Financial Literacy, Financial Attitude, and Household Financial Behavior

Jihan Zakiyah Permana
Lutfi*

Manajemen, Universitas Hayam Wuruk Perbanas, Indonesia

*Author's correspondence: lutfi@perbanas.ac.id

Abstract. Household financial behavior is a crucial topic to study because it determines the family's economic well-being. This study examines the effect of financial literacy, financial attitudes, financial experience, and income on household financial behavior. The object of this research is the family finance manager in Sidoarjo City, East Java. The data collection technique is using an online survey. Sample selection was done by using the purposive sampling technique. The sample of this research is 153 financial managers. The data analysis technique used the Partial Least Square Structural Equation Model (PLS_SEM). The results indicate that financial literacy and attitudes positively affect household financial behavior, while financial experience and income have no significant effect. This finding implies that financial policymakers should increase public financial literacy and attitude toward managing family finances.

Keywords: Financial attitude; Financial experience; Financial literacy; Household financial behavior; Income.

Abstrak. *Perilaku keuangan keluarga merupakan topik yang sangat penting untuk dipelajari, karena faktor tersebut menentukan kesejahteraan keluarga. Penelitian ini menguji pengaruh literasi keuangan, sikap keuangan, pengalaman keuangan, dan pendapatan terhadap perilaku keuangan keluarga. Objek penelitian ini adalah pengelola keuangan keluarga di Kota Sidoarjo, Jawa Timur. Teknik pengumpulan data menggunakan survei secara* online*. Pemilihan sampel dilakukan dengan menggunakan teknik* purposive sampling*. Sampel dalam penelitian ini berjumlah 153 manajer keuangan. Teknik analisis data dalam penelitian ini menggunakan* Partial Least Square Structural Equation Model *(PLS-SEM). Hasil penelitian ini menunjukkan bahwa literasi keuangan dan sikap keuangan berpengaruh signifikan dan positif terhadap perilaku keuangan keluarga, sedangkan pengalaman keuangan dan pendapatan tidak berpengaruh secara signifikan. Temuan ini menyiratkan bahwa pembuat kebijakan keuangan harus mampu meningkatkan literasi keuangan dan sikap masyarakat terhadap keuangan dalam mengelola keuangan keluarga.*

Kata kunci: Literasi keuangan; *Sikap keuangan*; *Pengalaman keuangan*; *Perilaku keuangan keluarga*; *Pendapatan.*

BACKGROUND

Public financial behavior is a very important issue today. This is related to the consumptive behavior of the Indonesian people (Fauziah, 2018; Zahra & Anoraga, 2021). Financial behavior is related to ability to manage daily financial funds, which includes planning, budgeting, checking, managing, controlling, searching and storing (Al Kholilah & Iramani, 2013). Indonesian people do not yet have a high awareness of the importance of household financial management. People tend to think short-term, which is synonymous with excessive spending and a lot of debt, so they often don't think about their future needs that lead them to experience financial problems (Iramani & Lutfi, 2021). Taking this into account, it is deemed necessary to examine various factors that influence family financial behavior.

There are several variables that can influence family financial behavior, one of which is financial literacy. Chen and Volpe (1998) define financial literacy as knowledge to manage finances. Financial literacy is knowledge of basic financial concepts, including knowledge of compound interest, the difference between nominal and real values, basic knowledge of risk diversification, the time value of money and other financial knowledge (Lusardi et al., 2021). Financial literacy is important because it is related to the ability to understand, manage funds, and prepare for a more successful future life (OJK, 2019). Dwiastanti (2015), Grohmann (2018), and Husna and Lutfi (2020) prove that financial literacy has a positive effect on financial behavior, while Kusnandar and Kurniawan (2018) give different results, namely financial literacy has no effect on financial behavior.

The second factor that can influence family financial behavior is financial attitude. Financial attitude shows a person's state of mind, opinion, and judgment regarding finances (Herdjiono & Damanik, 2016). A good attitude towards a behavior will encourage someone to apply it in action (Ajzen, 2020). Ameliawati and Setiyani (2018), and Humaira and Sagoro (2018) prove that financial attitudes have a significant positive effect on the household financial planning. On the other hand, Nuryana & Wicaksono (2020) prove that financial attitudes have no significant effect on financial behavior.

The next variable that influences financial behavior is financial experience. Financial experience shows the extent to which a person has used financial products, such as savings, deposits, credit, capital market instruments, mutual funds, insurance, and various other financial products (Hogarth & Hilgert, 2002). Someone who has financial experience will know the benefits of these financial instruments. Thus, this financial experience will help a person in managing his family finances better. Husna and Lutfi (2020), and Purwidianti and Mudjiyanti (2016) show that financial experience has a positive influence on family financial behavior. This means that individuals who have better financial experience will manage their finances more purposefully and wisely. However, Iramani and Lutfi (2021) cannot prove a positive influence of financial experience on financial behavior.

Family financial behavior is also influenced by income level. Income is the total gross income derived from wages, salaries, business, and returns from investment

(Purwidianti & Mudjiyanti, 2016). Higher income allows a family to be better able to set aside their income for savings, investment, and retirement needs (Fatmawati & Lutfi, 2021). Gautam and Matta (2016), and Perry and Moris (2005) prove that income has a significant positive effect on financial behavior. However, Purwidianti and Mudjiyanti 2016) prove that income does not have a significant impact on financial behavior.

The description above shows inconsistent results regarding the impact of the four determinants of financial behavior, and therefore this is a research gap that needs to be studied again. In addition, previous research examines financial behavior by using one or two financial aspects. The novelty of this research is to examine the financial behavior of the family by integrating all aspects of the forming financial behavior, namely financial literacy, financial attitudes and financial experience.

This study aims to examine the effect of financial literacy, financial attitudes, financial experience, and income on household financial behavior in Sidoarjo City. According to the Decree of the Governor of East Java number 188/538/KTPS/013/2020 concerning the 202, the City of Sidoarjo has a Regency/City Minimum Wage (UMK) of IDR 4,300,479.19 (Gubernur Jawa Timur, 2022). The city of Sidoarjo is one of the main supports for the city of Surabaya as a metropolitan city which is often characterized by a glamorous life and a consumptive lifestyle. Despite having a high city minimum wage, there are still 29.93 percent of recipients of social protection from the government (BPS Kabupaten Sidoarjo, 2021). This indicates that many people are not yet financially prosperous. Thus, the financial behavior of the people of Sidoarjo City is very interesting to study.

THEORETICAL REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is related to the argument that rational action is based on the assumption that humans act logically, considering all available information, directly and indirectly. This theory states that behavior is influenced by attitudes, subjective norms, perceptions of control (Ajzen, 2020). These three factors influence the intention to behave and ultimately produce the desired behavior. Attitudes towards behavior are seen as a function of beliefs about the possible consequences of behavior, called behavioral beliefs. Behavioral beliefs are a person's subjective likelihood that performing an attractive behavior will lead to a certain outcome. For example, the belief that managing finances well can improve family financial welfare, this belief encourages someone to manage their family finances well.

Household Financial Behavior

Financial behavior is related to the various ways that a person uses to manage his income and expenses (Saurabh & Nandan, 2018). Financial management is an activity carried out by a person or family in managing their finances in order to achieve a more prosperous financial life (Sabri & Falahati, 2013). Household financial management includes various elements, such as cash management, loan management, savings, investment, and other financial experiences (Ali et al., 2015; Beverly et al., 2003).

Good financial behavior is very important because it will determine financial well-being (Iramani & Lutfi, 2021; Mahendru et al., 2022; She et al., 2021). Good

financial behavior can also protect families from financial stress (Britt et al., 2016; Ponnet et al., 2016). This financial pressure arises due to excessive debt and various financial problems (Baker & Montalto, 2019; Heo et al., 2021).

Financial Literacy Household Financial Behavior

Chen and Volpe (1998) define financial literacy as knowledge to manage finances. Knowledge for managing finances includes general knowledge of personal finance, savings and loans, insurance and investment. Lusardi et al. (2021) state that a lack of financial knowledge can lead to wrong financial decisions. Good financial literacy is the basis for making good financial decisions for the present and the future.

Better financial knowledge about saving and investing can encourage a person to get used to saving and investing for precautionary and retirement needs (Boisclair et al., 2017; Henager & Mauldin, 2015; Widjaja et al., 2020). In addition, good knowledge of credit will make a person avoid excessive debt (Lusardi & Tufano, 2015). Thus, financial knowledge will have a positive impact on the household financial behavior. Brilianti and Lutfi (2020), Dwiastanti (2015), Grohmann (2018), and Stolper and Walter (2017) prove that financial literacy has a positive effect on financial behavior. From this description, the first hypothesis (H1) in this study is formulated as follows:

H1: Financial literacy has a positive effect on household financial management behavior.

Financial Attitude and Household Financial Behavior

Financial attitude is related to the state of mind, opinion and judgment regarding finances (Herdjiono & Damanik, 2016). According to the Theory of Planned Behavior (TPB), attitude is a predictor of behavior (Ajzen, 2020). Various previous studies have proven the influence of attitude on behavior, such as buying behavior (Ajzen, 2015; Jain et al., 2020; Taufique & Vaitudarahan, 2018), internet banking use (Bashir & Madhavaiah, 2015), pro-environmental behavior (Savari & Gharechaee, 2020; Yuriev et al. 2020),

The attitude of each individual financial manager can be different because each individual may have different financial conditions and financial goals. According to Yulianti and Silvy (2013), good financial management begins with having financial attitudes. A good financial attitude reflects the belief that good financial management will provide benefits for present and future financial well-being. This belief will encourage someone to implement it in real behavior, namely managing finances well. Previous research has proven that without a good financial attitude, it is difficult for someone to set aside savings funds or have future investment capital. Previous research has proven that financial attitudes have a positive effect on financial behavior (Ameliawati & Setiyani, 2018; Herdjiono & Damanik, 2016; Humaira & Sagoro, 2018; Sabri et al., 2020; Saurabh & Nandan, 2018). From this description, the second hypothesis (H2) in this study is formulated as follows:

H2: Financial attitude has a positive effect on household financial management behavior.

Financial Experience and Household Financial Behavior

Individuals who have a lot of good experience in financial products, such as banking, capital markets, and pension funds, will have their finance managed properly so as to have more responsible and wise behavior in financial management. Ameliawati & Setiyani (2018) explained that if someone has a lot of financial experience, the behavior in managing finances is getting better because that person is able to distinguish what is right and wrong to do.

Financial behavior based on good financial experience will lead to a wise management of family financial expenditures (Brilianti & Lutfi, 2020). Thus, the more financial experience a person has, the more able that person is to manage his family's finances, both for current and future needs. Purwidianti and Mudjiyanti (2016) prove that financial experience directly has a positive effect on household financial behavior. This is also in line with Ameliawati and Setiyani (2018), and Brilianti and Lutfi (2020) which prove that financial experience leads to better financial management behavior. From this description, the third hypothesis (H3) in this study is formulated as follows:

H3:   Financial experience has a positive effect on household financial management behavior.
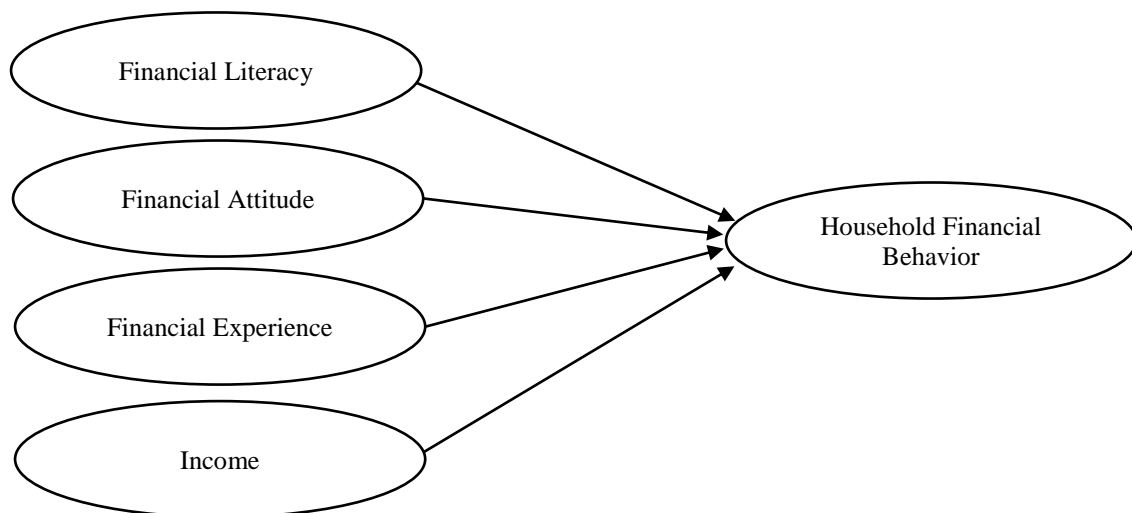

Figure 1. Research Model

Household Income and Financial Behavior

Income is the total annual gross income of a family from salary, business results, and various investments. In addition, there are many other categories of income, including rental income, government subsidy payments, interest income and dividend income. Family or household income can be interpreted as income obtained from several sources of income: husband's income and wife's income.

Families with high incomes will find it easier to manage financial management, such as setting aside funds for savings, investment for retirements, paying bills correctly in full and on time, and setting aside funds for insurance. Thus, families with higher

incomes will find it easier and wiser to manage their family finances. This is in line with Brilianti and Lutfi (2020), Fatmawati and Lutfi (2021), Mutlu and Zer (2021), and Perry and Morris (2005) which prove that income has a significant positive effect on financial behavior. From this description, the fourth hypothesis (H4) in this study is formulated as follows:

H4: Income has a positive effect on household financial management behavior.

Based on the literature review and the development of the hypotheses that have been explained, the research model for this research is presented in Figure 1.

RESEARCH METHODS

Research Variables and Measurements

This study uses a quantitative approach, which means the researcher collects data by first identifying the concept as a related variable derived from the existing theory, collecting the data, and then analyzing it. This study uses the endogenous variables of family financial behavior, while the exogenous variables are financial literacy, financial attitudes, financial experience, and income. Household financial behavior is an activity carried out by family financial managers in managing family income and expenses in order to achieve a more financially prosperous life. Brilianti and Lutfi (2020) state that indicators that can be used for family financial behavior are controlling expenses, paying bills always on time, making future financial plans, saving periodically, and allocating money for personal and family needs. The measurement of the family financial behavior variable uses a Likert scale with a score of 1-5: (1) Never, (2) Rarely, (3) Sometimes, (4) Often, and (5) Very often.

Financial literacy shows the extent of a person's knowledge in managing his personal finances. According to Chen and Volpe (1998), financial literacy indicators are general knowledge of finance, savings and loans, insurance, and investment. The financial literacy variable is measured using a ratio scale, namely the percentage of correct answers containing a total of questions. Financial attitude is concerning a person's state of mind, opinion and judgment regarding finances. According to Herdjiono and Damanik (2018), financial attitude indicators are showing a good mindset about money (obsession), being able to control one's financial situation (effort), adjusting the use of money to needs (inadequacy), not wanting to spend money (retention), and have a broad view of money (securities). This financial attitude is measured using a Likert scale with a score of 1 to 5: (1) Strongly disagree, (2) Disagree, (3) Disagree, (4) Agree, and (5) Strongly agree. Financial experience shows how often family financial managers have used or owned financial products. Iramani & Lutfi (2021) state that the indicators for this variable are the use of banking products, the use of pension fund products, the use of insurance products, and the use of investment products. Measurement of financial experience variables based on the frequency of experience using an ordinal scale from 1 to 5. Family income is income from husband and wife, and children per month obtained from several sources such as salaries, bonuses, allowances, business results, or investment results. This income variable is measured using an ordinal scale, starting from a minimum of IDR 4 million to more than IDR 12 million.

Population, Sample, and Sampling

The population used is the family financial manager in Sidoarjo City. The number of households in Sidoarjo is 478,218 and this is the population of this study (BPS Kabupaten Sidoarjo, 2021). The sampling technique used is purposive sampling. The sample criteria for the respondents are (1) domiciled in Sidoarjo City; (2) at least 21 years old and married; and (3) have a family income of at least IDR 4,000,000 per month. The target number of research samples is at least ten times the number of indicators (Hair et al, 2021:92). There are 15 indicators in this study so that the minimum sample size is 150 respondents.

Data was collected through a survey using a questionnaire compiled in a google form. Furthermore, the questionnaire was distributed online via WhatsApp social media to respondents, namely families who live in Sidoarjo. After the questionnaire has been filled by the respondent, the data is processed and analyzed. There were 157 questionnaires filled in, but four respondents did not meet the criteria so that the remaining 153 respondents became the final sample of the study.

Data Analysis Technique

This research uses the Partial Least Square Structural Equation Model (PLS_SEM) analysis technique with Partial Least Square Smart PLS 3.0 software. Evaluation of the outer model is carried out based on internal consistency, convergent validity, and discriminant validity (Hair et al, 2021:97). Internal consistency is tested using two criteria: Cronbach's alpha and Composite reliability, with the limit value being greater than 0.60. Convergent validity is measured based on the loading factor value, provided that the loading factor value of an indicator must be greater than 0.70. If the loading factor value is between 0.40 and 0.70, it can be maintained when the indicator is removed the composite reliability value decreases. Discriminant validity as tested using Fornell-Larcker Criteria (FLC) and Heterotrait-Monotrait Ratio (HTMT). A construct meets discriminant validity based on FLC if the square root value of the Average Variance Extract (AVE) of a construct is greater than the correlation value with other constructs, and the HTMT is less than 0.85.

RESULTS AND DISCUSSIONS

Research Instrument Test

The first step is to test the research instrument to be used. The tests carried out are validity and reliability tests. Table 1 shows the results of the validity and reliability test of a sample of 153 respondents for the latent variables of the household financial management and financial attitudes. The loading factor value for all indicators is greater than 0.7, except for FA2 which has a value of 0.552. However, when this indicator is removed, the composite reliability value decreases so that this indicator is maintained for the financial attitude variable. The value of composite reliability and Cronbach's alpha for all constructs is greater than 0.60 so that all constructs of latent variables are reliable.

Next, a discriminant validity test is conducted and the results are presented in Table 2. This table shows that based on the Fornell-Larcker Criteria (FLC) the square root value of the AVE for each construct (bold printed) is greater than the correlation

value between constructs, and the value of the Heterotrait-Monotrait Ratio (HTMT) is smaller than 0.85. So it can be concluded that the research instrument meets the requirements of discriminant validity, or in other words, each construct measures different variables.

Table 1. Convergent Validity and Internal Consistency Test

Variable	Indicator	Code	Loading factor	Composite reliability	Cronbach's alpha
Household Financial Behavior	Set aside income for the future	HFB1	0.838	0.827	0.820
	Have clear financial goals	HBF2	0.764		
	Prepare income and spending budget	HFB3	0.837		
	Save regularly every month	HFB4	0.784		
Financial Attitude	Show a good mindset about money	FA1	0.706	0.839	0.811
	Able to control the financial situation	FA2	0.552		
	Control the use of money	FA3	0.801		
	Adjust the use of money to the needs	FA4	0.839		
	Consider it important to save monthly	FA5	0.850		

Source: Data processed (2022).

Table 2. Discriminant Validity Test

Construct	FLC		HTMT	
	HFB	FA	HFB	FA
Household Financial Behavior (HFB)	**0.806**			**0.626**
Financial Attitude (FA)	0.527	**0.758**	**0.626**	

Source: Data processed (2022).

Demographic Characteristics of Respondents

Table 3 presents the demographic characteristics of the respondents. This table shows that the majority of household financial managers are male (73.2 percent) and have a bachelor's degree (51 percent). Based on age, 34 percent are > 50 years old and 31 percent are 45-50 years old. Thus, it is generally at the stage of wealth accumulation in the financial life cycle. Most respondents' income is in the range of >IDR 8,000,000 – IDR 10,000,000 (26 percent). Thus, in general, respondents' income is relatively far above the UMK Sidoarjo, which is around Rp. 4.3 million per month.

Table 3. Demographic Characteristics

Demographic Aspect	Amount	Percentage	Demographic Aspect	Amount	Percentage
Gender:			**Highest Education:**		
Male	115	73	High School	38	24
Female	42	27	Diploma	25	16
Age:			Undergraduate	80	51
21 – 25 year	13	8	Post-graduate	14	9
26 – 35 year	21	14	**Income:**		
35 – 45 year	21	13	>Rp 4.000.000 - Rp 6.000.000	25	16
45 – 50 year	49	31	>Rp 6.000.000 - Rp 8.000.000	36	23
> 50 year	53	34	>Rp 8.000.000 - Rp 10.000.000	40	26
			>Rp 10.000.000 - Rp 12.000.000	32	20
			> Rp 12.000.000	24	15

Source: Data processed (2022).

Descriptive Statistics

Table 4 presents the mean and standard deviation of the research variables. This table shows that the household financial behavior of the respondents is classified as good (4.01) with relatively low variation between respondents. The financial literacy of respondents is in the relatively low category, which is 57.32 percent. This level of financial literacy is better than the results of the national financial literacy survey conducted by the Indonesian Financial Services Authority which amounted to 38.03 percent (OJK, 2019). The average score of respondents' financial attitudes is 4, which means that in general the respondents have good financial attitudes. The average financial experience of the respondents is 2.33. This means that the majority of respondents have relatively low financial experience, that is, have only ever used or owned one financial product. Finally, the average value of respondents' income is in the range of 2.95, which means that the majority of respondents have an income of around Rp8 million-Rp10 million.

Table 4. Descriptive Statistics of Variables

Variable	Mean	Std. Dev.
Household Financial Behavior (HFB)	4.01	0.66
Financial Literacy (FL)	57.32	20.33
Financial Attitude (FA)	4.00	0.48
Financial Experience (FE)	2.33	1.15
Income (IN)	2.95	1.28

Source: Data processed (2022).

Hypothesis Testing

An inferential analysis is performed to test the hypothesis using the Partial Least Square-Structural Equation Modeling (PLS-SEM) method. The test results, which are presented in Table 5. It showed that financial literacy (FL) and financial attitudes (FA) have a significant positive effect on the household financial management behavior, while financial experience and income have no significant effect on the behavior.

Table 5. Results of Hypothesis Testing

Relationship	Coefficient	Std. Dev.	T-Stat.	P-Value	Results
Fin. Literacy → Household Fin. Behavior	0.198	0.065	3.030	0.002	Accepted
Fin. Attitude → Household Fin. Behavior	0.538	0.069	7.757	0.000	Accepted
Fin. Experience → Household Fin. Behavior	-0.001	0.065	0.011	0.992	Rejected
Income → Household Fin. Behavior	-0.020	0.081	0.0243	0.808	Rejected
R^2		0.317			Weak
f^2					
Financial Literacy		0.056			Small Effect
Financial Attitude		0.417			Large Effect
Financial Experience		0.000			No Effect
Income		0.001			No Effect

Source: Data processed (2022).

The R^2 value of the model is 0.317, which means that the household financial behavior model is classified as weak (Hair et al., 2021: 186). Furthermore, based on the value of the effect size (f^2) which measures the contribution of each variable to the

household financial behavior model, it shows that financial literacy have a small contribution (>0.02) and financial attitudes have a large contribution (>0.35) in explaining the household financial behavior (Hair et al., 2021:186). This indicates the importance of financial attitudes in shaping good household financial management behavior.

Discussions

The first hypothesis examines the effect of financial literacy on household financial behavior. The results showed that financial literacy had a positive and significant effect on the household financial behavior. This means that the better the level of financial literacy of family financial managers, the better their financial behavior. When a family finance manager has good knowledge about saving and investing, he will set aside his income to save and invest for the future. Likewise, when the family finance manager understands the benefits and risks of credit well, then he will try to limit the use of debt or if he owes it he will pay it on time to avoid high costs or fines due to late payments. The same thing applies when someone understands well the benefits of insurance, then that person will try hard to buy insurance as a protection from unexpected events, such as illness, accident, or death, which endangers himself and his family. The results of this study are in line with research by Brilianti and Lutfi (2020), Dwiastanti (2015), Grohmann (2018), and Stolper and Walter (2017) proving that good financial literacy will encourage good financial management behavior as well.

The second hypothesis examines the effect of financial attitudes on household financial behavior. The results showed that financial attitudes had a significant positive effect on the household financial behavior. This means that the better the financial attitude, the better the financial management of the family. The results of this study are in accordance with research by Ameliawati and Setiyani (2018), Herdjiono and Damanik (2016), Humaira and Sagoro (2018), Sabri et al. (2020), and Saurabh and Nandan (2018) proving that a better financial attitude can improve good financial management as well. When a family financial manager has a good mindset about future financial targets (FA1), then he will try to manage his money well and set aside some for future needs. A family financial manager who has a good financial attitude regarding the importance for saving monthly (FA5) will set aside his income to save or invest that will be used for emergency funds or future needs when something unexpected happens. Likewise, when the family financial manager can control the financial condition (FA2), behave not extravagantly (FA3), and spend money only for needs (FA4), the person concerned can set aside funds for investment and savings and not be trapped in excessive debt. The results of this study support the Theory of Planned Behavior which states that attitude is a predictor of behavior (Ajzen, 2020). The belief that good financial management will be able to reduce financial problems and increase welfare will encourage someone to realize this belief in the form of a real attitude, namely managing family finances better.

The third hypothesis examines the effect of financial experience on household financial behavior. The results showed that family financial experience had no significant effect on household financial behavior. This means that high and low levels of financial experience do not significantly affect household financial behavior. The emergence of results that have no significant effect on this study may be due to two reasons. *First*, the majority of respondents have low financial experience (Table 4), that

is, on average, they have only owned or used one financial product. The only products that were owned by more than one is related to bank products, both savings and credit products. For people in Indonesia, especially in urban areas such as Sidoarjo which is the subject of this research, having two savings products is a common thing as a means of saving funds and transacting. Therefore, the ownership of these banking products may not be a meaningful financial experience. *Second*, the average respondent's experience with insurance and pension funds is only one. This study does not distinguish between independent insurance and pension funds and those provided by the government or companies. There is a possibility that the experience is insurance or pension funds provided by the government or company so that it does not reflect the real financial experience of the respondent. The impact is that financial experience scores have no significant impact on financial behavior. The results of this study contradict with research by Ameliawati and Setiayani (2018) and Purwidianti and Mudjiyanti (2016) showing that financial experience has a significant positive effect on family financial behavior.

The fourth hypothesis examines the effect of income level on household y financial behavior. The results showed that income level had no significant effect on the household financial behavior. This means that high and low levels of financial literacy do not significantly affect family financial behavior. The results of this study are in accordance with Purwidianti and Mudjiyanti (2016) that income levels do not have a significant impact on family financial behavior. This indicates that high income is not enough to encourage someone to manage their finances better if they do not have a good financial attitude. Table 5 shows that financial attitudes play a central role in determining family financial behavior. The implication is that family financial managers need to have a good financial attitude in order to be able to manage their family finances well. High income without being accompanied by a good attitude in controlling expenditure and making a budget that is adhered to will cause the income to run out and there is no leftover for savings and investment. In a context like this, high incomes can encourage consumptive behavior that causes financial insecurity (Iramani & Lutfi, 2021).

The findings of this study support the Theory of Planned Behavior (TBP) proposed by Ajzen (2020). This theory states that attitude is the main determinant of behavior. When the family financial manager has the view that saving, controlling spending, and following the budget is important, the family will try hard to reflect this good attitude in real financial management behavior. They will set aside funds for retirement, save regularly, and make a budget and stick to it.

CONCLUSIONS AND RECOMMENDATIONS

This study examines the effect of financial literacy, financial attitudes, financial experience, and income on the household financial behavior of the Sidoarjo community. Based on the results of the analysis that has been carried out, it can be concluded that financial literacy and financial attitudes have a significant positive effect on the household financial behavior, such as financial experience and income do not have a significant impact on the behavior.

This findings have several implications. First, the household financial managers need to develop good financial attitudes as an important element in family financial

management. This attitude factor is the biggest contributor in shaping good financial behavior. Second, financial policy makers, such as the Government, Bank Indonesia, and the Indonesia Financial Services Authority, need to increase public financial literacy through various media, such as seminars, brochures, social media, or collaboration with educational institutions. The provision of financial literacy information in the form of videos, e-books, and infographics also needs to be further improved. Finally, banks and financial advisors need to better educate their customers about financial literacy and instill the importance of having a positive financial attitude. By raising public awareness about the importance of saving, budgeting, and controlling spending, people will save and invest more which in turn has a positive impact on the performance of banks and financial advisors.

This research has some limitations. Research respondents are only limited to family financial managers in Sidoarjo so that it cannot be generalized. Further research is expected to expand the research area from various cities, both East Java and Indonesia. This research model is still relatively weak, with an R^2 of 0.317. Further research is expected to add other variables that have not been studied, such as spiritual intelligence, future orientation, and a number of dependents as independent variables, or behavioral intentions and self-control as mediating variables, as suggested by Theory of Planned Behavior.

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