INFLUENCE OF FINANCIAL ATTITUDE AND FINANCIAL KNOWLEDGE ON FINANCIAL BEHAVIOR WITH LOCUS OFCONTROL AS AN INTERVENING VARIABLE

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Abstract

This study aims to determine the influence of Financial Attitude and Financial Knowledge on Financial behavior through Locus of Control as an intervening variable. This study is associative research and the type of data used is quantitative data. The Data used were obtained from primary data and secondary data. The method of analysis used is descriptive statistical analysis and structural equation modeling. Population and sample in this study amounted to 353 students of Methodist University of Indonesia with sampling technique used is purposive sampling. The results of this study showed that Financial Attitude has a positive and significant effect on Financial behavior in students of Methodist University Indonesia, Financial Attitude has a positive but insignificant effect on Locus of Control in students of Methodist University Indonesia, Financial Knowledge has a positive and significant effect on Financial behavior in students of Methodist University Indonesia, Financial Knowledge has a, Locus of Control has a positive and significant effect on Financial behavior in students of Methodist University of Indonesia, Locus of Cotrol is not able to mediate the relationship of Financial Attitude to Financial behavior but is able to mediate the influence of Financial Knowledge on Financial behavior.

Keywords : *Financial Attitude, Financial Knowledge, Locus of Control, Financial Behaviour.*

1. INTRODUCTION

Indonesian people generally allocate their money or income to several forms such as consumption, savings and investment. From the allocation of funds, the type of allocation of funds that is most beneficial for the future is the type of investment. Medan City became one of the most developed and populous cities in Indonesia with a population of 2,460,858 people and can be seen per capita expenditure of Medan city more than 40.99% are at the level of expenditure above Rp. 1,500,000 (BPS, 2023). The Financial Services Authority (OJK) noted that 88.1 percent of internet users in Indonesia have used e-commerce services to purchase a number of products. According to the Central Bureau of Statistics as many as 175 million people or 65.3 percent of the population in Indonesia is already connected to the internet. Of that number, there are 129 million Indonesians who use e-commerce services in 2020. The value of e-commerce transactions amounted to Rp 266 trillion last year. Indonesia is projected to become the country with the number one digital economy in Southeast Asia by 2025 with a digital transaction contribution of 124 billion US dollars or Rp1.736 trillion (Investing.com)

Based on data from Kustodian Sentra Efek Indonesia (KSEI), it can be seen that investors in the capital market grew by 37.68% to 10,311,152 in the investor demographic, it can also be seen that investors with the largest number in the age range under 30 years old, of course, enter this age range students and young workers are classified into it with a population of 58.71% or 6,053.66. Investors in this case the growth in the value of investors is not comparable to the population of Indonesia who use e-commerce services so it can be seen that there is still a low level of investment knowledge in the people of Indonesia. Based on a survey conducted on 20 students of Universitas Methodist Indonesia, it was found that the danger to existing students is still not good, this is based on data obtained from a survey of 20 respondents obtained by 16 respondents involving higher grants from the government and investment. The habits that exist today are certainly felt by the student audience who are upset and afraid to miss (fomo) will be the trends that exist today, more

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encouraged to follow the latest trends and difficult to refuse-invite friends to join gather with friends in cafes that are crowded when students are present. Based on previous research, there are many factors that affect financial risk, including financial attitudes and financial knowledge so that student financial risk is strongly influenced by understanding of Finance and how students can deal with their finances. Students who are accustomed to making mistakes in taking a financial attitude will experience financial problems in the future, plus external factors that are now very influential such as following social media trends, impulsive buying, and many others will greatly result in students will be wrong in taking a financial attitude so that they will be trapped into financial problems and generally will find, this is in line with the growth of pawnshops that are very developed in student-populated areas.

Based on the background explained above, the following problems can be identified:

1. The low awareness of students about the importance of Financial Attitude is seen from 67% of respondents, namely students answered "No" so it can be seen that the low awareness of Financial Attitude.
2. The majority of respondents, namely students of Methodist University Indonesia, still prioritize fun and entertainment over saving and investing with a percentage of answers of 80% or 16 respondents.
3. The low financial literacy of students makes it easy for students to get caught up in financial mistakes that will have a bad impact in the future.

2. IMPLEMENTATION METHOD

The method explains the design of activities, how to select the target audience , the materials and tools used, the design of the tools and their performance and productivity, data collection techniques, and data analysis techniques. [Times New Roman, 11, normal]. If there is an image in the content of the paper, then the image is placed after the paragraph that relates / discusses the image with a distance of 1 space (10 pt); captioned with Image and Arabic number (bold), followed by the title of the image placed under the image in question, the font size of the image description is 10 pt. This study was conducted at the Methodist University of Indonesia, located on Jl. Found at No. 8, Polonia Medan District. Madras Hulu, Medan City, North Sumatra, from August 2023 to May 2024. The primary Data in this study is the questionnaire data provided to respondents methodology students of the University of Indonesia with a population of 353 people. sampling technique in this study is a non probability sampling technique conducted from all members of the population used as many as 3000 people and then calculated a sample of 353 respondents.

Research data collection was conducted using the technique of distributing questionnaires, namely the method of collecting information from respondents. This method is applied by involving a series of questions that have been asked before. This series of questions will be answered by research respondents and worked through the Interval scale. This study uses structural relationship modeling analysis. The method of analysis is multivariate linear statistical analysis method (Hair et al. 2019). There are three criteria for using data analysis techniques with SmartPLS to assess the outer model, namely: convergent validity, discriminant validity, and composite reliability. Inner model or structural model testing is carried out to see the relationship between variables, R-Square and Q-square values from the research model. Before conducting further research, the researcher will first carry out a pilot test or initial test in order to determine the level of validity and reliability of the questionnaire that has been prepared for research. In line with the previous explanation, convergent validity, discriminant validity, composite reliability (Cronbach's alpha) are used to test the level of validity and reliability (Ghozali and Latan, 2020).
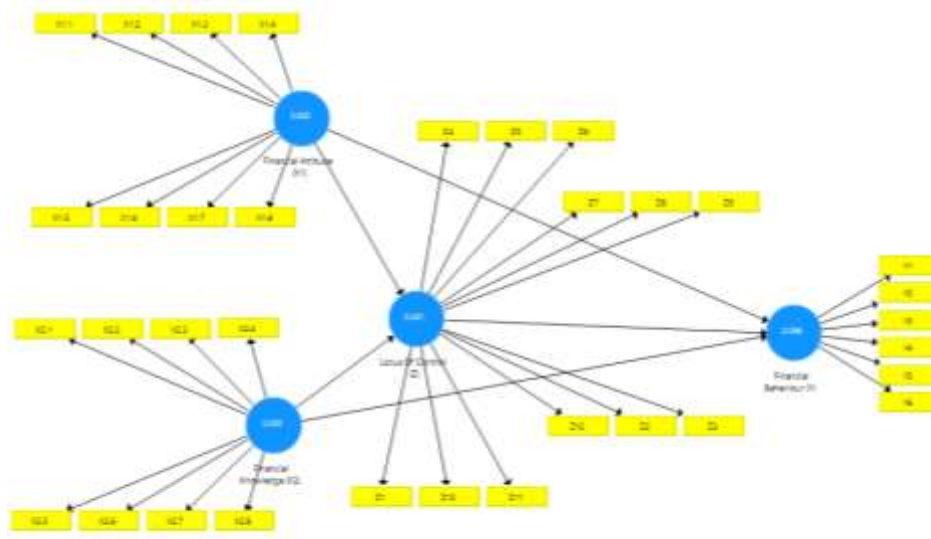
Picture1 Research Model Structure

3. RESULTS AND DISCUSSION

From 353 students of Methodist University of Indonesia who have SID (Single Investor Identification), which has a female gender totaling 195 people with a percentage of 55 percent, while having a male gender totaling 158 people with a percentage of 45 percent.

Table 1 Characteristics Of Respondents By Gender

Gender	Total Responden	Percent
Female	195	55
Male	158	45
Total	20	100

From 353 students of Methodist University of Indonesia who have SID (Single Investor Identification) in this study, the majority of respondents came from the Faculty of economics which amounted to 255 people with a percentage of 72 percent, and the least from the Faculty of letters which amounted to 20 people with a percentage of 5 percent.

Table 2 Characteristics Of Respondents By Faculty

Faculty	Total Responden	Percent
Economics	255	72
Computer Science	30	9
Medical	23	7
Letters	20	5
Agriculture	25	7
Total	353	100

Source: Processed data (2024)

There are two stages in evaluating a research model. The stages in question are measurement evaluation or outer model and structural evaluation or inner model.

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3.1 Outer Model Evaluation

ResultsIn the outer model evaluation, the validity and reliability of research respondent data will be tested, and in the inner model evaluation, hypothesis testing will be carried out.

Table 3 Convergent Validity Test Results

Variable	Composite Reliability	Average Variance Extracted (AVE)
Financial Attitude (X1)	0.920	0.590
Financial Behaviour (Y)	0.892	0.579
Financial Knowledge (X2)	0.916	0.578
Locus of Control (Z)	0.942	0.577

Source: Processed data (2024)

All variables in this study were proven to pass the convergent validity test. This is proven by the AVE value for the Financial Attitude variable of 0.59; Financial Behaviour 0.579; Financial Knowledge 0.578; and Locus of Control worth 0.577.The reliability test table proves that each variable in this research passed the reliability test. In other words, the variables of this research can be said to be reliable.

Table 4 Discriminantt Validity Test Results

Variable	Financial Attitude (X1)	Financial Behaviour (Y)	Financial Knowledge (X2)	Locus of Control (Z)
Financial Attitude (X1)	0.768			
Financial Behaviour (Y)	0.337	0.761		
Financial Knowledge (X2)	0.345	0.297	0.76	
Locus of Control (Z)	0.202	0.284	0.265	0.76

The table shows that the discriminant validity test requirements have been met with the loading value of the initial indicator being greater than the loading value of the other indicators (Hair et al., 2019)

3.2 Evaluation of Inner Model

Table 5 R2 Value Test

Variable	R-Square
Financial Behaviour (Y)	0.184
Locus of Control (Z)	0.084

Source: Processed data (2024)

R Square value on the Locus of Control of 0.084 or 8.4 percent means that Financial Attitude and Financial Knowledge is able to explain Financial behavior of 8.4 percent which is included in the category of weak, while the remaining 91.4 percent described other factors outside the model,

and R Square value on Financial behavior of 0.184 or 18.4 percent means that Financial Attitude, Financial Knowledge, and Locus of Control are able to explain Financial Knowledge of 18.4 percent which is included in the category of weak, while the remaining 81.6 percent described other factors outside the model the model is a weak Model.

Table 6 Hypothesis Test Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Financial Attitude (X1) -> *Financial Behaviour* (Y)	0.242	0.249	0.061	3.936	0.000
Financial Attitude (X1) -> *Locus of Control* (Z)	0.125	0.133	0.071	1.773	0.077
Financial Knowledge (X2) -> *Financial Behaviour* (Y)	0.163	0.156	0.060	2.698	0.007
Financial Knowledge (X2) -> *Locus of Control* (Z)	0.222	0.230	0.063	3.539	0.000
Locus of Control (Z) -> *Financial Behaviour* (Y)	0.192	0.196	0.074	2.612	0.009

Source: Processed data (2024)

Financial Knowledge Positive and significant impact on Financial behavior, Financial Attitude positive but not significant effect on Locus of Control, Financial Knowledge has a positive and significant effect on Financial behavior, Financial Knowledge has a positive and significant effect on Locus of Control, Locus of Control has a positive and significant effect on Financial behavior.

**Table 7** Total Indirect Effects Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Financial Attitude (X1) -> *Locus of Control* (Z) -> Financial Behaviour (Y)	0.024	0.025	0.017	1.421	0.156
Financial Knowledge (X2) -> *Locus of Control* (Z) -> Financial Behaviour (Y)	0.043	0.045	0.020	2.096	0.037

Source: Processed data (2024)

Locus of Control does not mediate the relationship of Financial attitude to Financial behavior, Locus of Control mediates the influence of Financial Knowledge on Financial behavior.

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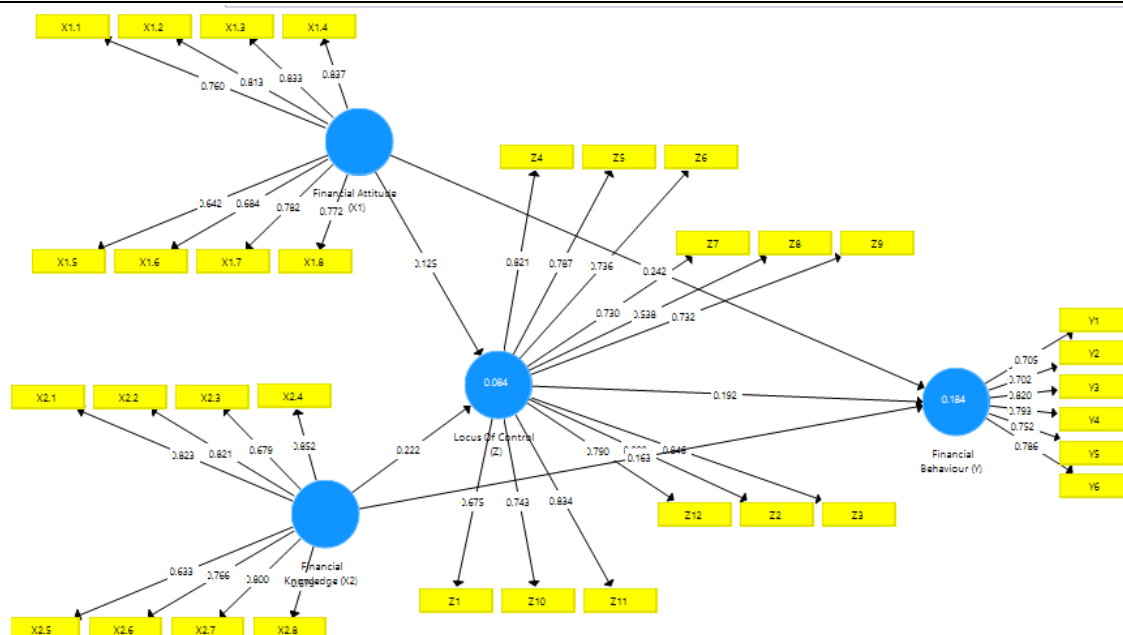
4. CONCLUSION

Based on the results of the analysis conducted under the title the influence of financial attitudes and financial knowledge on financial behavior with locus control as an intervention variable(case study on students of methodist university of indonesia), obtained the following conclusions:

1. Financial Attitude has a positive and significant effect on Financial behavior in students of Methodist University Indonesia,
2. Financial Attitude positive but not significant effect on Locus of Control in students of Methodist University Indonesia,
3. Financial Knowledge has a positive and significant effect on Financial behavior in students of Methodist University Indonesia,
4. Financial Knowledge has a positive and significant effect on Locus of Control in students of Methodist University Indonesia,
5. Locus of Control has a positive and significant effect on Financial behavior in students of Methodist University Indonesia,
6. Locus of Control is not able to mediate the relationship of Financial Attitude to Financial behavior in students of Methodist University Indonesia,
7. Locus of Control is able to mediate the influence of Financial Knowledge on Financial behavior in students of Methodist University Indonesia,

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