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The Influence of Financial Literacy, Financial Knowledge, And Parental Income On Financial Management Behavior

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Abstract

This study aimed to forecast and examine the impact of financial literacy, financial knowledge, and parent income on financial management behavior toward Bung Hatta University students. The factors tested are financial literacy (X1), financial knowledge (X2), and parental income (X3) as the independent variables, and financial management behavior (Y) as the dependent variable. This study population was students of the class of 2020-2022. Bung Hatta University. A total of 251 respondents were selected evenly using the proportionate stratified random sampling technique. The study discovered that financial literacy is positively associated with financial management behavior, financial knowledge is positively associated with financial management behavior, and parental income does not influence financial management behavior.

Keywords: financial literacy; financial knowledge; parental income; financial management behavior.

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Introduction

Development of the times at this time everyone must have intelligence in finance, namely intelligence in managing finances. Managing finances is managing everyone's responsibility for their finances to be carried out in family life because financial management is related to the needs of daily life (Rahmawati, 2020). Managing financial management an example, is the use of funds including payments, risks, and everything else related to money (Nuryana & Rahmawati, 2020). Good finances are very important to do because they are able to establish financial goals for the short-term and long-term (Youla et al., 2021).

Setting clear financial goals is very important for individuals to prioritize their needs over wants, manage their resources efficiently, and ultimately develop financial security. Creating short-term goals such as monthly budgets and saving for emergencies, as well as sustainable long-term financial goals such as investments, buying a house, and retirement planning. The importance of setting financial goals, planning, and financial management is crucial (Kim et al., 2018).

The required steps in financial management encompass assets, documenting all revenue and costs, identifying routine monthly and annual expenses, creating a budget, and saving are essential aspects of financial management (Yushita, 2017). Recognizing the significance of financial management is crucial as it addresses a fundamental aspect of every individual's life (Napitupulu et al., 2021). This highlights the need for prudent financial behavior to avoid falling into financial hardships that could lead to mismanagement. Financial management behavior involves making rational and consistent decisions regarding financial matters, highlighting the significance of adequately planning, assessing, and managing one's financial resources (Dewanti & Asandimitra, 2021)

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Healthy handling of finances manifests through effective financial planning, management, and control activities (Suwatno et al., 2020). According to Rahmawati (2020), successful financial management entails meeting spending obligations promptly, fulfilling payment obligations punctually, preparing for future financial requirements, saving diligently, and allocating funds for personal and family necessities. A person can be said to be good at managing finances if they can manage debt, savings, cash, and other expenses. If you can manage money well, there will be no high-desire behavior.

Money management behaviors are strongly associated with university students as they are often at a transitional stage in life, which requires the ability to manage money independently. By managing money independently, students learn to be responsible in fulfilling their financial obligations, such as paying tuition fees, living expenses, and daily needs. Table 1 below is an initial survey of students on financial management behavior.

Table 1. Results of Initial Survey Research on Financial Management Behavior

NO	Question	Answer									
		STS	%	TS	%	N	%	S	%	SS	%
1	I make a consideration first before making a purchase transaction for daily necessities by seeing the money supply.	13	43,3	4	13,30	2	6,70	5	16,70	6	20
2	I classify goods into two types, namely according to needs or wants. Do I consider this before I buy the item?	6	20	13	43,30	1	3,30	7	23,3	3	10
3	I record of keeping detailed my monthly expenses to keep them under control	9	30	10	33,30	4	13,3	4	13,3	3	10
4	I maintain a balance between income my finances and expenses	11	36,7	8	26,70	5	16,7	2	6,70	4	13,30
5	I create a savings fund for unexpected or emergency purposes and set aside funds for investment.	7	23,3	11	36,70	2	6,70	5	16,70	5	16,70
6	I pay my bills monthly or annually such as tuition, fees, etc. on time.	6	20	12	40	3	10	5	16,70	4	13,30
	Average		29		32		9		16		14

Source: Primary data processing results

The research conducted an initial survey by distributing questionnaires to students studying at Bung Hatta University with 30 respondents. The purpose of this survey is to find out in occurs in advance the phenomenon of Bung Hatta University students whether in managing finances tends to be better or not. Table 1 explains the results of the data obtained by the research, which states that 29% of respondents who answered strongly disagree (STS), 32% of respondents who answered disagree (TS), 9% of participants who selected neutral (N), 16% of participants who chose agree (S), and 14% of participants who indicated strong agreement (SS).

This data shows that the highest average percentage, namely 40% of Bung Hatta University student respondents. Poor financial management behavior in students can have a negative impact. The adverse effects of inadequate financial management conduct is the unfulfillment and obstruction of the fulfillment of basic needs to facilitate the lecture process daily. Consumption is caused by many factors that can have a big impact, namely the management of pocket money that is not on target due to a consumptive and hedonic lifestyle.

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In general, financial management is related to managing income, expenses, loans, savings, and protection (Brilianti & Lutfi, 2020). Charly and Riva (2023) state that a person's financial management behavior is assessed based on four elements. The initial aspect is cash handling, followed by credit handling. The third is savings. The fourth is investment.

One key element influence of financial management behavior is financial literacy. Being financially literate is essential for effectively managing one's finances and preventing unnecessary expenditures (Kumalasari & Soesilo, 2019). Financial literacy refers to the essential knowledge and competencies needed to improve one's quality of life through effective financial resource allocation and planning (Azizah, 2020). Financial literacy, identified by Desiyanti et al. (2023) and Masdupi et al. (2019), is fundamental in shaping individual financial behaviors. As emphasized by Rehman and Mia (2024), mastering financial literacy is crucial for making informed financial decisions.

Furthermore, financial knowledge encompasses an individual's comprehension of financial principles and their practical use, serving as a pivotal element in the process of making sound financial choices (Ubaidillah, 2019). It plays an essential role in an individual's life as a fundamental tool for making decisions regarding financial affairs. In addition to acquiring financial knowledge, parental income is also crucial. Parental income represents the earnings derived from the efforts made by an individual (Ahmad, 2019). Income comprises the wages parents receive monthly, stemming from the outcomes of their businesses or employment activities (Putri & Rahmi, 2019). Parental income encompasses the resources, whether goods or money, received by parents from their businesses and is utilized to fulfill their fundamental needs (Wibowo et al., 2021).

Reviewing existing research gaps in the domain of financial literacy and financial management behavior, there are conflicting outcomes in research findings. Napitupulu et al. (2021) posit that financial literacy has a positive influence on students' financial management behavior, emphasizing the essential role of grasping financial concepts in fostering prudent financial conduct. In contrast, Ramavhea et al. (2017) challenge this viewpoint by proposing that financial literacy could potentially have a detrimental effect on students' financial management behavior, suggesting complexities within this dynamic.

Another key research gap pertains to the influence of financial knowledge on financial management behavior. Sugiharti and Maula (2019) assert that greater financial knowledge correlates with better financial management practices. Conversely, Kholilah and Iramani (2021) propose a contrasting view, suggesting that excessive financial knowledge may hinder effective financial management by shaping behaviors related to financial control and discipline.

A third area of investigation relates to the influence of parents' income on financial management behavior. Dwinta (2019) contends that higher parental income is associated with more responsible financial management behavior, presumably due to increased financial resources. In contrast, Arifin (2017) finds evidence suggesting that parental income may not necessarily lead to improved financial management behavior, as individuals with higher incomes may struggle to manage expenses efficiently, possibly due to irresponsible financial practices and shortsighted decision-making.

Literature Review

The Planned Behavior Theory (TPB), introduced by Ajzen in 1991 , this study focuses on the role of individual intentions in shaping behaviors. According to this theory, an individual's intention is a key motivator that influences their actions. The TPB indicates that individuals are more inclined to participate in behaviors.they intend to perform. This theory also emphasizes the impact of time on intentions, suggesting that unexpected events can lead to changes in intentions over time. Therefore, the TPB is utilized in studying financial management behaviors to explore how psychological and social factors can impact decision-making in this area.

Financial Management Behavior

Effective financial management is crucial as it involves the management of funds in daily life to achieve profitability. Financial well-being is a key aspect in this regard (Zahriyan, 2019). To attain financial well-being, it is essential to possess the skill of financial management to ensure that money serves its purpose in fulfilling everyday needs. As highlighted by Napitupulu et al. (2021), understanding the significance of financial management is paramount as it is an inevitable aspect of human life. This underscores the importance of exhibiting prudent financial behavior to avoid facing challenges that could lead to financial mismanagement.

Financial management behavior involves exploring an individual's methodology for handling their finances, encompassing their habits and even irrational decision-making processes on finances (Syahputra, 2020). Financial management behavior arises because it is caused by the fulfillment of life's needs based on the income that a person has. A person must act carefully in using the money he has so that the money he has can be used money he has so that the money can be used properly. The goal of managing financial behavioris to ensure that an individual can manage financial obligations appropriately and wisely by using the opinions received in the same period.

Not many students carry out personal, financial management either by recording their finances aiming to control the expenses they make, or by doing savings activities. Students experience financial problems due to the inability to control their personal, finances unable to prepare a monthly financial budget, the lack of financial control from parents, and the habit of seeking momentary pleasure (Nababan, 2012). Students have financial problems sending money from parents, monthly money runs out prematurely due to unexpected needs, or the absence of budgeting, luxurious lifestyles wasteful consumption patterns (Zahriyan, 2019).

Financial Literacy

Lusardi (2019) asserts that having a good grasp of financial literacy impacts numerous areas, notably affecting one's capability to make both everyday and future financial choices. Financial literacy encompasses understanding, competencies, and attitudes concerning the management of finances (Purwidianti & Tubastuvi, 2019). Chaidir et al. (2020) also agree that possessing financial literacy is essential for making informed financial decisions based on skills and confidence. Therefore, financial literacy significantly influences financial decision-making, contributing to individuals' future well-being.

Individuals with strong financial literacy are better equipped to comprehend details such as the consequences of losses and their rights and responsibilities when engaging in financial obligations (Nasution & Fatira, 2019). This improved understanding allows individuals to navigate products and financial services more adeptly. Conversely, individuals lacking in financial acumen face greater susceptibility to manipulation in transactions, significantly impacting their daily decision-making.

According to Bongomin et al. (2021), possessing financial literacy enables individuals to make sound financial decisions by selecting a broader range of financial products offered by diverse financial service providers in a just manner. Financial literacy has concepts based on several dimensions, namely: 1) Behavior, behavior or behavior in finance is the science or study of the influence of psychology on the actions of financial practitioners and their impact on future markets (Sewell, 2019). Lusardi (2019),

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also state that behavior is defined as an important element in financial literacy. 2) Skills, skills in personal financial management are considered necessary to ensure effective financial resources and efficiency. Lack of knowledge and skills in managing finances can result in a person being in financial trouble. 3) Use of Knowledge. Knowledge of finance is the ability of a person to understand many things about financial matters (Kholilah & Iramani, 2021). Financial literacy requires individuals or groups to have the ability and confidence to use their financial knowledge to make decisions.

4) Attitude, another case in attitude in this financial literacy is being able to transfer risks to other parties, avoid and minimize risks, and accommodate the consequences of certain risks. According to Humaira and Sagoro (2020), financial literacy attitude refers to individuals' thoughts, opinions, and judgments regarding the application of financial principles to preserve value finances to create the making on right decisions in financial management so that one's beliefs have an impact on evaluating his actions in using or not the money.

Financial Knowledge

Financial knowledge is essential for making financial decisions. It encompasses all aspects of finance that individuals encounter in their daily lives (Yulianti & Silvy, 2013). Having a grasp of financial concepts and procedures enables individuals to tackle financial challenges effectively (Durband et al., 2019).

Over time, financial education has been integrated into various educational levels. Knowledge about finance can be acquired through formal education such as high school or university programs, as well as through seminars and other informational sources like the community, friends, and work environment (Dwinta, 2019). Not only does financial knowledge help individuals use money wisely, but it also has positive effects on the economy. Individuals with strong financial knowledge are more likely to spend money in ways that meet their needs, driving the development of products and services that cater to consumer demands (Dwinta, 2019).

A person with a strong grasp of financial matters tends to find satisfaction in their financial situation and strives to enhance their quality of life by understanding their current financial status and how to assess it accurately. Effective financial management enables individuals to use their money wisely, allocating it to fulfill necessary needs and achieve desired goals (Widyaningrum & Kurniawati, 2019).

Parents' Income

Income, in theoretical economics, refers to the returns received, whether in monetary form or other assets, in exchange for the utilization of resources (human services). It is explained that income results from selling one's factors of production to the production sector (Putri et al., 2019). Moreover, income comprises money received and income distributed to economic actors based on their accomplishments, such as earnings from professions or individual businesses and income from assets ('Ulumudiniati & Asandimitra, 2022). Earnings are primarily determined by the type of work one engages in. Parental income represents the revenue earned by parents through business ventures or economic activities within a specific period, utilized to support their family's needs (Santiko et al., 2021).

Revenue (income) denotes the increase in economic benefits over a specific period through inflows or asset growth or by reducing liabilities, leading to a rise in equity without contributions (Syahputra, 2020; Leunupun et al., 2022). Individual income directly influences student expenditures, with individuals having access to financial resources demonstrating more responsible financial behavior due to the opportunities for responsible action that funds provide (Arianti, 2020). Additionally, research has shown that families with lower incomes are less inclined to save (Wibowo et al., 2021).

Hypothesis Development

The Effect of Financial Literacy on Financial Management Behavior

Financial literacy involves a combination of awareness, knowledge, skills, attitudes, and actions necessary for individuals to make informed financial decisions and achieve personal financial stability (Bhabha, 2019). Enhancing consumer empowerment through financial literacy is believed to promote advancements in financial outcomes, enhance public welfare, and foster more inclusive development. As per Rahmah's research (2020), having financial literacy has a positive impact on students. People with a strong understanding of finance tend to make more prudent financial choices (Sugiharti & Maula, 2019). This helps students to avoid consumptive behavior excessive, plan finances better, and make use of optimal financial products (Laily, 2016).

Dewi and Gama's study in 2021 further demonstrates that financial literacy positively impacts students' financial management behavior, indicating their comprehensive understanding and practical application of financial knowledge while sitting in college to their daily, such as understanding and applying practical ways to manage their finances. The lives greater the intention to learn about literacy financial, the more behavior will increase in financial management students. On the other hand, if the desire to attain financial literacy is low, the lower the student's financial management behavior. The first hypothesis in this study is:

H1: Financial literacy positively impacts student financial management behavior.

The Effect of Financial Knowledge on Financial Management Behavior

Financial knowledge plays a crucial role in guiding financial decisions, enabling individuals to comprehend financial concepts, risks, and strategies. This knowledge equips them with the essential skills, motivation, and confidence to effectively apply it, thereby improving financial well-being and contributing to the economy (Haupt, 2021; Brilianti & Lutfi, 2020). Research by Humaira and Sagoro (2020) indicates that financial knowledge positively influences finances.

Research has shown that a deeper understanding of financial fundamentals leads to wiser and more effective financial decisions. Studies by Grable et al. (2019) support the notion that financial knowledge positively impacts financial management behavior. Those well-versed in financial matters are better equipped to recognize and mitigate the adverse effects of unmanageable debt. They can make informed decisions on debt management, like selecting loans with low interest rates, timely debt repayment, and avoiding unnecessary expenditures. This prudent approach to managing debts helps to sustain financial health in the long term. Previous research, Wibowo et al. (2021) further highlights the positive impact of financial knowledge on financial management behavior, emphasizing that individuals feel more self-assured in their financial decision-making when they possess a strong financial understanding.

This confidence helps them act more rationally and plan and reduces the likelihood that they will make decisions driven by emotions or external pressures. Tufano's research (2019), states that better knowledge can cause a person to avoid excessive debt behavior and paying late bills. Based on the results of previous research above, the second hypothesis in this study is:

H2: Financial knowledge has affected a positive on financial management behavior

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The Effect of Parental Income on Financial Management Behavior

Parental income is income that comes from a person's efforts that have been carried out while working (Ahmad, 2019). According to Rahmi's perspective as of 2019, parental income refers to the earnings that parents receive monthly, originating from the outcomes or pay they receive from their business or employment.

The findings from a prior study conducted by Arsanti et al. (2019) pointed out that higher parental income positively influences financial management behaviors. This is because parents with greater income levels have more flexibility in handling their finances. They are better able to allocate resources towards essential needs like children's education, daily expenses, emergency funds, and savings for the future. Moreover, their financial stability enables them to devise and implement long-term financial plans effectively. Similarly, research by Wibowo et al. (2021) also highlighted the positive correlation between parental income and financial management behaviors, as affluent parents can adequately support their family members. Discrepancies in parental income among students arise due to variations in employment status. Building upon the aforementioned research, the third hypothesis for this study is as follows:

H3: Parental income has a positive impact on financial management behaviors.

Methods

Type of Research

Quantitative research involves the use of numerical data for empirical studies, as opposed to narrative methods (mohajan, 2020). The quantitative research method itself is an approach in psychological research methods that tests theories through the study of certain variable relationships (sugiyono, 2019).

Object of Research

The research object used is the entire Faculty of Bung Hatta University. The data source used in this study is primary data, namely the type of data obtained directly from variables determined by the source. The technique used in this research is distributing questionnaires, which is a data collection tool in the form of a series of questions designed to obtain information from respondents, this questionnaire is often used in surveys, research, or evaluation to collect data on opinions, behavior attitudes or other information (Sugyono, 2017).

Population and Sample

The population in this study were active students of Bung Hatta University, batches 2020 to 2022. Table 2. Number of University Student Data Bung Hatta from 2020 to 2022

Table 2. The Number of University Student Universitas Bung Hatta From 2020 To 2022

No.	Faculty	Number of Students
1.	FEB	705
2.	FH	654
3.	FKIP	931
4.	FTSP	619
5.	FPIK	114

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6.	FIB	139
7.	FTI	440
Total		3.602

Source:Universitas Bung Hatta

The sampling method utilized in this study is probability sampling known as proportionate stratified random sampling. According to Sugiyono (2019), proportional stratified random sampling is recommended for populations with non-homogeneous elements that are stratified proportionally. Based on the results of the sample count obtained using the Slovin formula, there are at least 98 people. To facilitate research, the number of samples for Proportionate Stratified Random Sampling *of* each faculty can be calculated as shown in the following Table 3:

Table 3. Sample Count Results

Faculty	Number of Students	Calculation Result Sample
FEB	705	41
FH	654	39
FKIP	931	55
FTSP	619	37
FPIK	114	7
FIB	139	8
FTI	440	26
Total	3,602	213

Source: Universitas Bung Hatta

The sample at all faculties of Universitas Bung Hatta was obtained at least 213.

Measurement Scale

Data Analysis Technique

Sugiyono (2019) defines the measurement scale as a tool utilized to determine the magnitude of short intervals in a measuring instrument, enabling the generation of quantitative results when employed. This study employs A Likert scale that ranges from 1 to 5 for data assessment. In this research, the data analysis method employed was Smart PLS 3 *Measurement Model Assessment with Convergent validity, Discriminant validity. Calculating* R Square. Calculating Structural Model Assessment

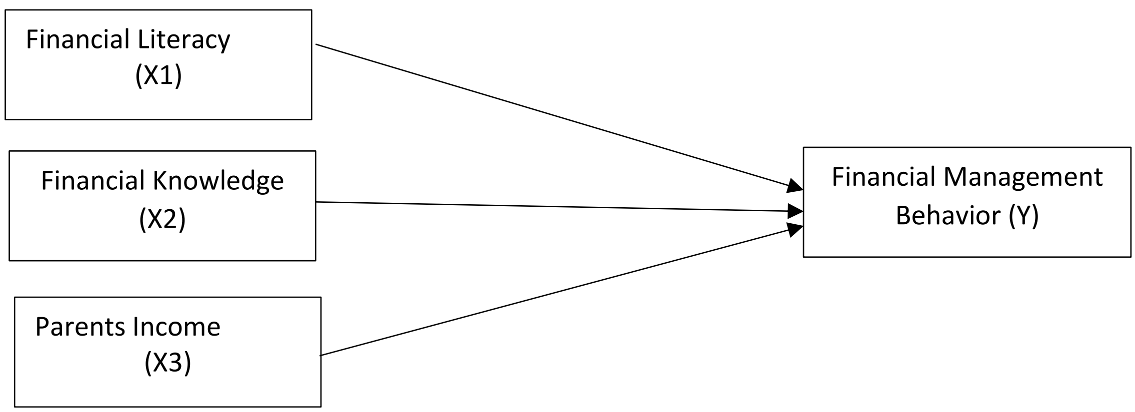

Figure 1. Theoretical Framework

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Results and Discussion

The study utilized questionnaires distributed from September 24 to December 2, 2024, achieving a high response rate of 97%. A total of 251 respondents were analyzed for profile characteristics, descriptive variables, Measurement Model Assessment, analysis, R square, and Structural Model. Upon completing data collection, data processing commenced with the assistance of the Smart PLS program. The demographic overview of the study participants can be observed below.

Table 4. Respondent Profile

Demographics	Category	Number (Person)	Percentage (%)
Class Year	2020	41	16.3
	2021	112	44.6
	2022	98	39
Total		251	100
Faculty	FEB	43	17.1
	FH	46	18.3
	FKIP	58	23.1
	FTSP	48	19.1
	FPIK	10	3.98
	FIB	10	3.98
	FTI	36	14.3
Total		251	100

Source: Data Processed

From Table 4, it is known that there are 41 people in the class of 2020 (16.3%), In the year 2021, there were 112 people (44.6%), and in the year 2022, there were 98 people (39%). Therefore, it can be inferred that the respondents were predominantly from the class of 2021. Looking at the faculties, it is evident that the largest number of respondents, totaling 58 individuals (23.1%), were from FKIP, while the faculties with the fewest respondents were FPIK and FIB, each with 10 people (3.98%).

Measurement Model Assessment

Measurement Model Assessment (MMA) is beneficial for understanding the link between individual items and constructs/variables, which includes both convergent and discriminant validity (Hair et al., 2014).

Convergent Validity

Convergent validity, as described by Hair et al. (2014), refers to the degree to which items within a particular construct demonstrate clustering. It indicates the correlation among items that assess the same construct. In evaluating convergent validity, four criteria need to be satisfied: *outer loading* > 0.7; *Cronbach's alpha* > 0.70; *composite reliability* > 0.7; and *average extracted variance* (AVE) > 0.5. The analysis findings are derived from the processed data and are outlined in the table below:

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Table 5. Outer Loadings Analysis Results

	Financial Literacy	Parents' Income	Financial Knowledge	Financial Management Behavior
LK 1	0.772			
LK 2	0.756			
LK 3	0.744			
LK 4	0.770			
LK 5	0.748			
LK 6	0.722			
LK 7	0.758			
LK 8	0.763			
PK 1			0.786	
PK 2			0.801	
PK 3			0.725	
PK 4			0.734	
PK 5			0.732	
PK 6			0.765	
PK 7			0.799	
PMK 1				0.813
PMK 2				0.800
PMK 3				0.757
PMK 4				0.766
PMK 5				0.703
PMK 6				0.771
PO 1		0.824		
PO 2		0.782		
PO 3		0.800		
PO 4		0.706		
PO 5		0.751		
PO 6		0.793		

Source: Data Processed

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Referring to Table 5, it is evident that all statement items utilized to assess variables related to financial management behavior exhibit outer loading values exceeding 0.7, confirming their validity. The financial literacy variable comprises 8 statement items with outer loadings exceeding 0.7, which are also validated. Similarly, the financial knowledge variable consists of 7 statement items with outer loadings above 0.7, affirming their validity. Additionally, the income variable includes 6 statement items with outer loadings surpassing 0.7.

Discriminant Validity

Discriminant validity illustrates the distinctiveness of a construct from others. Several methods are employed to assess discriminant validity, including b) cross-loadings and c) Heterotrait-Monotrait (HTMT). The findings from the discriminant validity evaluation are outlined below: The results derived from the discriminant validity assessment employing the Cross Loadings method are as follows:

Table 6. Discriminant Validity Analysis Results with Cross Loadings Method

	Financial Literacy	Parents' Income	Financial Knowledge	Financial Management Behavior
LK 1	0.772	0.424	0.464	0.527
LK 2	0.756	0.463	0.544	0.564
LK 3	0.744	0.388	0.496	0.562
LK 4	0.770	0.430	0.515	0.635
LK 5	0.748	0.399	0.506	0.535
LK 6	0.722	0.361	0.419	0.497
LK 7	0.758	0.423	0.487	0.559
LK 8	0.763	0.340	0.493	0.559
PK 1	0.529	0.372	0.786	0.512
PK 2	0.539	0.453	0.801	0.559
PK 3	0.524	0.386	0.725	0.463
PK 4	0.429	0.280	0.734	0.450
PK 5	0.482	0.293	0.732	0.504
PK 6	0.486	0.353	0.765	0.500
PK 7	0.492	0.421	0.799	0.478
PMK 1	0.569	0.379	0.545	0.813
PMK 2	0.645	0.418	0.531	0.800
PMK 3	0.561	0.352	0.542	0.757
PMK 4	0.572	0.303	0.495	0.766
PMK 5	0.469	0.385	0.432	0.703

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PMK 6	0.574	0.323	0.446	0.771
PO 1	0.460	0.824	0.431	0.454
PO 2	0.439	0.782	0.404	0.349
PO 3	0.406	0.800	0.370	0.362
PO 4	0.338	0.706	0.301	0.289
PO 5	0.330	0.751	0.305	0.274
PO 6	0.484	0.793	0.397	0.401

Source: Data Processed

Table 6 indicates that the items PMD 1, PMD 2, PMD 3, PMD 4, PMD 5, and PMD 6 exhibit the highest loading values and are categorized under the financial group. This suggests that these specific PMK items can be relied upon to assess variables related to financial management behavior. Similarly, LK 1, LK 2, LK 3, LK 4, LK 5, LK 6, LK 7, and LK 8 demonstrate the highest loading values and are classified within the financial literacy group, indicating that these items can effectively measure financial variables. Additionally, PK 1, PK 2, PK 3, PK 4, PK 5, PK 6, and PK 7 also exhibit the highest loading values and belong to the financial knowledge group, indicating their reliability in measuring the financial knowledge variable. Moreover, items PO 1, PO 2, PO 3, PO 4, PO 5, and PO 6 reflect the highest loading values and are grouped under parental income, demonstrating their ability to reliably measure the parental income variable.

R square Analysis

R square (R2) is utilized to quantify the extent to which endogenous variables are impacted by other variables (exogenous). The results of the *R square* analysis are as follows:

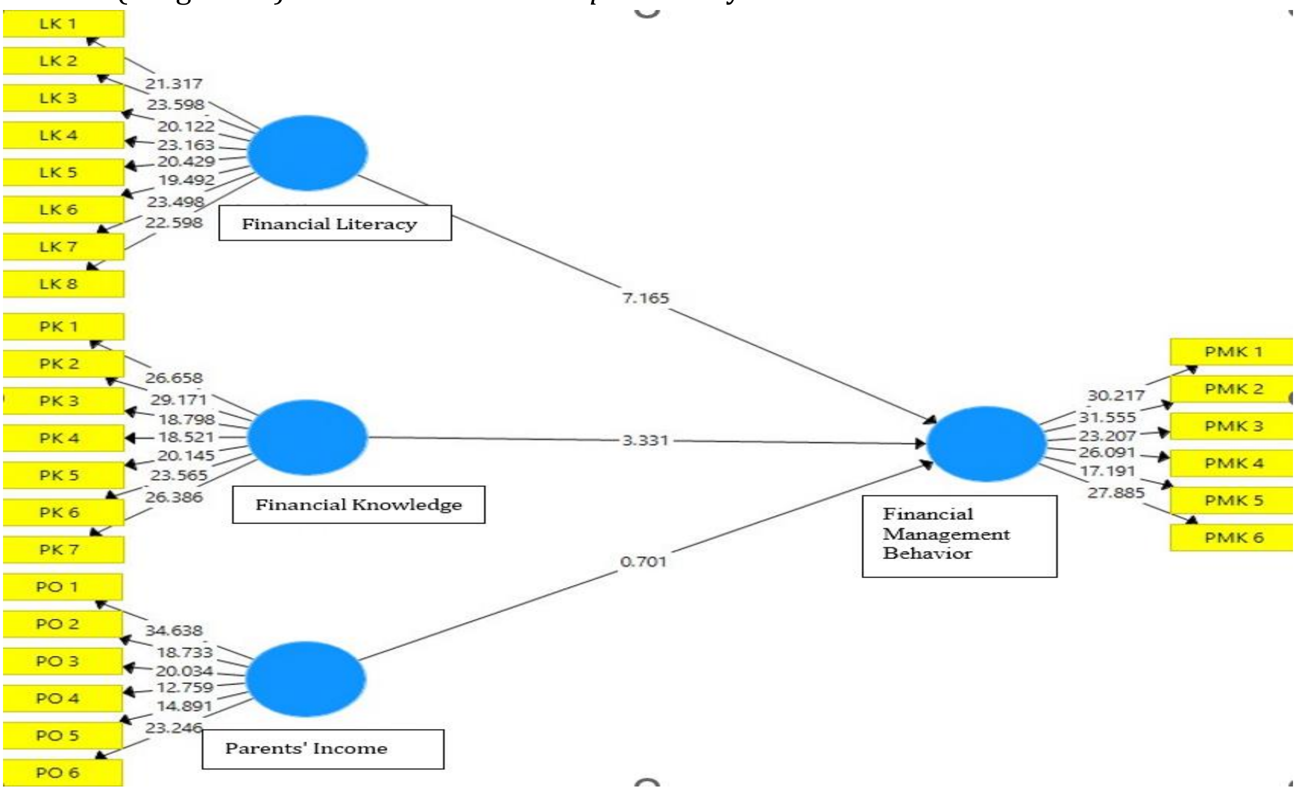

Figure 2. Structural Model Assessment

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Table 7. Results of R Square Analysis

	R Square	R Square Adjusted
Financial Management Behavior	0.596	0.592

Source: Data Processed

Table 7 illustrates that the financial management behavior variable has an R2 value of 0.596, implying that financial literacy, financial knowledge, and parental income jointly explain 59.6% of the variance in financial management behavior. This degree of impact is classified as moderate (Hair et al., 2014).

Structural Model Assessment

Evaluation of Structural Models (ESM) is a predictive model that analyzes the quality of relationships between latent variables. ESM testing involves the use of a bootstrapping technique. The influence of a latent variable on other latent variables can be determined by examining the T statistics and p-value. If an exogenous variable has T statistics > 1.96 and a significant p-value, it indicates an effect on the endogenous variables. Refer to Figure 1 for an overview of the Evaluation of Structural Models process.

Table 8. Results of Structural Model Assessment

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Financial Literacy -> Managing Behavior Finance	0.527	7.165	0.000
Financial Knowledge -> Management Behavior Financial	0.049	0.701	0.483
Parents' Income -> Management Behavior Financial	0.284	3.331	0.001

Table 8 indicates that financial literacy positively influences financial management behavior (H1 supported) with an original sample size of 0.527 (positive coefficient), a T-statistic of 7.165 (exceeding 1.96), and a P-value of 0.000 (below 0.05). Similarly, financial knowledge demonstrates a favorable impact on financial behavior (H2 accepted) with an original sample size of 0.284 (positive coefficient), a T-statistic of 3.331 (above 1.96), and a P-value of 0.001 (below 0.05). Conversely, parental income does not significantly affect financial management behavior (H3 not supported) with an original sample

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size of 0.049 (positive coefficient), a T-statistic of 0.701 (below 1.96), and a P-value of 0.483 (above 0.05).

DISCUSSION

Financial Literacy's Impact on Financial Management Behavior

Financial literacy positively influences students' financial management behavior because it provides a better understanding of financial concepts, such as budgeting, investment, and debt management. Students who understand financial literacy tend to be better able to make wise financial decisions, such as developing realistic budgets, choosing the right financial products, and managing debt wisely. With sufficient knowledge, they are also better able to plan for their financial future, such as preparing for retirement or children's education, to achieve long-term financial stability.

The results of this study are further substantiated by prior studies. Rahmah (2020) found that financial literacy positively impacts students. Mashud et al. (2021) also concluded that financial literacy plays a beneficial role in student financial management behavior. Similarly, Dewi and Gama (2021) demonstrated that financial literacy positively influences student financial management behavior.

The Impact of Financial Knowledge on Financial Behaviors

Financial literacy enhances students' financial management behaviors by improving their grasp on budgeting, debt avoidance, and selecting suitable investments. Those with financial knowledge are adept at managing risks by establishing emergency funds and acquiring insurance. Moreover, they excel in long-term financial planning and accomplishment of goals like home ownership and retirement readiness. Sufficient also helps avoid common financial mistakes, such as overspending or high-risk investments. Overall, financial knowledge promotes independence knowledge in financial management and helps individuals make wiser in their financial lives decisions.

The findings of this study are further substantiated by prior research. Humaira and Sagoro (2020) asserted a positive correlation between financial knowledge and financial management behavior. This correlation is further reinforced by Grable et al. (2019) who demonstrated that financial knowledge positively impacts financial management behavior. Moreover, Wibowo et al. (2021) supported this notion by indicating that financial knowledge has a favorable effect on financial management behavior.

Parents' Income On Financial Management Behavior

Parents' income does not affect students because there are several factors. The first factor is education and parenting children's financial management behavior, who are raised with good financial management behavior education tend to have good money management skills, regardless of parents' income level. Second environmental and social influences on financial behavior are more influenced by social environment and experience personally than the number of income parents. Thirdly individual personality and habits each individual has their financial style and habits, which do not necessarily reflect their family's economic background.

The findings of this research study are further corroborated by Ramadani et al.'s (2024) previous study, indicating that parental income does not directly impact students' financial management behaviors and can be caused by other factors more dominant, such as education or personal experience in managing finances, which have more influence on students. Financial decisions and behavior. Also research from Nurfadilah (2023), that the parental income variable does not influence student financial behavior. This means that the high or low income earned by the parents of

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students will not have an impact on the financial behavior of students, where even though the parents of students earn a high income, the pocket money given to their children will remain the same amount before the increase in income earned by the parents of students.

Conclusions

According to the research and the analysis of it, the report outlines that the level of financial literacy significantly positively influences the behavior of students at Bung Hatta University in managing their financial affairs. Students that have high levels of financial literacy tend to be more responsible in their financial behavior such as budgeting, saving, and controlling expenditures. Financial knowledge has also been shown to have a positive impact on students' financial management in that students can use financial concepts to make wise and logical decisions about their finances if they know it well.

On the other hand, the study has also revealed that the parental income is of no essential role in students' financial management behavior. This means that financial responsibility is not necessarily developed by the quantity of the financial resources, rather it is formed by the awareness, knowledge, and discipline of the individual in the usage of those resources.

The study results thus throw light on the necessity of financial education incorporating at students learning environments because knowledge and literacy outrun the economic background in the role of behavioral molding. If students' financial competence is strongly developed, they can have financial independence, be less prone to risky financial behavior and be able to promote their economic well-being in the long run.

Research Implications

The results of this study can provide insight to students about the importance of financial literacy and knowledge in personal financial management. Students who have literacy good financial will be better able to manage budgets, avoid unnecessarily, and plan future debt their financials more effectively. By understanding that parental income plays a role in their financial behavior, students can be more aware and responsible when it comes to spending and money. This knowledge management can also help students who come from low-income families to manage their limited resources more wisely.

This research can also serve as a basis for developing or improving the financial education curriculum in higher education. If the research shows a significant influence between financial literacy and financial management behavior, then the development of more structured and practical learning modules related to personal financial management can be considered.

Suggestions and Limitations

Based on the conclusions and implications of the aforementioned research, the following recommendations and limitations can be identified in this study: The study was limited to students from Bung Hatta University, hence its findings cannot be generalized to students from other institutions or the general public. Therefore, future researchers are encouraged to replicate the study at different universities and with broader populations. The research incorporated three variables, namely financial situation, knowledge, and parental income (X), to assess their impact on financial management behavior

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(Y). Subsequent studies are advised to explore additional variables that may influence financial management behavior. This research employed SEM-PLS for data analysis; future researchers are advised to consider using SEM AMOS for their analyses.

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