5, meaning that the unit of observation is sufficient for further analysis of each variable.

Extracting Factors

Then the core process of factor analysis is carried out, namely extracting the existing group of variables, so that one or more factors are formed. There are many methods for carrying out the extraction process, but the method used is Principal Component Analysis.

Tabel 5. Communalities

Communalities

	Initial	Extraction
Tingkat Pendidikan	1.000	.597
Jenis Pekerjaan	1.000	.629
Tingkat Pendapatan	1.000	.550
Uang Saku Bulanan Mahasiswa	1.000	.754
Penganggaran	1.000	.587
Menghemat Uang	1.000	.750
Mengatur Pengeluaran	1.000	.753
Melakukan Investasi	1.000	.669
Menabung	1.000	.676
Pemahaman Materi dalam Mata Kuliah Keuangan	1.000	.587
Metode dan Media yang Digunakan	1.000	.545
Proses dan Assesmen Pembelajaran	1.000	.675
Pengetahuan umum Keuangan	1.000	.678
Tabungan dan Pinjaman	1.000	.795
Asuransi	1.000	.513
Investasi	1.000	.516
Pengelolaan Resiko	1.000	.519

Extraction Method: Principal Component Analysis.

Community is the number of variants (can be in proportion) of an initial variable that can be explained by existing factors. The greater the similarity of a variable, the closer the relationship with the factors that are formed. The biggest variance of the original variable that can be explained by factors is the Savings and Loans variable with a communal value of 0.795. That is, 79.5% of the variance of these variables can be explained by the factors that

are formed. While the smallest communality value is 0.513 in the Method and Media variables used, which means that only about 51.3% of the variance of this variable can be explained by the factors that are formed.

Table 6. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.112	30.068	30.068	5.112	30.068	30.068	4.059	23.876	23.876
2	1.587	9.338	39.406	1.587	9.338	39.406	2.096	12.328	36.204
3	1.482	8.717	48.123	1.482	8.717	48.123	1.833	10.784	46.988
4	1.264	7.437	55.560	1.264	7.437	55.560	1.321	7.771	54.759
5	1.156	6.801	62.361	1.156	6.801	62.361	1.292	7.602	62.361
6	.997	5.867	68.228						
7	.913	5.370	73.598						
8	.798	4.695	78.294						
9	.673	3.961	82.255						
10	.621	3.654	85.909						
11	.489	2.875	88.784						
12	.470	2.767	91.551						
13	.388	2.281	93.832						
14	.359	2.110	95.942						
15	.333	1.960	97.902						
16	.187	1.102	99.005						
17	.169	.995	100.000						

Extraction Method: Principal Component Analysis.

The arrangement of eigenvalues is always sorted from largest to smallest, with eigenvalues below one not used in calculating the number of factors formed. From the table, it can be seen that only five factors were formed. Because with one factor the eigenvalue is above 1 (5.112), with two factors the eigenvalue is still above 1 (1.587), and with three factors the eigenvalue is still 1 (1.482). With four factors the eigenvalue is still above 1 (1.264). With five factors the eigenvalue is still above 1 (1.156). However, for these six factors, the eigenvalues are already below 1 (0.997), so the factoring process must stop at only 5 factors.

Variable Grouping Based on Loading Factor

Table 7. Output Value Loading Factor (Matrix Rotation Factor)

Rotated Component Matrix^a					
	Component				
	1	2	3	4	5
Mengatur Pengeluaran	.837	.016	.175	-.055	.140
Menghemat Uang	.836	.079	-.012	.154	-.145
Menabung	.784	.051	.179	.128	.104
Melakukan Investasi	.697	.259	-.051	-.322	.098
Pengetahuan umum Keuangan	.691	.166	.305	.181	.218
Jenis Pekerjaan	.580	.437	.320	-.011	.000
Pengelolaan Resiko	.473	.276	-.194	.041	-.282
Tingkat Pendapatan	.178	.697	.180	-.005	-.013
Asuransi	.172	.664	-.117	-.016	-.167
Investasi	-.069	.583	.322	.118	.230
Uang Saku Bulanan Mahasiswa	.115	.179	.829	.118	-.085
Penganggaran	.303	-.063	.592	-.298	-.227
Tingkat Pendidikan	.146	.391	.039	.645	.067
Pemahaman Materi dalam Mata Kuliah Keuangan	.271	.293	.161	.626	.103
Metode dan Media yang Digunakan	.148	.395	-.242	.462	-.069
Tabungan dan Pinjaman	.110	-.080	-.248	-.004	.846
Proses dan Assesmen Pembelajaran	.473	.142	.447	-.037	.479

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Once it is known that these five factors are the most optimal numbers, the Component Matrix table shows the distribution of the sixteen variables to the five factors that are formed.

While the numbers in the table are factor loadings that show the correlation between variables with factor 1, factor 2, factor 3, factor 4, or factor 5. The process of buying which variables will go into which factor, is done by doing a large comparison of the correlations on each row. The results of grouping the variables into each factor after rotation with the Varimax method, so that the members of the variables in factor 1, factor 2, to factor 5 can be identified. In detail the factors formed are explained as follows:

Table 8. Formed Factors

FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5
Expenditure section	Income Level	Student Monthly Pocket Money	Level of education	Savings And Loans
Saving money	Insurance	Budgeting	Understanding of Material in Finance Courses	Learning Process And Assessor
Save	Investment		Methods And Media Used	
Making Investments				
General Knowledge of Finance				
Type of work				
Risk Management				

Interpretation Factor

From the analysis above, it can be interpreted as:

1. Factor one: consists of variables related to Expenditures, Savings, Savings, Investments, General Knowledge of Finance, Type of Work, and Risk Management. Based on these variables, the first factor is called MANAGEMENT FACTORS.
2. Factor two: consists of the variable Level of Income, Insurance, and Investment. Based on these variables, the second factor is called INCOME FACTOR.
3. The third factor: consists of the variables of Students' Monthly Pocket Money and Budgeting. Based on these variables, the third factor is called the BUDGETING FACTOR.
4. The fourth factor: consists of the variables of Education Level, Understanding of Finance Course Material, and the Methods and Media Used. Based on these variables, the fourth factor is called the EDUCATIONAL FACTOR.
5. The fifth factor: consists of the variables of Savings and Loans, Learning Process, and Assessment. Based on these variables, the fifth factor is called the PLANNING FACTOR.

5. CONCLUSION

Based on the results of the analysis and discussion of the factors that influence the financial literacy of students at the Metro State Islamic Institute, it can be concluded that of the seventeen variables examined by the factoring process it can be reduced to five factors that affect student financial literacy, namely:

MANAGEMENT FACTORS	INCOME FACTOR	BUDGETING FACTOR	EDUCATIONAL FACTOR	PLANNING FACTOR
Expenditure section	Income Level	Student Monthly Pocket Money	Level of education	Savings And Loans

Saving money	Insurance	Budgeting	Understanding of Material in Finance Courses	Learning Process And Assessor
Save	Investment		Methods And Media Used	
Making Investments				
General Knowledge of Finance				
Type of work				
Risk Management				

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