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## Factors Influencing Student's Personal Financial Management at Nahdlatul Ulama Surabaya University In 2023

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### ABSTRACT

Personal financial management that is carried out from the start can make students achieve financial success quickly that leads to achieve a better life. This study aims to determine these factors; financial literacy, lifestyle, parental income, love of money, locus of control, and financial self-efficacy on personal financial management. The subject of this study was students of Nahdlatul Ulama Surabaya University. The research method used was quantitative with purposive sampling technique. The data used in this study was primary data with a questionnaire method that's distributed to respondents. Data analysis using multiple linear regression analysis. This study provided result that partially there's a significant effect of financial literacy, parental income, love of money, and financial self-efficacy on personal financial management. Beside that, this study also found that partially lifestyle and locus of control had no significant effect on personal financial management.

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### 1. Introduction

Money is inseparable from the lives of every individual in the world. It makes a person happier or even the opposite which risks making a loss if it is wrong in its use. So to minimise these problems, it is necessary to manage personal finances.

The ability to manage personal finances must be owned by every individual, especially students. According to Butler in Mulyadi et al., 2022, explains that students already have financial goals and have thought about achieving them, so students are expected to be able to manage their personal finances properly [1].

In general, financial literacy from year to year seen from a survey conducted by Financial Services Authority (OJK) in 2022 shows an increase, where in 2013 it was 21.84%, in 2016 it was 29.70%, in 2019 it was 38.03% and in 2022 it was 49.68%.

Based on initial research conducted by researchers, it shows that UNUSA students are still unable to determine their financial decisions and have never determined a well financial plan for their future. Apart from financial literacy and lifestyle, parental income can also influence individuals to use their money. In this situation, if parents have a high income, they tend to contribute more to student expenses. Meanwhile, parents who have below-average income will allocate their income for family needs [2].

In managing personal finances, there are other aspects that influence psychological aspects such as love of money, locus of control, and financial self-efficacy. Description of love of money is close to greed, so when individuals have a high interest in money, they are usually greedy people [3]. Excessive interest in money will usually affect a person's character and will judge everything based on money.

Understanding a person's love of money is considered important because the love of money can foster positive and negative behaviour [4]. Next psychological aspect is locus of control, where locus of control refers to a person's belief about their ability to control an event in their life. Other psychological aspect that also affects personal financial management is financial self-efficacy, where it refers to a belief about someone's ability to perform a certain action and achieve the desired goal. A person with a high level of self-efficacy tends to feel confident in their ability to overcome obstacles and take action to achieve their financial goals.

Therefore, it is very important for students to carry out personal financial management by implementing financial learning that has been obtained in lectures. Nahdlatul Ulama Surabaya University is one of the universities that provides learning about personal finance, especially in management study programmes. However, this learning has not been fully implemented in each study programme, so there are still many UNUSA students who do not understand good and correct financial management.

## 2. Method

This research is a quantitative research. The results of this study were obtained through data collection by distributing questionnaires via the Google form which were distributed to 98 respondents. The population used is all students of Nahdlatul Ulama Surabaya University. The sampling technique used was purposive sampling. The data used is primary data and the results of the data are then analyzed and processed through IBM SPSS 20.

Based on the results of data processing using SPSS, the data is declared to pass the validity test and reliability test. The test is said to be valid when  $r_{count} > r_{table}$  [5]. This test is also said to be reliable when the cronbach alpha value is  $> 0.60$  [5]. Also, the data is declared to pass the normality test, multicollinearity test, and heterocedasticity test.

### 2.1. Multiple Linear Regression Analysis

**Table 2.1. Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-2.713	4.187		-.648	.519
Financial Literacy	.442	.045	.793	9.856	.000
Lifestyle	-.021	.076	-.018	-.280	.780
Parental Income	.990	.360	.141	2.752	.007
Love of Money	-.146	.071	-.122	-2.064	.042
Locus of Control	-.109	.171	-.044	-.636	.526
Financial Self-Efficacy	.418	.192	.185	2.173	.032

a. Dependent Variable: Personal Financial Management  
Sumber: Data diolah oleh SPSS 20

Based on the table 2.1, the results of the multiple linear regression equation are obtained as follows:

$$Y = -2,713 + 0,442FL - 0,021LF + 0,990PI - 0,146LOM - 0,109LOC + 0,418FSE + e$$

### 2.2. Coefficient of Determination (R-Square)

Based on the table 2.2, it shows that the adjusted R Square value is 0.781, which means that the independent variable (X) influences the dependent variable (Y) by 78.1% and the rest is influenced by other variables outside the variables in this study.

**Table 2.2. Coefficient of Determination**  
Model Summary<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 <sup>a</sup>	.795	.781	4.579

a. Predictors: (Constant), Financial Self-Efficacy, Parental Income, Love of Money, Lifestyle, Locus of Control, Financial Literacy

b. Dependent Variable: Personal Financial Management

Sumber: Data diolah oleh SPSS 20

### 3. Results and Discussion

#### 3.1. Result

The test results include partial influence. Which means it shows the effect of one independent variable on the dependent variable directly. The following is the result of testing the hypothesis.

Table 3.1. T-test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-2.713	4.187		-.648	.519
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a. Dependent Variable: Personal Financial Management

Sumber: Data diolah oleh SPSS 20

Based on table 3.1, this research has This study has four relationships that have a significant impact between the independent variable and the dependent variable, that financial literacy has a significant effect on personal financial management partially, parental income has a significant effect on personal financial management partially, love of money has a significant effect on personal financial management partially, and financial self-efficacy has a significant effect on personal financial management partially. In addition, this research also produces an insignificant relationship, namely lifestyle has no significant effect on personal financial management partially and Locus of control has no significant effect on personal financial management partially.

#### 3.2. Discussion

##### Effect of financial literacy on personal financial management

Financial literacy affects personal financial management in Nahdlatul Ulama Surabaya University students, which means that the better the understanding of student financial literacy, the better their personal financial management. Financial literacy is the basic thing about finance that every individual needs to avoid financial difficulties [6]. Financial difficulties can arise due to financial mismanagement. So the importance of financial literacy in the form of all aspects of personal finance is expected that individuals can enjoy life by utilising their financial resources with the right financial decisions.

In this study, the majority of respondents had a good understanding of personal financial knowledge. UNUSA students consider that knowledge of personal financial management is important for both the short and long term. In this case, the knowledge consists of how UNUSA students manage debt, savings, investments, insurance, and emergency funds by knowing various kinds of financial instruments both types of products, benefits and risks that occur.

Results of this study support the Theory of Planned Behaviour (TPB) which explains there are three (3) categories in additional factors of intention and behaviour, one of which is personal factors consisting of emotions, personality traits, and intelligence values. This intelligence value can be measured by individual financial literacy. Based on the statement X1.1 "I feel that knowledge of personal financial management is very important" with the majority of respondents answering strongly agree. This is in line with the theory of planned behaviour described by Ajzen, which states that one of the things that underlies individual decision making is the knowledge that the individual has in his finances so that it can affect his personal financial management [7].

The results of the study support research conducted by previous researchers, that financial literacy affects personal financial management [8]–[10]. In contrast to research by Gunawan, which states that financial literacy has no effect on student personal financial management [11].

### **Effect of lifestyle on personal financial management**

Lifestyle includes attitudes, and values that shape a person's daily routine [12]. Lifestyle is a reflection of a person's priorities and can be seen in everything from the clothes they wear to the food they eat and the activities they do. Ultimately, lifestyle is an expression of personal identity and can vary greatly from one person to another.

In this study, majority of the respondents followed the trend in the society. UNUSA students are willing to spend money for the things they like, where in the lifestyle phenomenon students choose the option of hanging out in cafes as something they often do. In addition, UNUSA students are picky in changing their interest in certain trends such as fashion and technology. However, they will not buy things according to their desires or trends but according to their needs without looking at the surrounding environment such as invitations from friends, other people's talk.

Cognitive theory states that individuals learn directly or indirectly always involve other people including in managing their finances. But in this case, lifestyles that involve the surrounding environment do not affect UNUSA students in managing their finances. This is explained in the Theory of Planned Behaviour (TPB) which states that behaviour is influenced by individual intentions which are determined by attitudes towards behaviour, subjective norms, and perceptions related to behavioural control. While lifestyle includes individual habits and behaviour patterns.

This theory has no influence on lifestyle. It shows that lifestyle is not a determining factor in individual intentions and behaviour related to financial management. Based on the answers of the majority of respondents in statement X2.2 "When my friends buy things, I will also buy them" who chose the disagree option. This refers to individual behaviour and intentions that the subjective norms underlying the influence of friends in decision making have no influence.

These results are in line with research conducted by previous research, which state that lifestyle has an insignificant effect on personal financial management [13]–[15]. In contrast to Pirari's research which states that lifestyle has a significant effect on personal financial management [16].

### **Effect of parental income on personal financial management**

Parental income affects personal financial management in Surabaya Nahdlatul Ulama University students, which means that low parental income can provide encouragement for students to develop effective and efficient personal financial management.

In this study, most respondents' financial sources came from their parents, namely the results of parental income of 46.90% with a nominal value below Rp 3,000,000, while the range of Rp 3,000,000 to Rp 4,500,000 was 18.40% and more than Rp 4,500,000 was 34.60%.

From the results of this study, it can be explained that the greater the parents' income, the lower the financial management behaviour of students, because parents with high incomes generally provide more pocket money to their children. This large allowance often leads to poor financial management, because students are free to spend money as they please. In contrast, parents with middle to lower

income usually provide enough pocket money for their children's needs, thus allowing their children to manage their finances effectively.

Results of this study support the Theory of Planned Behaviour (TPB) which explains that individual behavioural intentions are divided into three factors, namely attitudes, subjective norms, and perceptions related to behavioural control.

This research result is in line with research conducted by previous research) which states that parental income has a significant effect on personal financial management [17]–[19]. In contrast to research conducted by Mashud et al, which states that parental income has no effect on student financial management behaviour [14].

### **Effect of love of money on personal financial management**

Love of money affects personal financial management in Surabaya Nahdlatul Ulama University students, which means that the higher the level of a person's love of money is believed to have an excessive attraction to money and wealth. When individuals are too obsessed with money, their personal financial management tends to decline.

Individuals with a strong tendency towards love of money usually aspire to accumulate greater wealth, manage their money carefully, regard money as a symbol of success, and are motivated to acquire more money at all costs [8].

In this study, the majority of respondents have a high level of love of money, so in this case money plays an important role that cannot be ignored in fulfilling needs. Students view money as something that can increase their motivation and hard work to achieve future success. Based on the answers of the majority of respondents in statement X4.1 "Money is everything" who chose the strongly agree option. This refers to the love of money which is related to the concept of greed and is often negatively connoted as money above all else. This illustrates an emotional connection from individuals to money which can trigger various financial problems such as waste, getting into debt, and others.

Results of this study support the Theory of Planned Behaviour (TPB) which explains there are three (3) categories in additional factors of intention and behaviour, one of which is personality factors including emotions, attitudes, and intelligence values. Emotions are considered to be measured by an individual's love of money. The concept of love of money itself is used for the subjective (psychological) perception of individuals towards money.

The results of this study are in line with research conducted by previous research, which state that love of money has a significant effect on personal financial management [8], [20], [21]. In contrast to research conducted by Rudy et al, which states that love of money has no effect on personal financial management [22].

### **Effect of locus of control on personal financial management**

In this study, UNUSA student respondents are confident in their abilities, interests, and efforts in determining their own destiny. UNUSA students have the belief that what happens in the future depends on themselves and they also have confidence in their ability to achieve financial well-being and face all problems independently in their lives. Although individuals' beliefs in their ability to manage their finances may play an important role in their motivation and attitudes towards financial management, there are more dominant factors beyond their own control, namely external factors including fate, destiny, and luck that occur in the lives of individuals.

Theory of Planned Behaviour (TPB) states that behaviour is influenced by individual intentions which are determined by attitudes towards behaviour, subjective norms, and perceptions related to behavioural control. While locus of control refers to an individual's belief in having control over events in their life.

This theory does not provide an influence on locus of control because the control factor does not play an important role in individual financial decision making which means individuals do not see

themselves as having significant control in managing finances, but are more likely to rely on external factors or luck to determine their financial situation. This is based on the answers of the majority of respondents who agree that there are many actions that can be taken to change important aspects of their lives.

These results are in line with research conducted by previous research which state that locus of control has an insignificant effect on personal financial management [23]–[25]. In contrast to the research of Rindi and Adiputra, which states that locus of control affects the personal financial management behaviour of students [26].

#### **Effect of financial self-efficacy on personal financial management**

Financial self-efficacy affects personal financial management in Surabaya Nahdlatul Ulama University students, which means that the higher the level of financial self-efficacy, the stronger the confidence they have to make decisions on their financial management.

According to Widiawati (2020), individuals who have confidence and can develop their financial plans will be able to manage their finances to achieve financial goals. In this case, individuals will carry out their financial planning through managing their personal finances by saving or investing, to ensure that their future financial goals are achieved.

In this study, respondents already have confidence in their ability to cope with their finances both for the present and the future. UNUSA students are able to control themselves and improve their ability to always be consistent and not rash in financial planning. So that students are able to make decisions in overcoming a financial problem in the future.

This results of this study strengthen the Theory of Planned Behaviour (TPB) which states that attitudes, subjective norms, and perceptions are also influenced by personality factors, social factors, and information factors. These three factors can also be used as determinants of additional intentions and actions.

This result is in line with research conducted by previous research, which state that financial self-efficacy has a significant effect on personal financial management [20], [26], [27]. In contrast to research conducted by Pramedi and Asandimitra, which shows that financial self-efficacy has no effect on the personal financial management behaviour of student alumni [28].

#### **4. Conclusions**

Based on the results of research and discussion that has been stated previously, the following conclusions can be drawn: 1) Partially financial literacy has a significant effect on personal financial management in students of Nahdlatul Ulama University Surabaya. 2) Partially, lifestyle has an insignificant effect on personal financial management in Surabaya Nahdlatul Ulama University students. 3) Partially parental has a significant effect on personal financial management in Surabaya Nahdlatul Ulama University students. 4) Partially, love of money has a significant effect on personal financial management in Surabaya Nahdlatul Ulama University students. 5) Partially locus of control has an insignificant effect on personal financial management in Surabaya Nahdlatul Ulama University students. 6) Partially financial self-efficacy has a significant effect on personal financial management (Y) in Surabaya Nahdlatul Ulama University students.

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