THE INFLUENCE OF FINANCIAL LITERACY AND THE USE OF SOCIAL MEDIA ON PERSONAL FINANCIAL MANAGEMENT IN STUDENTS OF THE MANAGEMENT STUDY PROGRAM FACULTY OF ECONOMICS AND BUSINESS UNIVERSITAS JAMBI

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Abstract

Understanding financial literacy is very necessary for every individual to be able to manage and plan their finances. Based on the results of observations, researchers found problems related to low levels of financial literacy affecting their financial management. Of the 10 students, only 4 students made financial plans and only a few made detailed financial plans. In particular, they have studied Financial Management courses but are known to still be unable to apply their financial literacy skills appropriately in managing their finances. This research aims to examine the influence of financial literacy and the use of social media on student financial management. This research includes quantitative research methods. The population in this study was 577 students from the Faculty of Economics and Business, Jambi University class 2019-2021 with a sample of 86 students using simple random sampling techniques. Data collection was carried out through distributing questionnaires. Data testing techniques use Validity Test and Reliability Test, R-Square test and Hypothesis Test with Bootstrapping using SmartPLS 3 Software. The results of the research show that financial literacy has a significant positive effect on personal financial management and the use of social media has a significant positive effect on personal financial management.

Keywords: Financial Literacy, Students, Use of Social Media, Personal Financial Management

Introduction

Increasingly rapid development encourages modern humans to live smarter. Without this, humans will be eroded by the rapid development of the times. One of the intelligences that modern humans must possess is financial intelligence. Financial intelligence is needed by modern humans so that they can be wise in using money rationally. According to Sari (2019) financial intelligence is a person's ability to manage finances based on a priority scale. An individual needs basic financial knowledge or financial intelligence as well as skills to manage finances.

Lack of knowledge about Financial management is a serious problem. Because when individuals spend continuously and in unlimited amounts, it will result in the individual becoming unable to control their finances. This is what shows that someone has a very poor level of understanding of finances. Financial difficulties can also arise when errors occur in financial management (Yushita, 2017).

Laily (2016) explains that financial literacy has a direct influence on students' financial behavior in managing finances. Financial literacy is a combination of awareness, knowledge, skills, attitudes and behavior needed to make healthy financial decisions and ultimately achieve individual financial well-being. (Organisation for Economic Co-operation and Development, 2018). According to the Financial Services Authority (2021), financial literacy is knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity.

Apart from financial literacy, there is also the use of social media which is highlighted in this research. Social media is a group of internet-based applications built on the basis of Web 2.0 ideology and technology, and allows the creation and exchange of user generated content. Web 2.0 becomes a platform including social network, forum internet, weblogs, social blogs, micro blogging, wikis, podcast, gambar, video, rating and bookmark social (Kaplan & Haenlien, 2010). According to (Widada, 2018) social media is a medium on the internet that allows users to represent themselves and interact, collaborate, share, communicate with other users, and form virtual social bonds.

Technological developments in using media Social media helps someone learn a lot of new things, such as knowledge about saving and investing. According to the Uses and Gratifications Theory, individuals use social media for cognitive needs, namely needs related to information, knowledge and understanding. This need is based on the desire or urge to understand and master the environment and also satisfies curiosity and the urge to investigate. When there is a trend on social media among millennials to have savings and investments, students will seek as much knowledge as possible about investment savings from sharing sources such as YouTube, Tiktok, and Instagram, becoming social media that is popular with students to satisfy their curiosity, so they will try This new thing becomes a trend.

Based on previous research related to the phenomenon of financial literacy and the use of social media on personal financial management, this research aims to describe and analyze the significant influence of financial literacy and social media on personal financial management.

Literature Review

Financial Literacy

According to OECD (2018) Financial literacy (Financial literacy) is a combination of awareness, knowledge, skills, attitudes and behavior needed to make good financial decisions and ultimately achieve financial prosperity. The indicators used in this research refer to the OECD (2018) in determining the level of financial literacy, which includes: financial knowledge, financial behavior, and financial management.

Social media

The definition of social media according to Van Djik (2013) is platform media that focuses on the existence of users and facilitates them in their activities and collaboration. Therefore, social media can be seen as an online medium that strengthens relationships between users as well as a social bond. Another definition of social media is also explained by Nasrullah (2015) that social media is a medium on the internet that allows users to represent themselves and interact, collaborate, share, communicate with other users, and form virtual social bonds.

Personal Financial Management

According to OJK (2017) Financial management is action to achieve financial goals in the future, which includes managing personal, family and company finances, including students. Personal financial management is an important part of overcoming economic problems. Personal financial management indicators include:

1. Earn money
2. Save money
3. Developing money
4. Using money

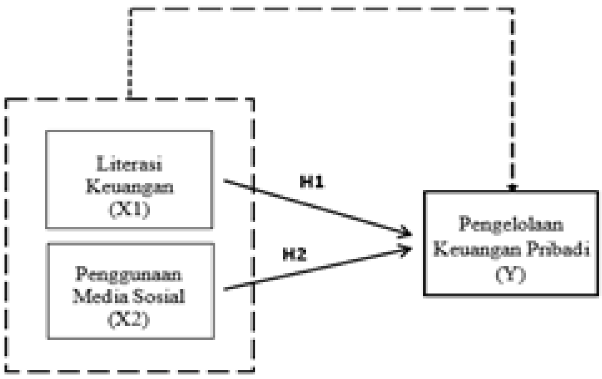

Figure 1. Conceptual Framework

Methods

The type of research used in the research is quantitative research. This research was conducted to examine personal financial management events and the factors that influence them among students in the Management Study Program, Faculty of Economics and Business, Jambi University. Quantitative research method because research data is in the form of numbers and analysis uses statistics (Sugiyono, 2019:7).

The research design used in this research uses research after the fact. After the fact is research carried out to examine events that have occurred and then work backwards to find out the factors that caused the incident to occur (Wahyudin, 2015). This research will examine the influence of financial literacy and social media on personal financial management among students in the Management Study Program, Faculty of Economics and Business, Jambi University.

The population in this study were students from the Jambi University Management Study Program. The population in this study was 577 students from the Class of 2019-2021. With a sample of 86 students. The data source used in this research is quantitative data obtained from students of the Management Study Program, Faculty of Economics and Business, Jambi University.

The method used in this research is a descriptive analysis method which analyzes by describing or illustrating the data that has been collected as it is without intending to make conclusions that apply to the general public or generalizations (Sugiyono, 2019). Statistical data analysis using multiple regression analysis methods with software SmartPLS 3.

Results and Discussion

Demografic

In this research, researchers used a questionnaire as a data source. The number of questionnaires distributed was 86 questionnaires. The questionnaires used to be tested were 86 questionnaires. In this research, the respondents were students from the Faculty of Economics and Business, Jambi University class 2019-2021.

Table. 1 Respondent Characteristics

Details	Frequency	Percentage (%)
Gender:		
a) Woman	59	69 %
b) Man	27	31 %
Amount	86	100 %
Class:		
a) 2019	17	21 %
b) 2020	34	39 %
c) 2021	35	40 %
Amount	86	100 %

Based on table 1, it can be concluded that the largest number of respondents were women, totaling 59 respondents (69%). From the total number of respondents. The remainder of the respondents were male with a total of 27 respondents (31%). Based on this explanation, it can be concluded that female students contributed more to this research. Based on class year can be seen that the number of respondents from the class of 2019 was 17 respondents or 21%, respondents from the class of 2020 were 34 respondents or 39%, and respondents from the class of 2021 were 35 respondents or 40%. Based on this explanation, it can be concluded that respondent identification based on class year is more dominant in 2021.

Test Convergent Validity

The value loading factor of each indicator of the financial literacy variable and social media use is more than 0.7. In this way, all of these indicators are declared valid as measures of the latent variable.In the financial literacy variable, it is known that each indicator is significant in forming the variable, but among them the most dominant or strongest indicator is X1.7 with a value of 0.790. The most dominant or strongest social media use variable is the indicator X2.8 with a value of 0.872. The most dominant or strongest Financial Management variable is the Y.9 indicator with a value of 0.875.

Test Discriminaty Validity

The values cross loading for each indicator of each variable already has a value cross loading the largest compared to the value cross loading from other variable indicators with the standard value used, namely 0.7. This shows that each variable can be said to have discriminaty validity the good one.

Composite Reability

The value composite reliability the financial literacy variable is 0.880, the social media use variable is 0.930, and the Financial Management variable is 0.906. So that the three variables analyzed have composite reliability which is good because it is above a value ≥ 0.7. And value cronbach's alpha the financial literacy variable is 0.821, the social media use variable is 0.905, and the financial management variable is 0.870. This shows that the three variables have good reliability because they are above a value of ≥ 0.7. Apart from that, we also look at the value of rho a the financial literacy variable is 0.836, the social media use variable is 0.906, and the Financial Management variable is 0.884. This shows that these three variables have good reliability because they are above a value of ≥ 0.7. So from the results of the measurement model (outer model) can be taken to the next stage by evaluating the model structural (inner model). And AVE value for the Financial Literacy variable is 0.648, the Social Media Use variable has an AVE value of 0.728, and the Financial Management variable has an AVE value of 0.660. With these results it can be concluded that all AVE values for each variable are above 0.5, which indicates that each variable has a good value, and meets the requirements to proceed to the next stage.

R-square

The R-square value of the Financial Management variable is 0.605 or 60.5%. And value R-Square Adjusted of 0.596 or 59.6%. It can be concluded that the variations that occur in the dependent variable can be explained by the independent variable, while the remaining 40.4% is explained by other variables outside the proposed model.

Hypothesis Test Results

The results of hypothesis testing on the relationship between the Financial Literacy variable and Financial Management show that the path coefficient value is positive because it has a value of 0.627. A positive path coefficient indicates that the relationship between the financial literacy variable and financial management is in the same direction and is between the range 0 to 1 which is stated to be positive.

The p-values show a value of 0.000 so this results in being smaller than 0.05 and the t-statistic value of 8.228 is greater than the t-table of 1.96. This shows that there is a positive and significant relationship between financial literacy and financial management. This shows that the hypothesis is accepted, so the higher the level of financial literacy, the higher the financial management.

The results of hypothesis testing on the relationship between the variable Use of Social Media and Financial Management show a path coefficient value with positive results because it has a value of 0.277. A positive path coefficient indicates that the relationship between the variable Social Media Use and Financial Management is in the same direction and is between the range 0 to 1 which is declared positive.

The p-values show a value of 0.001 so this means that it is smaller than 0.05 and the t-statistic value of 3.241 is greater than the t-table of 1.96. This shows that there is a positive and significant relationship between the use of social media and personal financial management. This shows that the hypothesis is accepted, so the higher the level of Social Media Use, the higher the Financial Management will be.

Discussion

The Influence of Financial Literacy on Personal Financial Management

The research results show that financial literacy (X1) has a significant positive effect on personal financial management (Y). This is proven by the p-values showing a value of 0.000 < 0.05 and a t-statistic value of 8.228 > 1.96. This shows that there is a positive and significant influence on the relationship between financial literacy and personal financial management. This shows that the hypothesis is accepted, so the better the level of financial literacy, the better the level of personal financial management. Students who have good financial literacy will be able to make wise decisions, control expenses and manage their finances well and correctly.

The results of this research support research conducted by (Laily, 2016) which states that financial literacy has a positive effect on managing students' personal finances. The higher the level of financial literacy possessed by an individual, the better the individual's ability to manage finances. This is also in line with research conducted by (Erawati, 2017) which states that there is a positive influence of financial literacy on students' financial management behavior.

The Influence of Social Media Use on Personal Financial Management

The research results show that the use of social media (X2) has a significant positive effect on personal financial management (Y). This is proven by the p-values showing a value of 0.001 < 0.05 and a t-statistic value of 3.241 > 1.96. This can be explained by the results of the research that has been conducted, the better the use of social media, the better the influence on personal financial management. This shows that the hypothesis is accepted, so the higher the level of social media use, the higher the level of personal financial management.

The results of this research support research conducted by (Pereira, 2021) which states that social media has a positive effect on financial management. This is also in line with research conducted by (Safitri and Dewa, 2022) which states that there is a positive influence from the use of Instagram social media on financial management.

Conclusion

Based on the results of the research and discussions carried out, the following conclusions can be drawn:

1. There is a positive and significant influence of Financial Literacy on Personal Financial Management. A person's high financial literacy will determine a person's good financial behavior. Because, with good financial literacy, you will be able to make wise decisions, control your expenses and also be able to manage your finances well and correctly.
2. There is a positive and significant influence of the use of social media on personal financial management. If someone has the correct intensity of using social media, financial management will be better, the use of social media can provide changes to the financial management decisions that will be taken by the individual.
3. Financial Literacy and the Use of Social Media simultaneously have a positive and significant effect on the Personal Financial Management of Students in the Management Study Program, Faculty of Economics and Business, Jambi University, class of 2019-2021. The relationship between the two variables is proven by the value of the coefficient of determination in the strong category with a large value R-Square Adjusted of 0.596 or 59.6%.

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