

The Influence of Financial Knowledge and Financial Behavior on Consumptive Behavior

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ABSTRACT

In the era of globalization, the rapid development of technology affects people's lifestyles, encouraging high consumptive behavior. This phenomenon is especially seen in students, who are often trapped in the purchase of goods not only for needs, but also for desires and social status. This study aims to evaluate the influence of financial knowledge and financial behavior on consumptive behavior among students of the Department of Accounting, University of Islam Malang. The method used was a quantitative approach with an explanatory design, involving 196 students as a sample from a total population of 386 students. Data was collected using a questionnaire and analyzed using the Partial Least Square (PLS) technique. The results showed that financial knowledge had a significant effect on financial behavior and consumptive behavior, while financial behavior also had a significant effect on consumptive behavior. Convergence and discriminatory validity are tested with AVE and cross loading, which indicates all constructs are valid. The reliability test showed that the composite value of reliability and Cronbach's Alpha was more than 0.70. The R-square test shows that consumptive behavior is explained 90% by financial knowledge and financial behavior, while financial behavior is explained by 73.9% by financial knowledge. In conclusion, both financial knowledge and financial behavior have a significant influence on students' consumptive behavior.

Keywords: Financial Knowledge, Financial Behavior, Consumptive Behavior

INTRODUCTION

In the era of globalization, rapid technological developments are driving the economy and industry, enabling the provision of abundant and easily accessible goods. This makes people, including students, more consumptive people, often buying things not out of necessity, but because of a strong desire to own them.

Consumption activities are carried out by humans to meet daily needs, reflecting the nature of humans as social creatures. According to the theory cited by Anggita Wahyudi and Rochmawati, consumption is an activity that meets the needs of life by using goods or services (Wahyudi & Rochmawati, 2020). Consumptive behavior occurs when individuals are unable to distinguish between needs and wants, which can cause problems (Wahyuni et al., 2019). The fulfillment of uncontrollable desires through the purchase of luxury and excessive objects shows a materialistic tendency. If done continuously, this can lead to waste and uncontrolled financial conditions due to consumptive behavior (Astuti, 2013).

Students, who are required to be independent in lectures, have different characteristics, especially in the era of globalization. Millennial students tend to be up to date with the market and are easily influenced by the products that are marketed. They often attach more importance to the brand than the function of the product, using luxury products as a symbol of status and appearance to boost confidence. Students often show a consumptive lifestyle that is always up to date, even though this change is not due to necessity. In puberty, they are more influenced by their peers than by their parents (Kanserina, 2019). According to Dikri & W (2018), students tend to spend their pocket money on branded goods in order to keep up with trends and be recognized by their peers, rather than buying more important campus supplies. This tendency encourages consumptive behavior, where students buy things without thinking twice to display trends and gain social status. Therefore, the ability to manage finances is very important, especially for students who need to plan for the future. This is where the role of financial knowledge becomes crucial. Good financial knowledge allows students to be smart in sorting goods and managing finances well. This skill is indispensable in the current economic conditions to manage financial resources effectively and efficiently for the sake of well-being.

According to (Margaretha & Pambudhi, 2015), financial knowledge is a procedure to increase understanding, confidence, and ability to manage money for a prosperous life. Although students acquire financial knowledge through a variety of means, daily practice shows that they often do not use it and tend to spend money carelessly. 2019 statistics show that youth aged 15-29 years reach 65.8 million people in Indonesia, with 9.8 million students enrolled in 2018. The 2016 OJK survey shows that youth aged 18-35 years have a higher level of financial literacy compared to other age groups, but financial literacy is still low. Therefore, it is important to improve financial knowledge among students, because they rarely apply such knowledge in their daily lives, so they are often careless in financial management.

To improve students' financial well-being, it is important to focus on financial behaviour and financial knowledge. Financial behaviour includes financial management practices such as financial record-keeping, cost planning, and credit card control. This ability is important to train students to manage their finances well. In addition, financial knowledge is a measure of a person's knowledge in financial management, which influences financial decisions and personal financial management. With good financial knowledge and behavior, students can be more effective in managing their finances.

Based on the results of research by (Prihastuty & Rahayuningsih, 2018), it shows that financial knowledge does not have a significant effect on students' consumptive behavior. Even though college students have high financial literacy, they still exhibit sloppy consumptive behavior. This is due to the influence of the environment, lifestyle, and aggressive product advertising, which makes it difficult for them to control their consumptive patterns.

Initial observations show that students of the Department of Accounting at the Islamic University of Malang often consume excessively, exceed their income, and do not make a budget plan or record monthly expenses. This reflects poor financial behavior. Financial knowledge, which includes the ability to manage financial problems well (Herdjiono & Damanik, 2016), shows that even though students have knowledge about financial management and investment, they still exhibit consumptive and extravagant behavior. Generation Z, including college students, faces challenges in managing their finances well and considering the long-term impact of their financial decisions (Herdjiono & Damanik, 2016).

By Observation initially showed that students of the Department of Accounting at the Islamic University of Malang had poor financial knowledge and financial behavior, which contributed to irresponsible financial consumptive behavior. This is the main reason for the researcher to conduct a study with the title: The Influence of Financial Knowledge and Financial Behavior on Consumptive Behavior (Case Study on Students of the Accounting Department, Islamic University of Malang).

Mindset

In this study, there are 1 independent (free) variable, namely Financial Knowledge and two dependent (bound) variables, namely Financial Behavior and Consumptive Behavior, so it can be seen in the following frame of mind:

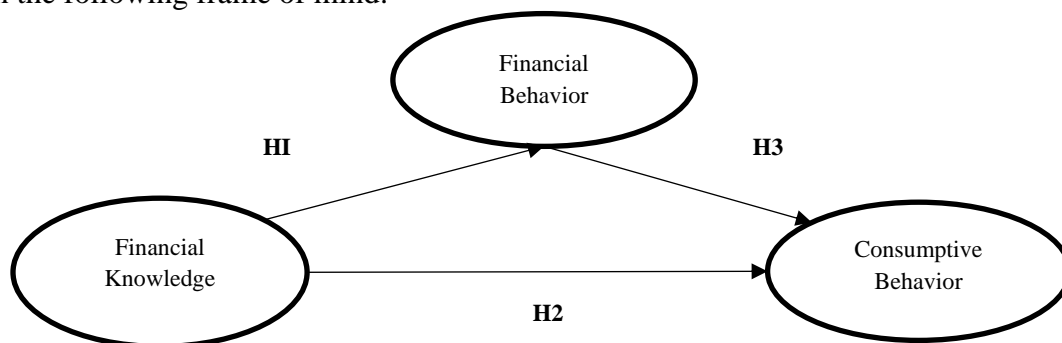


Figure 1
Brainframe Model

Hypothesis

According to Ismael Nurdin and Sri Hartati (2019), a hypothesis is a provisional conclusion that is not final; a provisional answer; a provisional conjecture; which is the researcher's construct of the research problem, which states the relationship between two or more variables. Based on the figure above, the research makes the following hypothesis :

H1 : The Influence of Financial Knowledge on Financial Behavior of Accounting Students in Islamic University of Malang

H2 : The Influence of Financial Knowledge on the Consumptive Behavior of Accounting Students in Islamic University of Malang

H3 : The Influence of Financial Behavior on the Consumptive Behavior of Accounting Students in Islamic University of Malang

METHOD

This study uses a quantitative method with the type of explanatory research to explain the relationship between the variables studied and their influence on each other (Kuantitatif, 2016). The sampling technique was carried out randomly (random sampling), and the data was analyzed

quantitatively to test the hypothesis. This study aims to examine the influence of financial knowledge and financial behavior on students' consumptive behavior, with a case study on students of the Department of Accounting, Islamic University of Malang. The research will be carried out at the Islamic University of Malang during June-July 2024. In this study, 2 (two) variables have been determined, namely independent or independent variables and bound or dependent variables.

Sample

While the sample is part of the number and characteristics possessed by the population Sugiyono (2019:81). In this study, in determining how many samples are used, it uses the Slovin Formula, which is a formula to calculate or process the minimum number of samples, when the actions of a person or group of people from a population that are not known for real or certainty. The Slovin formula is very useful when research is carried out with a large enough sample, but it can produce a fairly small sample that will represent the overall number of the population.

$$n = \frac{N}{1 + N(d)^2}$$

$$n = \frac{386}{1 + 386(0,05)^2}$$

$$n = 196,43$$

So, the sample taken was rounded up to 196 people. The sample determination uses a simple random sampling technique. Sugiyono (2019:98) argues that the random sampling technique is simple if the number of research subjects is less than 100, it is better to take all of them so that the research is a population study. Furthermore, if the subject is large, it can be taken between 10-15%, or 20-25% or more, so that the number of samples is determined to be 10% of the total population.

Data Collection

According to Sugiyono (2019: 27), the data collection method is explanatory research, carried out by conducting a direct review of the agency that is the object to obtain primary and secondary data. In this study, the author conducted field research by digging data sourced from the location or research field, namely: Department of Accounting, Islamic University of Malang

Data Analysis Techniques

Data analysis, according to Sugiyono (2019:44), is carried out after the data is collected, including grouping, tabulation and calculation to test the hypothesis. The data analysis technique used is Partial Least Square (PLS) version 8, which is suitable for multivariate statistics involving more than one variable, including independent, mediated, and dependent variables. The PLS analysis model was chosen because of its ability to handle the complexity of the variables in this study (Muhson, 2022).

Variable Operations

According to (Dewi et al., 2020), Financial Knowledge reflects an individual's understanding of financial problems. Financial knowledge is the basis of financial literacy that helps individuals make decisions and develop good money habits, so it can be concluded that the better financial knowledge the better the person will be in managing his finances.

According to research (Shinta & Lestari, 2019) collected from various sources, a person's ability to manage money in daily life, namely planning, budgeting, auditing, managing, controlling, searching, and saving is equivalent to their ability. financial management behavior, both individuals and families.

According to James F. Engel, consumer behavior includes the decision-making process that occurs before and shapes the behavior of people who are actively involved in obtaining and using economic goods and services (Angkawidjaja et al., 2019).

RESULT

Outer Model

The outer model uses a convergence validity test, where the convergence validity test is carried out by looking at the Average Variance Extracted (AVE) value and loading factor. The AVE value should be more than 0.50, and ideally, the loading factor should be more than 0.70. However, if the loading factor is between 0.60 and 0.70, the item can still be considered valid if the AVE value is more than 0.50 (Ghozali & Latan 2019, 74).

Table 1
Results of Convergent Validity Test with Outer Loadings Round 1

	<i>Financial Knowledge</i>	<i>Financial Behavior</i>	<i>Consumptive Behavior</i>
X1.1	0.192		
X1.2	0.864		
X1.3	0.862		
X1.4	0.847		
X1.5	0.914		
X2.1		0.904	
X2.2		0.872	
X2.3		0.915	
X2.4		0.862	
Y.1			0.883
Y.2			0.866
Y.3			0.847
Y.4			0.910
Y.5			-0.161
Y.6			0.884
Y.7			0.866
Y.8			0.818

Based on the figure and table above, the statement on X1.1 variable X1 and Y.5 on variable Y has an outer loading value < 0.60 . All values *Loading factors* above 0.60 and this means that X1.1 and Y.5 are invalid. Table 1 below is the result of outer loading to find convergent validity by eliminating invalid items in the second round of analysis as follows:

Table 2
Results of Convergent Validity Test with Outer Loadings Round 2

	<i>Financial Knowledge</i>	<i>Financial Behavior</i>	<i>Consumptive Behavior</i>
X1.2	0.867		
X1.3	0.863		
X1.4	0.847		
X1.5	0.916		

X2.1		0.903	
X2.2		0.872	
X2.3		0.915	
X2.4		0.862	
Y.1			0.884
Y.2			0.866
Y.3			0.846
Y.4			0.909
Y.6			0.885
Y.7			0.887
Y.8			0.820

All loading factors are above 0.60 and this means that all constructs are valid. Table 2 is the results of the convergence validity test with AVE obtained from calculations using *SmartPLS*. In this study, the outer model also uses a discrimination validity test to ensure that each measured construct is different from each other. This test is carried out by checking the cross loading value which must be above 0.70. In addition, the validity of discrimination was also tested by comparing the square root of the AVE for each construct with the correlation value between variables. If the square root of the AVE is greater than the inter-variable correlation, the model has good discriminatory validity. The following are the square root values of AVE and the results of the discrimination validity test.

Table 3
Results of the Validity Test of Discrimination

Variable	X1	X2	Y
<i>Financial Knowledge</i> <i>e</i> (X1)	0.874		
<i>Financial Behavior</i> (X2)	0.860	0.888	
Behaviour Consumptive (Y)	0.928	0.898	0.871

(Source: SmartPLS, 2024)

The results of data processing showed that the cross loading value was above 0.70 and the square root of the AVE of each construct was higher than that of other constructs. Thus, the variables in this study have good discriminatory validity.

Table 4
Composite Reliability

Variable	Composite Reliability	Rule of Thumb	Result
<i>Financial Knowledge</i> (x1)	0.928	> 0.70	Reliable
<i>Financial Behavior</i> (X2)	0.937	> 0.70	Reliable
Consumptive Behavior (Y)	0.857	> 0.70	Reliable

(Source: SmartPLS, 2024)

From the table above, the *Composite Reliability* All variables have a value of *Composite Reliability* > 0.7 , so that the data is reliable and can be tested for further data processing.

Table 5
Cronbach's Alpha Results

Variable	Cronbach's Alpha	Rule of Thumb	Result
<i>Financial Knowledge</i> (x1)	0.896	> 0.7	Reliable
<i>Financial Behavior</i> (X2)	0.911	> 0.7	Reliable
Consumptive Behavior (Y)	0.947	> 0.7	Reliable

(Source: SmartPLS, 2024)

Table 5 shows that all the variables used in this study are reliable because they produce a value of *Cronbach's alpha* > 0.7 . It is concluded that the data has passed the reliability test, then the data can be continued to the next analysis.

The validity test of discrimination can also be carried out by comparing the square root of the AVE for each construct with the correlation value between the variables in the study. If the square root of the AVE value of each variable has a value greater than the correlation value between variables, then it can be said that the research model has good discriminatory validity. The following is the square root value of AVE.

Table 6
Average Variance Extracted Results

Variable	AVE	Critical Value	Information
<i>Financial Knowledge</i> (x1)	0.763	> 0.5	Valid
<i>Financial Behavior</i> (X2)	0.789	> 0.5	Valid
Consumptive Behavior (Y)	0.759	> 0.5	Valid

(Source: SmartPLS, 2024)

Table 6 shows that the three variables used in this study are valid because they produce an AVE value of > 0.5 .

Inner Model

In the inner model, the R-square value shows the proportion of variation in endogenous variables explained by exogenous variables. The closer to 1 or 100% of the R-square value, the better the model will be at explaining endogenous variables. The following are the results of the model conformance test using the R-square value.

Table 7
R-Square Value

Variable	R Square	R Square Adjusted
<i>Financial Behavior</i> (X2)	0.739	0.737
Consumptive Behavior (Y)	0.900	0.899

(Source: PLS Output, 2024)

Based on the *R-square test*, it appears that the ability of the Consumptive Behavior (Y) variable in the *Financial Knowledge* (X1) and *Financial Behavior* (X2) variables is 90% (0.900 x 100%) while the rest is explained by other variables outside the studied and the ability of *Financial Behavior* (X2) in the *Financial Knowledge* variable (X1) by 73.9% (0.739 x 100%), while the rest is explained by other variables outside the researched.

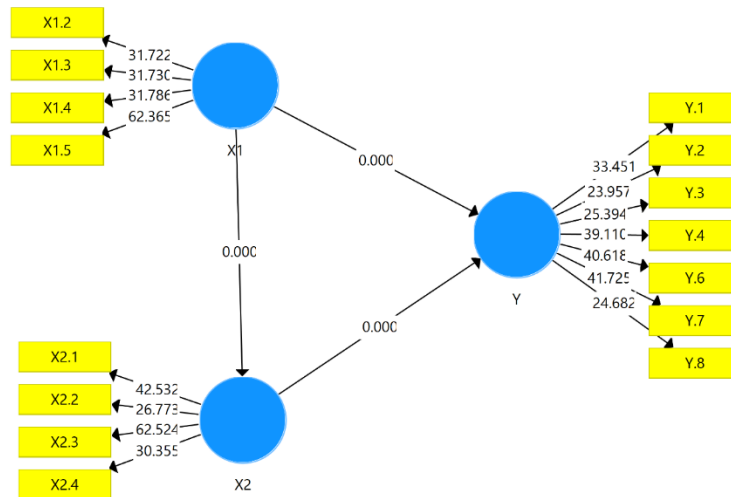


Figure 2
Hypothesis Test

In addition to R-square, hypothesis tests were carried out to determine the significance of the influence between variables. The decision is taken based on the significance value, i.e. if the significance value < 0.05, the hypothesis is accepted, indicating a significant influence between variables and if the significance value > 0.05, the hypothesis was rejected, indicating that there was no significant influence between the variables.

Table 8
Hypothesis Test Results

Variable	Path Coefficient	T Statistics (O/STDEV)	P Values
<i>Financial Knowledge</i> (X1) - > <i>Financial Behavior</i> (X2)	0,860	29.364	0,000
<i>Financial Knowledge</i> (X1) - > <i>Consumptive Behavior</i> (Y)	0,598	11.540	0,000

<i>Financial Behavior (X2) -> Consumptive Behavior (Y)</i>	0,384	7.173	0,000
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(Source: SmartPLS, 2024)

Based on the results of the hypothesis test, there is a significant influence between the variables studied. First, the H1 hypothesis, which states that Financial Knowledge (X1) influences Financial Behavior (X2), supported by a significance value of 0.000 which is less than 0.05, indicates a significant influence. Second, the H2 hypothesis, which tests the influence of Financial Knowledge (X1) on Consumptive Behavior (Y), also shows a significance value of 0.000, which means that there is a significant influence. Finally, the H3 hypothesis, which states that Financial Behavior (X2) influences Consumptive Behavior (Y), supported by a significance value of 0.000, indicates a significant influence. All these results show that the variables studied affect each other significantly.

DISCUSSION

The Influence of Financial Knowledge (X1) on Financial Behavior (X2)

The results of the analysis showed that Financial Knowledge had a significant effect on Financial Behavior with P-Value 0.000, T-statistic 29,364, and path coefficient 0.860. Financial knowledge, such as money management, savings, investments, and credit management, helps students make wise financial decisions, manage personal finances well, and reduce consumptive behavior. These findings are supported by previous research that also shows that increased financial literacy contributes significantly to better financial behavior.

The Effect of Financial Knowledge (X1) on Consumptive Behavior (Y)

The results of the analysis showed that Financial Knowledge had a significant effect on Consumptive Behavior, with a P-Value of 0.000, T-statistic of 11,540, and path coefficient of 0.598. Good financial knowledge, including an understanding of money management, investments, risk, and credit, helps individuals avoid impulsive consumptive behavior and make more informed financial decisions. This study confirms that increased financial literacy can significantly reduce unwise consumptive behavior.

The Effect of Financial Behavior (X1) on Consumptive Behavior (Y)

The results of the analysis showed that Financial Behavior had a significant effect on Consumptive Behavior, with a P-Value of 0.000 and a T-statistic of 7.173 (p-value < 0.05). A path coefficient value of 0.384 indicates that good financial management, such as selective consumption and cash flow management, helps individuals avoid excessive consumptive behavior. Other research, such as by Rahayuningsih & Prihastuty (2021) and Armatya & Firmialy (2023), also supports that good financial behavior reduces impulsive consumption and promotes more planned financial management.

CONCLUSION

Based on the research "The Influence of Financial Knowledge and Financial Behavior on Consumptive Behavior (Case Study on Students of the Accounting Department of the Islamic University of Malang)", it was concluded that:

1. Financial knowledge has a significant effect on the financial behavior of students of the Department of Accounting, Islamic University of Malang.
2. Financial knowledge has a significant effect on the consumptive behavior of students of the Department of Accounting, Islamic University of Malang
3. Financial behavior has a significant effect on the consumptive behavior of students of the Department of Accounting, University of Islam Malang

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