

Comparative Analysis of the Level of Financial Literacy Between FEB and Non-FEB UHO Students

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Abstract

This study aims to determine the level of financial literacy of students in the Faculty of Economics and Business and students in the Faculty of Non-Economics. The sample in this study comprised 98 students who were recruited using a proportionate stratified random sampling approach. The data collection method used a questionnaire data instrument (questionnaire). A descriptive approach was used for data collection. Data analysis based on the literacy level used by Chen and Volpe (1998) was high literacy, medium literacy, and low literacy. The results showed that the financial literacy level of 2018 undergraduate students from the Faculty of Economics and Business and students from the Non-Economic Faculty of Halu Oleo University were in the medium literacy category. When viewed from the perspective of financial knowledge, the literacy category had low literacy. When viewed from the perspective of financial skills, the category is low literacy. When viewed from financial confidence, the category is highly literate for students of the Faculty of Economics and low literacy for students of the Faculty of Non-Economics. In terms of financial attitudes, the literacy category had low literacy. Meanwhile, based on financial behavior, the literacy category is highly literate.

Keywords: *Financial Behavior, Financial Knowledge, Financial Literacy, Financial Skills.*

INTRODUCTION

Globalization, supported by the advancement of civilization and the sophistication of information and communication technology, will lead to increased human needs and desires. Today, financial literacy is needed so that each individual is wise and effective in managing their finances so that they do not seem consumptive, which is only thinking about short-term satisfaction without paying attention to long-term welfare.

Financial literacy is important, not only for adults who have already been established in terms of economics but also for all groups, not least for students. For students, working while studying or getting a shipment from home, in this case from parents, is common. With financial literacy, students can use the money properly and correctly, whether it is used for college needs, paying boarding houses, tuition fees, consumption, or saving each month.

When viewed in terms of science, students of the Faculty of Economics and Business tend to have a better level of financial literacy than students of the Faculty of Non-Economics. The Faculty of Economics and Business students can be equipped with knowledge related to the management of economics and finance in their lectures. However, both students from the Faculty of Economics and Business, who have knowledge, and from the Faculty of Non-Economics, have their

problems in financial literacy because they tend to prioritize their personal interests, rather than thinking about the long-term effects that will be obtained.

According to the Big Indonesian Dictionary, literacy refers to one's ability to read and write. Financial literacy is defined as an individual's ability to manage and organize finances. According to the Financial Services Authority, financial literacy comprises a series of activities aimed at improving a person's knowledge and skills in managing finances (2017).

According to the Financial Services Authority (2019), knowledge, skills, and beliefs influence attitudes and behaviors to improve the quality of decision-making and financial management to achieve prosperity. Meanwhile, according to Mason and Wilson (2010), financial literacy is a person's ability to obtain, understand, and evaluate relevant information to make decisions by understanding financial consequences (2014).

According to the Jumpstar Coalition in Huston (2010), financial literacy is the ability to use knowledge and skills to manage financial resources effectively for lifetime financial security. Financial literacy occurs when individuals have a set of skills and abilities that enable them to utilize existing resources to achieve their goals. Huston (2010) defines financial literacy as the process of measuring how well

individuals can understand and use personal financial information. Like literacy in general, Huston (2014) conceptualizes financial literacy in two dimensions: the understanding dimension (knowledge of personal finance) and the use dimension (application of personal finance concepts and products).

The Organization for Economic Cooperation and Development (OECD) in Arif (2015) defines financial literacy as the knowledge and understanding of financial concepts, ability, motivation, and confidence in applying organized knowledge and understanding in making effective decisions within the scope of the financial context to improve the financial well-being of communities and individuals and enable them to participate in economic life. According to Huston (2010), financial literacy is part of human capital that can be used in financial activities to increase the expected lifetime benefits from consumption.

Yushita (2017) states that in Rohrke & Robinson (2000), financial literacy is the best way to teach consumers about the benefits of having relationships with financial institutions including funding and credit, and the ability to build positive finances. According to Hailwood (2007), financial literacy affects how people save, borrow, invest, and manage finances. Furthermore, financial literacy also emphasizes the ability to understand the basic concepts of economics and finance, and how to apply them appropriately.

According to Kharchenko (2011), financial literacy is a necessary numerical skill and understanding of the basic economic concepts needed to educate in saving and borrowing decisions. Mendari and Kewal (2014) explain that financial literacy is a basic need for everyone to avoid financial problems.

OJK's 2019 survey results show that financial literacy in students is still categorized as having a *less literate* understanding, which is 17.99 percent, clearly lower than the general understanding of the province and the nation, where the province has a very good understanding (*well literate*), which is 36.75%, and the nation has a very good understanding (38.03%). Then, by looking at the responses based on age, it is clear that 15-17-year-olds and 18-25-year-olds have a less literate understanding, although the percentages are different, namely 2.46 percent for 15-17-year-olds and 13.53 percent for 18-25-year-olds. This value is clearly very different from the national scale, which is 38.03 percent, and is certainly included in a very good understanding (*well-literate*). The purpose of this study

was to determine the level of financial literacy of students in the Faculty of Economics and Business and the Faculty of Non-Economics, Halu Oleo University.

METHODS

The object of this research was undergraduate students of the Faculty of Economics and Business and undergraduate students of the Non-Faculty of Economics, Halu Oleo University class of 2018. The Faculty of Economics and Business students came from the Department of Economics, Department of Management, and Department of Accounting. The Faculty of Non-Economics students came from the Department of Economic Education and Business Administration.

The population in this study was 4,852 students, of which 3,451 were from the Faculty of Economics and 1,401 from the Non-Faculty of Economics. To determine the sample, the Slovin formula was used to produce 98 samples.

The type of data used in this study was quantitative data, where the data source of this research was primary data obtained directly from the questionnaire. The research sample was obtained from the student population using a *proportionate stratified random sampling* approach. The data collection technique used in this study was a questionnaire data instrument.

RESULTS AND DISCUSSION

This study included five parts: financial knowledge, financial skills, financial beliefs, financial attitudes, and financial behavior. Financial knowledge is the knowledge possessed by respondents, both general and specific knowledge of the central bank, banking institutions, financial services authorities, and other financial institutions. Financial skills are individuals' ability to perform simple calculations, including calculations of risks and returns from financial products and services. Financial beliefs are those held by respondents relating to knowledge about finance, financial products and services, and financial skills towards financial services institutions that are equally concerned about everyday life. A financial attitude is when an individual has the knowledge and ability to act in a certain way that influences their decision to act. Financial behavior is shaping a financial condition to be better, both in daily management and in the use of money.

Previous research has been conducted by several researchers, including Kusumawardhani et al. (2020), whose research results show that the level of financial literacy of students is relatively low at 37.79%.

Based on the results of the study, it can be seen that the percentage of respondents who gave correct or incorrect answers and yes or no answers to each statement item or question, as well as the average respondent's answer, related to financial literacy. Students of the Faculty of Economics and Business who have high literacy amount to 8.16 percent, while

students of the Faculty of Non-Economics who have high literacy amount to 0 percent. Furthermore, 69.39% of students in the Faculty of Economics and Business have moderate literacy, while 0% of students in the Faculty of Non-Economics have high literacy. (N, 2020) Students of the Faculty of Non-Economics who have moderate literacy are 65.31%, while students of the Faculty of Economics and Business who have low literacy are 22.45 percent while students of the Faculty of Non-Economics who have low literacy are 34.69%. The results are presented in Table 1.

Table 1. Financial Literacy Level

Tier	FEB-Student			Non-FEB Student		
	High	Medium	Low	High	Medium	Low
Sample	4	34	11	0	32	17
%	8,16	69,39	22,45	0	65,31	34,69

Source: Questionnaire Data (Processed), 2022

These results show that the financial literacy of both the Faculty of Economics and Business students and the Faculty of Non-Economics students is in the medium category. This can be proven using the following tables:

Table 2. Financial Knowledge Recapitulation Results

Tier	FEB-Student		Non-FEB Student	
High	10	20,40%	1	2,04%
Medium	6	12,25%	10	20,40%
Low	33	67,35%	38	77,56%
Total	49	100%	49	100%

Source: Questionnaire Data (Processed), 2022

The results of the research on financial knowledge possessed by students of the Faculty of Economics and Business and students of the Faculty of Non-Economics show that students of the Faculty of Economics and Business have higher knowledge (20.40 percent) than students of the Faculty of Non-Economics (2.04%). Those who have moderate knowledge from the Faculty of Non-Economics students have more knowledge (20.40 percent) than students from the Faculty of Economics and Business (12.25%). Meanwhile, 67.35% of students from the Faculty of Economics and Business had low knowledge compared to 77.55% of students from the Faculty of Non-Economics.

Previous research has been conducted by Akbar (2020), where the results show that the financial literacy of the Faculty of Economics students in terms of knowledge is still low, at 56.86 percent, while those with moderate knowledge are 20.59 percent and those with high knowledge are around 23 percent. When compared, this study is in line with Akbar's (2020) research. This means that in terms of financial knowledge, students of the Faculty of Economics and Business and students of the Faculty of Non-Economics are still less knowledgeable about financial institutions.

Table 3. Financial Skills Recapitulation Results

Tier	FEB-Student		Non-FEB Student	
High	14	28.57%	9	18.37%
Medium	0	0%	0	0%
Low	35	71.43%	40	83.67%
Total	49	100%	49	100%

Source: Questionnaire Data (Processed), 2022

The results of research on financial skills owned by students of the Faculty of Economics and Business and students of the Faculty of Non-Economics show a low level of literacy, namely 71.43 percent for students of the Faculty of Economics and Business and 83.67 percent for students of the Faculty of Non-Economics. Those who have a high literacy level are 28.57 percent for students of the Faculty of Economics and Business and 18.37 percent for students of the Faculty of Non-Economics. There are no students who have a moderate

level of literacy, both from the Faculty of Economics and Business and the Faculty of Non-Economics.

The results of this study are not in line with the theory of Soetiono and Setiawan (2018), who state that financial skills relate to the ability to calculate the products and services of financial institutions, such as interest (savings or loans), investment returns, fees, and fines. This means that students' financial skills were still lacking or low.

Table 4. Financial Confidence Recapitulation Result

Tier	FEB-Student		Non-FEB Student	
High	41	81.67%	18	36.73%
Medium	0	0.00%	0	0.00%
Low	8	16.33%	31	63.27%
Total	49	100%	49	100%

Source: Questionnaire Data (Processed), 2022

The results of research on financial confidence owned by students of the Faculty of Economics and Business and students of the Faculty of Non-Economics have different levels of literacy, where students of the Faculty of Economics have a higher literacy level of 83.67 percent, while students of the Faculty of Non-Economics have only 36.73 percent, while moderate literacy has 0 percent. Students of the Faculty of Non-Economics had a low literacy level, namely 63.27 percent and 16.33 percent for students of the Faculty of Economics and Business, respectively.

Previous research was conducted by Akbar (2020) where the results showed that the financial literacy of Faculty of Economics students in terms of financial confidence was still low, namely 50.00 percent, while those with moderate confidence were 34.31 percent and those with high confidence were around 15.69 percent. When compared, this study is not in line with Akbar's research (2020). This means that in terms of financial confidence, students of the Faculty of Economics and Business and students of the Faculty of Non-Economics are very good.

Table 5. Financial Attitude Recapitulation Results

Tier	FEB-Student		Non-FEB Student	
High	0	0.00%	1	2.04%
Medium	13	26.53%	17	34.69%
Low	36	73.47%	31	63.27%
Total	49	100%	49	100%

Source: Questionnaire Data (Processed), 2022

The results of research on financial attitudes owned by students of the Faculty of Economics and

Business and students of the Faculty of Non-Economics show a low level of literacy, namely 73.47

percent for students of the Faculty of Economics and Business and 63.27 percent for students of the Faculty of Non-Economics. Those who had a high literacy level were 0 percent for students of the Faculty of Economics and Business and 2.04 percent for students of the Faculty of Non-Economics. Students who have a moderate level of literacy are 26.53 percent of students in the Faculty of Economics and Business and 34.69 percent of students in the Faculty of Non-Economics.

The results of this study are not in line with Furnham's theory (1984), which states that financial attitudes are reflected in six concepts: (1) passion (*obsession*), referring to a person's mindset about

money and his/her perception of the future to manage money well. (2) *Power* refers to someone who uses money as a tool to control others and thinks money can solve problems. (3) *Effort* refers to someone who feels he deserves to have money from what he has done. (4) *Inadequacy* refers to someone who feels that money is inadequate. (5) Savings (*Retention*) refer to someone who tends not to want to spend money. (6) *Security* refers to a person's very old-fashioned view of money, such as the notion that money is better kept to oneself without saving money in a bank or for investment.

Table 6. Financial Behavior Recapitulation Results

Tier	FEB-Student		Non-FEB Student	
High	31	63,26%	28	57,14%
Medium	10	20,41%	12	24,49%
Low	8	16,33%	9	18,37%
Total	49	100%	49	100%

Source: Questionnaire Data (Processed), 2022

Based on the results of the study, it show that the level of literacy in terms of financial behavior owned by students of the Faculty of Economics and Business and students of the Faculty of Non-Economics both have a high level of literacy, namely 63.26 percent for students of the Faculty of Economics and Business and 57.14 percent for students of the Faculty of Non-Economics. While the level of moderate literacy, both students of the Faculty of Economics and Business and students of the Faculty of Non-Economics have almost the same level of literacy, at 20.41 and 24.49%, respectively. Furthermore, 16.33% of students in the Faculty of Economics and Business have a low literacy level compared to 18.37% of students in the Faculty of Non-Economics.

These results are in line with Hilgert's theory (2003), which states that a person's financial behavior will depend on how well a person manages cash, debt, savings, and other expenses. This means that students of the Faculty of Economics and Business and students of the Faculty of Non-Economics in financial behavior from cash management and others are good, which is reflected in their high level of financial behavior.

CONCLUSION

Based on the results of the research and discussion above, it can be concluded that the level of financial

literacy of 2018 undergraduate students of the Faculty of Economics and Business is in the moderate category, with an average score of 69.31; students of the Faculty of Non-Economics, Halu Oleo University, were in the moderate category, with an average score of 65.31 percent. When viewed from the perspective of a classification based on financial knowledge, literacy is low. When viewed from the perspective of a classification based on financial skills, it is in the low category. When viewed from a classification based on financial confidence, it is in the high category and in the low category for students of the Faculty of Non-Economics. When viewed from the classification based on financial attitudes, it was in the low category. When viewed from the classification based on financial behavior, it is in the high category.

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