International Journal of Economics and Management Sciences
Volume. 1 No. 2, May 2024
e-ISSN: 3046-9279, Page. 174-180

The Role Of Financial Education In Improving Student Financial Management

Sulikah Sulikah
Universitas Negeri Malang

Sulistyani Sulistyani
Universitas Negeri Malang

Rendika Valery
Universitas Negeri Malang

Corresponding author: sulikah.fe@um.ac.id

Abstract: *The research aims to analyze financial management problems faced by students and analyze the role of financial education in improving financial management. This research was conducted using a qualitative approach to the literature study method. carried out by collecting secondary research data from various published research articles and those contained in scientific journals, documents, reference sources that are in accordance with the topic of the role of financial education in improving student financial management. The research results show that students' financial management still needs to be improved and financial education, both formal and informal, is proven to be able to contribute to improving this ability.*

Keywords: *Personal Financial Management, Financial Education, Management Ability*

BACKGROUND

Behavior in managing finances can be observed through activities planning , managing and controlling finance in a way effective (Laily 2016) . Ability manage finances are required as wrong one effort prevent happen financial problems in the future (Chinen & Endo, 2012) . However , the fact is students in Indonesia have behavior manage finance which still low characterized by high levels of consumption (Widi Asih et al. 2020) . Hasan et al., (2021)) mention that there is 71.42% of students use their money only to fulfill their lifestyle and trends . Whereas according to Widi Asih et al., (2020) 51.05% of students' pocket money is spent on traveling, watching movies and buying clothes, while spending on college is only around 26.75% . Behavior the if continued will triggering financial difficulties for students (Wiharno 2018) . Student must own ability manage good finances to be rational in determine his needs .

The bad behavior manage finance no escape experienced by students at State University of Malang, where there are 78.3% of students not yet used to manage their finances and only 39.1% of students actually save (Jannah and Munir 2021) . Poor financial management is caused by: lack of responsibility answer to behavior finance (Alfilail and Vhalery 2020) . Apart from that , students not yet capable optimizing ability manage his

Received: April 13, 2024; Accepted: May 22, 2024; Published: May, 31 2024
* Sulikah, sulikah.fe@um.ac.id

finances (Fitriarianti 2018) . Student think that manage finance no easy thing for done (Rosa and Listiadi 2020) .

At the age of 20-30 years , students is at in stage important for build basics finances and habits financially good research also shows that in the period end teenager until mid -20s, kid young currently develop independence finance them (Bamforth et al., 2017) . Student often rely on pocket money from parents or scholarship as source income they For fulfil his needs during period certain . Ability manage income earned become demands at a time not quite enough answer student . As view Selcuk (2015) that at that stage here , student start study independent in manage outside finances parental supervision .

Behavior in managing finances is very important for students because it can help in financial settings , *especially* in managing expenses that will be made . (Waluyo and Marlina 2019 ; Widi Asih et al. 2020) . Having good financial management skills is also possible control unlimited desires (Waluyo and Marlina 2019) . The bad financial management will have a negative impact on financial planning in future . A. Robb & S. Woodyard (2011) state if somebody own high understanding about financial and also capable arrange as well as allocate his finances. This can impact positive on behavior individual in manage finance. Financial management is very necessary to use prevent happen financial distress and financial problem (Putra, Handayani, and Pambudi 2013) (Putra et al. 2013) .

Improving financial understanding is carried out through the provision of financial education in educational institutions and which equips students with competency in managing finances. (Pradiningtyas & Lukiastuti, 2019). Students are educated members of society with different financial management abilities (Saraswati et al., 2017). The financial literacy possessed by students is greatly influenced by the experience and financial education they have obtained. (Utami, 2017). Financial education in the family will influence financial management attitudes or behavior that occurs because there is no element of unintentional through observations obtained from the family (Shim et al., 2010). Parents who are smart about finances can be an example for children (Akben-Selcuk, 2015). Knowledge about finances and the experience they have regarding finances has an influence on a person's treatment in planning the family's financial investments that will be carried out (Yulianti & Silvy, 2013).

Based on a literature review, it was found that the ability to manage finances is an important competency that students must have, however, findings in the field show that students' financial management abilities are still not good. The aim of this research is to answer 2 research questions (research questions/RQ), namely

RQ1: What financial management skills do students have?

RQ2: What is the role of financial education in improving students' financial management?

Literatur Review

Financial Management

Financial management is ability someone who covers planning , budgeting , auditing , managing , controlling , searching and storing financial funds (Kholilah & Iramani, 2013; (Asandimitra & Kautsar, 2019) . Serly Novianti (2019) state that financial management is related with not quite enough answer finance somebody about method management finance in accordance level income earned . Financial management does not only learn extent of ability somebody in make plan finance but also form character and behavior in manage finance individual the (Asandimitra & Kautsar, 2019) .

Main process in money management is budgeting finances used as base taking decision . Behavior taking decision is results from the reasoning process (Smith & Colgate, 2007) . The results of this reasoning are what give rise to this something action According to Dew & Xiao (2011) there is four matter the principal used for evaluate financial management, namely : 1) consumption form expenditure on goods and services , 2) management cash flow as indicator main health finance for measure ability pay bills , 3) savings and investments as subtraction consumption and allocation of funds, 4) debt is seen from facet ability somebody in make use of it .

Financial Education

According to CEA Insurance of Europe (2011) financial education is the process of making consumers able to make the right decisions with full consideration . Financial education is the process of learning and understanding financial concepts, including money management, investing, saving, and making smart financial decisions. The goal is to empower individuals to manage their finances wisely and make financially sound decisions . Many universities have introduced special courses or programs aimed at improving students' financial literacy. These curricula cover topics such as money management, investing, personal financial planning, and financial decision making. Financial education in the family can be manifested through a variety of practices, including open conversations about money, teaching by example, giving financial responsibilities to children, and involving them in family financial decisions. Studies show that financial education in the family has a significant long-term impact on children's financial behavior. Children who grow up in an environment where financial values are actively taught tend to have better savings habits and manage their finances more wisely later in life.

Research methods

This research uses a qualitative approach with a literature study type of research. Literature study research was carried out by collecting secondary data from research results from various published research articles and those contained in scientific journals, documents, reference sources that are in accordance with the topic of the role of financial education in improving student *financial management* .

RESULTS AND DISCUSSION

The Role of Financial Education to Improve Student Financial Management.

Widayati (2014) said that family financial management education contributes to shaping students' attitudes by providing examples from parents to foster a positive attitude regarding finances, so that it is easier for students to manage their personal finances. Supported by research by Jorgensen (2007), students who learn a lot about managing finances from their parents tend to have a better attitude towards finances than those who do not learn how to manage finances from their parents.

Developing financial management behavior is something that is done intentionally or not through learning within the family. Education in the family environment is also important to realize that by providing an example of children's attitudes towards their finances through pocket money. Providing pocket money can show parents' trust in their children to have financial responsibility so that children can manage their own finances when they want to spend it. Financial education will shape children to have financial literacy so that children are able to manage finances independently. Parents who teach their children from a young age to be frugal and wise with the money they have, the habit will form in a child to be frugal and wise with personal finances. According to Widayati, (2011) financial education in the family is focused on understanding the value of money to regulate the use of money.

Family and parents are the main socialization agents in the process of children learning about money and the process of developing financial management behavior which is carried out unintentionally in the family environment (Shim, 2010). The results of a child's education obtained in the family will determine the child's subsequent education, both at school and in the community (Martin, 2010: 167). From birth to adulthood, children see and imitate the behavior of their parents. Children learn through observation of the ways their parents teach them, such as how to talk, behave, think, and how to manage money (Mulyadi, 2012:2). Chotimah and Rohayati (2015) revealed that the higher the intensity of the family's role in providing children with financial education, the better students will be at managing their finances. The family is the main place for socializing children to learn and develop financial management (Wulandari & Hakim, 2015).

The positive and significant influence of family financial education on financial behavior (Shalahuddinta & Susanti, 2014; Widayati, 2014)

Financial education obtained in higher education provides a very useful role in shaping students' financial management behavior. From the learning obtained, students will gain knowledge and knowledge related to financial matters. In accordance with the study of learning theory proposed by Pavlov, Skinner and Hull, a person's behavior is the result of learning in an experience that can be put into practice in making changes to behavior in managing one's finances personally. So the better a student's understanding of financial knowledge, the better their behavior in financial management will be, and vice versa.

Erawati (2016) found that learning in tertiary institutions has a significant and positive influence on financial behavior and the results of other research suggest that financial education in tertiary institutions has a significant influence on financial behavior (Nasihah, 2019).

CONCLUSIONS AND RECOMMENDATIONS

Financial management is an important competency for students to have. Students with good financial management are proven to avoid financial problems in the future. Financial education obtained in both formal and informal education has been proven to be able to play a role in improving students financial management abilities. The next research will explore more about the role of financial education to improve student financial management, both formal, informal and non-formal.

REFERENCE

Akben-Selcuk, E. (2015). Factors Influencing College Students' Financial Behaviors in Turkey: Evidence from a National Survey. International Journal of Economics and Finance, 7 (6). https://doi.org/10.5539/ijef.v7n6p87

Akben-Selcuk, E. (2015). Factors Influencing College Students' Financial Behaviors in Turkey: Evidence from a National Survey. International Journal of Economics and Finance, 7 (6). https://doi.org/10.5539/ijef.v7n6p87

Alfilail, S. N., & Vhalery, R. (2020). The Influence of Self-Esteem and Self-Awareness on Pocket Money Management. Research and Development Journal of Education, 6 (2), 38. https://doi.org/10.30998/rdje.v6i2.6242

Bamforth, J., Jebarajakirthy, C., & Geursen, G. (2015). Understanding Undergraduates' Money Management Behavior: A Study beyond Financial Literacy. International Journal of Bank Marketing, 36 (7), 1285–1310. https://doi.org/10.1108/IJBM-05-2017-0104

CEA Insurance of Europe. (2011). Financial Education and Awareness European Insurance Industry Initiatives.

Chinen, K., & Endo, H. (2012). Effects of Attitude and Background on Personal Financial Ability: A Student Survey in the United States. The International Journal of Management, 29 , 33.

Chotimah, C., & Rohayati, S. (2015). The Influence of Financial Education in the Family, Parental Socioeconomics, Financial Knowledge, Spiritual Intelligence, and Peers on the Personal Financial Management of Undergraduate Students in Accounting Education, Faculty of Economics, Surabaya State University. Journal of Accounting Education, 3 (2), 1–10.

Erawati, N. (2016). The Influence of Financial Literacy, Learning at Higher Education, and Work Experience on the Financial Behavior of Students at the Faculty of Economics, Surabaya State University. Journal of Accounting Education (JPAK), 5 (1), 1–7.

Fitriarianti, B. (2018). The Influence of Financial Literacy, Financial Behavior and Income on Investment Decisions. Proceedings of the National Accounting Seminar.

Hasan, M., Tahir, T., Inanna, I., Supatminingsih, T., & Arisah, N. (2021). Consumptive Behavior of Students in Purchasing Fashion Products. Phinisi Integration Review, 4 (2). https://doi.org/10.26858/pir.v4i2.22291.

Jannah, N., & Munir, S. (2021). The Influence of Financial Attitude and Self-Control on Financial Management of Undergraduate Economics Education Students, State University of Malang Class of 2018. Journal of Economic Education, 14 (2), 167–178.

Jorgensen, B. L. (2007). Financial Literacy of College Students: Parental and Peer Influence. Thesis Not Publication Virginia : Master of Science in Human Development.

Laily, N. (2016). The Influence of Financial Literacy on Student Behavior in Managing Finances. Journal of Accounting and Business Education, 1 (4). https://doi.org/10.26675/jabe.v1i4.6042.

Martin, L. (2010). Financial Planning for Autistic Children: Financial Planning for Parents of Children with Autism. Yogyakarta: Katahati.

Mulyadi, S., & Trizki, L. (2012). Financial Parenting: Making Children Smart and Careful in Managing Money. Jakarta: PT Mizan Publica.

Nasihah, D. (2019). The Influence of Learning Financial Accounting, Financial Literacy, and Self-Control on the Financial Behavior of Students at the Faculty of Economics, Surabaya State University. UNESA Journal of Accounting Education (JPAK), 7 (3), 336–341.

Pradiningtyas, T. E., & Lukiastuti, F. (2019). The Influence of Financial Knowledge and Financial Attitudes on the Locus of Control and Financial Management Behavior of Economics Students. Journal of Minds: Management of Ideas and Inspiration, 6 (1), 96–112. https://doi.org/10.24252/minds.v6i1.9274.

Rosa, I., & Listiadi, A. (2020). Effects of Financial Literacy, Financial Education on Family, Peers, and Self-Control on Personal Financial Management. Journal of Management, 12 (2), 244–252.

Salahuddinta, A., & Susanti. (2014). The Effect of Financial Education on Family, Work Experience, and Learning. Journal of Accounting Education, 2 (2), 1–10.

Saraswati, E., Rispantyo, & Kristianto, D. (2017). The Influence of the Learning Process in Higher Education on Financial Behavior with Financial Literacy as an Intervening Variable. Journal of Accounting and Information Technology Systems, 13 (2), 218–229.

Shim, S., Barber, B. L., Card, N. A., Xiao, J. J., & Serido, J. (2010). Financial Socialization of First-year College Students: The Roles of Parents, Work, and Education. Journal of Youth and Adolescence, 39 (12), 1457–1470. https://doi.org/10.1007/s10964-009-9432-x

Utami, D. (2017). The Influence of Learning in Higher Education and the Social Environment on Financial Behavior with Financial Literacy as a Moderating Variable (Vol. 1, Issue 1). Retrieved from https://lib.unnes.ac.id/29614/1/7101413025.pdf

Widayati, I. (2011). The Influence of Parents' Socioeconomic Status, Family Financial Management Education, and Learning in Higher Education on Student Financial Literacy. Journal of Humanities Education, 2 (2), 176–183.

Widi Asih, S., & Khafid, M. (2020). The Influence of Financial Knowledge, Financial Attitude and Income on Personal Financial Management Behavior Through Locus of Control as an Intervening Variable. Economic Education Analysis Journal Accredited by SINTA, 9 (3), 748–767. https://doi.org/10.15294/eeaj.v9i1.42349

Wiharno, H. (2018). The Influence of Financial Knowledge, Financial Behavior and Financial Attitude on Personal Financial Management. Journal of Financial and Accounting Research, 4 (1), 70.

Wulandari, & Hakim, L. (2015). The Influence of Love of Money, Financial Education in the Family, Financial Management Learning Outcomes, and Peers on Students' Personal Financial Management. Journal of Accounting Education, 3 (3), 1–6.

Yulianti, N., & Silvy, M. (2013). Attitudes of Financial Managers and Family Investment Planning Behavior in Surabaya. Journal of Business and Banking, 3 (1), 57–68.