



Analisis of Financial Literacy Level in Employee Class Students

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Abstract

The purpose of this study was to determine the level of financial literacy of employee class students at Pamulang University. This research is a type of quantitative descriptive research. Respondents of this study are students who take part in the employee class program at Pamulang University, which is the first university in Indonesia to brand itself as a campus with low tuition fees so that it is attractive to many workers from various types of professions. The data collection instrument uses a questionnaire with indicators referring to the provisions of the Financial Services Authority (OJK) regarding "Core Competencies on Financial Literacy fo Adult", namely: money and transactions, planning and managing finances, risk and reward, and finance landscape. Respondents filled out the questionnaire online using the googleform platform. The sample was obtained using the convenience sampling method, namely by distributing the link to the class WhatsApp group and the participants who filled in were voluntary. A total of 319 questionnaires were completed, but 316 met the criteria. Data were processed using descriptive analysis to answer research questions. The results showed that the level of financial literacy of employee class students at Pamulang University was in the moderate category. For this reason, it is recommended that further research can statistically prove the effect of students' financial literacy on their financial behavior.

INTRODUCTION

In the era of globalization and rapidly growing digitalization, financial literacy is a very important skill for every individual, especially for students who are part of the productive generation (Rahmawati & Nuris, 2021). Financial literacy involves understanding basic financial concepts, the ability to manage income, save, invest, and manage debt and expenses. (OECD, 2020). For employee class students who have to carry out dual duties as students and workers (Sukardi et al., 2023), the ability in financial literacy becomes increasingly important. They are required to be able to manage the income earned from work well in order to meet the needs for education, such as paying tuition fees, and meeting personal and family needs (Setyawan & Wulandari, 2020).

The results of a survey conducted by the Financial Services Authority (OJK, 2024) It is known that financial literacy for 18-25 year olds is 71.19%. In his statement, this value is included in the high category, although this value is still lower than the 26-35 age group which occupies the highest percentage. The survey results are reinforced by Kartini & Mashudi (2022) which explains that the percentage value of student financial literacy is in the high category, namely 82.67%. The results of another study found that students' financial literacy was in the moderate category with a percentage of 69.43% (Litamahuputty et al., 2020). A person's level of financial literacy has been shown to be closely related to financial behavior, meaning that the better a person's level of financial literacy, the better financial management will be (Mukmin et al., 2021;

Fauzi et al., 2024; Nurwulandari, 2022). With a high level of financial literacy, students should be wise in managing their finances (Dewi et al., 2023).

Based on observations made, it was found that there are still many students at Pamulang University class employees who experience problems in managing finances. This can be seen from the number of students who experience delays in paying the Education Development Contribution (SPP). In fact, in private universities this SPP is the main source of funding in university operational activities, so that delays in this payment can hamper university operational activities (Apandi et al., 2019). In addition, untimely tuition payments can affect the teaching and learning process and can cause academic consequences for the students concerned, so this is a problem that needs attention. The factor causing the delay is due to the lack of decisive action from the campus (Ginting et al., 2019; Ginting et al., 2020).

Previous research shows that financial literacy has a major influence on a person's ability to manage personal finances, including paying financial obligations on time (Nurwulandari, 2022; Pertiwi et al., 2024). A low understanding of finance can cause a person to have difficulty in planning expenses, distinguishing between needs and wants, and preparing an emergency fund (Muhammad Hafizd Fauzi et al., 2024). This condition can be experienced by employee class students who may have limited time and opportunities to increase knowledge about financial literacy (Putri et al., 2020).

Financial literacy is the knowledge, awareness and skills to manage one's own finances to achieve financial well-being (Lusardi, 2019). Another definition from OJK (2024) Financial literacy is the knowledge, skills and beliefs that influence attitudes and behaviors to improve the quality of decision making and financial management to achieve public financial welfare. Financial literacy includes knowledge and understanding of financial concepts and risks, along with the skills and attitudes needed to apply this understanding to make effective decisions in a variety of financial contexts (OECD, 2020). From some of the definitions above, it can be concluded that financial literacy is a person's ability to manage finances wisely.

Financial literacy has several benefits, namely: (1) being able to choose and utilize financial products and services that suit their needs; (2) having the ability to do better financial planning; (3) being able to take responsibility for the financial decisions taken; and (4) avoiding investment activities in unclear financial instruments (OJK, 2023). Klapper & Lusardi (2020) stated that having good financial literacy can provide benefits, namely increasing financial resilience and reducing risks, such as taking on too much debt (Klapper & Lusardi, 2020). Adults who are more financially literate tend to have a better understanding of the concept of debt and are able to calculate future debt repayments, thus increasing the likelihood of paying off their credit cards in full and reducing the likelihood of overborrowing. In addition, financially literate individuals usually show higher intelligence when choosing mutual funds and diversifying their savings. Conversely, low levels of financial literacy can affect financial vulnerability and the ability to handle unforeseen circumstances (Hasler et al., 2018).

Many studies have developed financial literacy indicators. OJK evaluates financial literacy using the following four fundamental financial concepts: money and transactions, planning and management, risk and reward, and a broad view of finance. Lusardi and Mitchell say that financial literacy is characterized by the ability to understand basic compound interest and retirement planning. Knowledge and skills related to personal finance covering a range of topics, such as planning and budgeting to more complex ones such as investments, insurance and debt (Lusardi & Mitchell, 2014). In addition, Chen developed indicators to show the level of financial literacy based on four factors: general knowledge, investment, assurance, and loan savings (Chen & Volpe, 1998). Meanwhile, Huston developed 4 contents in measuring financial literacy, namely: money basics, lending, investment and resource protection (Huston, 2010).

Therefore, this study aims to identify the level of financial literacy of Pamulang University employee class students. By understanding the level of financial literacy of students, it is hoped that an effective strategy or program for improving financial literacy can be found for employee

class students, so that they can manage their personal finances better and meet their educational obligations on time.

METHODS

This research is a type of quantitative descriptive research. Respondents of this study are students who take part in the employee class program at Pamulang University, which is the first university in Indonesia to brand itself as a campus with low tuition fees so that it is attractive to many workers from various types of professions. The data collection instrument uses a questionnaire with indicators referring to the provisions of the Financial Services Authority (OJK) “Core Competencies on Financial Literacy fo Adult”, namely: money and transactions, planning and managing finances, risk and reward, and finance landscape. Respondents filled out the questionnaire online using the googleform platform. The sample was obtained using the *convenience sampling* method, namely by distributing the link to the class WhatsApp group and the participants who filled in were voluntary. A total of 319 questionnaires were completed, but 316 met the criteria. The data were processed using descriptive analysis to answer the research questions. The ranking of financial literacy in this study uses the criteria of Chen & Volpe (1998) criteria, namely high (score > 80%), medium (score 60-80%), and low (score < 60%).

RESULTS AND DISCUSSION

A. Result

Respondent Characteristics

The characteristics of respondents in this study are divided based on: study program, gender, age, and type of work. For more details, the characteristics of the respondents in this study will be explained as follows:

Table 1. Characteristics of Respondents

No.	Categorical	Frequency	Percentage
1.	Subject		
	Management	153	48
	Accounting	163	52
2.	Gender		
	Female	202	64
	Male	114	36
3.	Age		
	17-21 years old	195	62
	22-26 years old	101	32
	27-31 years old	13	4
	> 32 years old	7	2
4.	Occupation		
	Entrepreneur	21	7
	Civil servant	4	1
	Private employee	178	56
	Freelance	35	11
	Others	78	25

Source: Research Data, 2024

Based on Table 1, it can be seen that the respondents of this study were dominated by management study programs as much as 75%. Judging from their gender, the respondents of this study were dominated by female students by 64 percent. Judging from age, the respondents of this study were dominated by students aged 17-21 years as much as 62%. Finally, judging from student employment, the respondents of this study work as private employees.

Descriptive Analysis of Respondents' Answers

This study uses question items to measure the level of financial literacy of students. The correct answer will get a score of 1 and the wrong answer will get a score of 0. As for the ranking of financial literacy, it is calculated by means of the number of correct answers divided by the number of question items multiplied by 100%. The following are the results of descriptive analysis of respondents' answers:

Table 2. Respondent Characteristics

Categorical	Correct Answer Score	Percentage
Average	25	68,62
Min	12	32,43
Max	33	89,19
Mode	25	67,57
Median	25	67,57
STDEV	3	8,70

Source: Research Data, 2024

Based on Table 2, it can be seen that the average score of respondents' correct answers is 25 with a percentage score of 68.62%. This means that most respondents have a fairly good level of understanding or ability. The most frequently occurring score is 25, and the percentage that often appears is 67.57%. This means that the majority of respondents tend to reach this score, so it can be considered a common level of understanding. The standard deviation value is 3.22, with a percentage of 8.70%. This indicates that the variation or spread of scores among respondents is not too great, so their scores are relatively homogeneous.

Finance Level by Study Program

Table 3. Finance Level by Study Program

Criteria	Category	Frequency		Percentage	
		Management	Accounting	Management	Accounting
>60	Low	25	23	16,34	14,11
60-80	Medium	117	128	76,47	78,528
>80	High	11	12	7,19	7,362
		153	163	100	100

Source: Research Data, 2024

Based on Table 3, it can be seen that the level of financial literacy of management and accounting study program students is in the moderate category. However, the percentage value between the two study programs is higher in accounting study programs with a score difference of 2.06%. This means that most of the pamulang university employee class students have a fairly good level of understanding or financial management skills. Thus it can be concluded that the level of financial literacy of accounting study program students is higher than the level of financial literacy of management study program students.

Financial Literacy Level by Gender

Table 4. Financial Level by Gender

Criteria	Category	Frequency		Percentage	
		Female	Male	Female	Male
>60	Low	30	65	14,85	57,02
60-80	Medium	154	44	76,24	38,6
>80	High	18	5	8,911	4,386
		202	114	100	100

Source: Research Data, 2024

Based on Table 4, it can be seen that based on gender, the highest level of financial literacy of female students is in the moderate category and the highest level of literacy of male students is in the low category. Thus it can be concluded that the level of financial literacy of female students is higher than the level of financial literacy of male students.

Financial Literacy Level of Employee Class Students

Table 5. Finance Literacy Lever of Employee Class Students

Criteria	Category	Frequency	Percentage
>60	Low	48	15,19
60-80	Medium	245	77,53
>80	High	23	7,28
		316	100

Source: Research Data, 2024

Based on Table 5, it can be seen that in general the level of financial literacy of most employee class students is in the moderate category with a frequency of 245 and a percentage of 77.53. Thus it can be concluded that the level of financial literacy of Pamulang University employee students is in the moderate category.

B. Discussion

The results of the research data analysis obtained the conclusion that the level of financial literacy of employee class students at Pamulang University is in the medium category. The results of this study indicate that students already have basic knowledge related to financial concepts, but they have not been able to fully apply this knowledge in personal financial management. These findings are relevant to the main problem identified in the study, namely the number of students who experience delays in paying the Education Development Contribution (SPP).

Judging from the analysis of the level of financial literacy of students based on study programs, it is obtained that the level of financial literacy of management and accounting students is in the same category, namely moderate. In percentage terms, the level of literacy of accounting students is higher than management students but not significant because it is 2 points adrift. When viewed from the number of respondents, there are more respondents from accounting students than management students, namely a difference of 10 respondents. However, it is interesting that the results of the analysis of the level of literacy based on gender obtained information that the level of literacy of female students is higher than male students. Furthermore, when viewed from the number of respondents the number of female respondents is more than male respondents. If traced further related to the percentage value per indicator, it is known that of the four indicators used, the percentage value of female students excels in all indicators. Thus it is necessary to increase financial literacy for employee class students by paying more attention to male students.

The results of this study corroborate the findings of previous research that a person's understanding of basic financial concepts has a major effect on a person's ability to manage personal finances, including in terms of paying financial obligations on time (Nurwulandari, 2022; Pertiwi et al., 2024).. A low understanding of finance can cause financial management problems, namely: students have limitations in preparing financial plans and saving for short and long term needs, and students have difficulty managing income and expenses so that they cannot prioritize the obligation to pay tuition fees (Dewi et al., 2023; Fauzi et al., 2024)

The dual roles experienced by employee class students as workers and students provide their own challenges in terms of personal financial management (Setyawan & Wulandari, 2020). This is because some students who take part in the employee class program have a fluctuating amount of income, making it difficult to manage finances consistently. In addition, lifestyle factors and the social environment of students often cause them to be trapped in consumptive behavior (Pertiwi et al., 2024). The busy work and college assignments can also be the cause of students not having time to upgrade their skills, one of which is related to financial literacy (Dwiyanto et al., 2022).

Thus, it is necessary to make efforts to improve students' financial literacy adequately so that they can improve their personal financial management skills (Syahnaz et al., 2023).

Although the financial literacy of Pamulang University employee class students is quite good, further efforts are still needed to improve their understanding and skills in applying it. Delays in paying tuition fees indicate the need to focus on the importance of financial management and a more organized income (Cynthia & Linawati, 2024). With the right help, students can be better able to deal with financial difficulties and manage their money more efficiently (Pujiati et al., 2024).

CONCLUSIONS AND SUGGESTIONS

A. Conclusion

The results showed that in general the level of financial literacy of Pamulang University employee class students was in the *medium* category. These results indicate that students' mastery of basic financial concepts is quite good, but has not been applied in personal financial management practices optimally. These findings also reflect the limitations of students in terms of determining financial priorities, so that efforts are needed to increase awareness and skills in personal financial management. With better financial literacy, students can make financial planning and decisions more effectively.

B. Suggestion

The results of the study have limitations that have not been able to prove the effect of the level of financial literacy with financial management skills statistically. For this reason, it is recommended for future researchers to be able to statistically prove whether financial literacy has a significant effect on students' financial management skills. The results of this study can be applied to research themes related to personal financial management and student financial behavior.

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