JHSS (Journal of Humanities and Social Studies)
https://journal.unpak.ac.id/index.php/jhss

olume 08, Number 03, Page 869-873
e-ISSN: 2598-120X; p-ISSN: 2598-117X

SELF-EFFICACY MEDIATES THE INFLUENCE OF FINANCIAL KNOWLEDGE AND FINANCIAL ATTITUDE ON FINANCIAL BEHAVIOR IN WONOKERTO MARKET TRADERS, BANTUR DISTRICT, MALANG REGENCY

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Article history: *received 10 October 2024; revised 21 October 2024; accepted 27 December 2024* *DOI:* https://doi.org/10.33751/jhss.v8i3.10603

Abstract. Financial behavior is the patterns, habits, and attitudes of individuals towards finance and the way they react to certain financial situations. This study aims to determine the influence of financial knowledge and financial attitude on financial behavior with self-efficacy as a mediating variable (a study on Wonokerto Market Traders, Bantur District, Malang Regency. The number of samples was 106 respondents with probability sampling techniques, and the method used was simple random sampling with data collection using questionnaires and analysis using PLS. The results showed that financial knowledge could not contribute to financial behavior, financial attitude contributed to financial behavior, self-efficacy as a mediating variable contributed to the influence of financial knowledge on financial behavior, and Self-efficacy as a mediating variable cannot contribute to the impact of financial attitude on financial behavior.

Keywords: Financial Attitude; Financial Behavior; Financial Knowledge; Self-Efficacy

I. INTRODUCTION

Rapid globalization and technological advances have significantly impacted the world economy, including Indonesia. One of the impacts is a change in the mindset of individuals who tend to follow lifestyle trends, such as popular fashion styles, which often encourage consumptive financial behavior [4]. Consumption has become part of modern culture and created market policies that influence social rules [19]. Therefore, responsible financial behavior is crucial to avoid consumptive behavior and other financial problems.

Market traders, as part of a society with relatively unstable incomes, must also have good financial behavior. They are expected to manage their finances wisely to avoid a As part of a society with relatively unstable incomes, market traders must also have good financial behavior. They are expected to manage their finances wisely to avoid a wasteful lifestyle and have financial planning for the future, such as savings, investments, and retirement funds. Good financial behavior can minimize financial problems such as lifestyles that do not match income, poor debt management, and lack of financial planning [6].

The results of Bank Indonesia's consumer survey in 2023 show that the average proportion of income for consumption increased from 73.6% in January 2023 to 74.3% in December 2023. Meanwhile, the installment or debt payments proportion increased to 10.0% from 9.7% in the same period. In contrast, the proportion of income saved decreased to 15.7%. This data shows that people are more likely to use their income for consumption rather than saving, which is a good form of financial planning for the future.

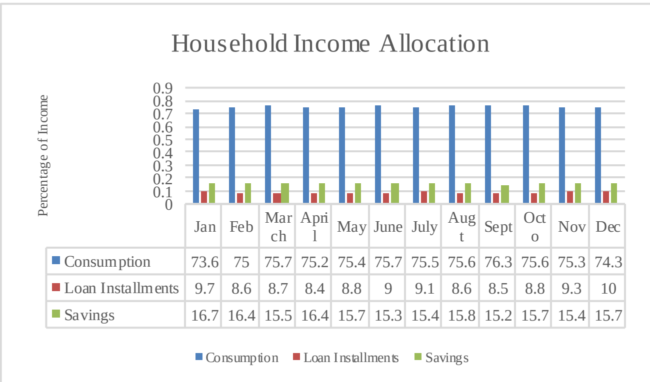

Figure 1. Household Income Allocation
Source: Bank Indonesia, 2023

In the context of market traders, savings are essential to prepare for living expenses in old age and face unforeseen situations such as health costs. In addition, every individual wants to improve the quality of life to achieve financial well-being, which requires proper short- and long-term financial planning. The problem often faced is the habit of only preparing short-term financial planning by meeting routine needs every month (OJK, 2017).

According to [19], financial behavior is an attitude toward finance judged by how a person treats money and its financial

olume 08, Number 03, Page 869-873
e-ISSN: 2598-120X; p-ISSN: 2598-117X

responsibility. Healthy financial behavior can be seen in financial literacy, which also affects financial management. Individuals with high levels of financial literacy tend to have better financial management and can plan their finances for their daily and future needs.

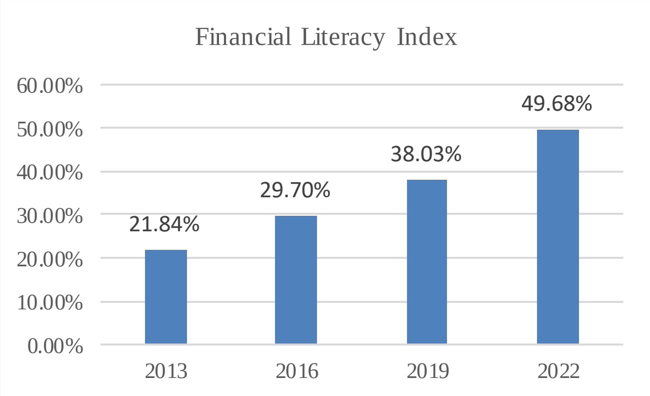

Figure 2. Financial Literacy Index
Source: OJK, 2022

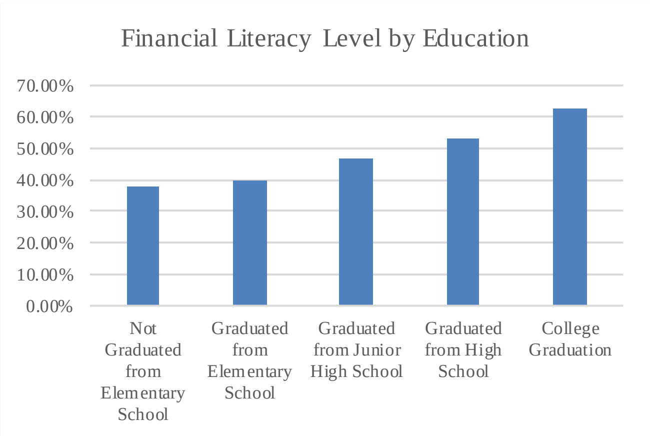

Figure 3. Financial Literacy Level by Education
Source: OJK, 2023

One way to have good financial behavior is to increase financial literacy. The Financial Services Authority (OJK) conducted the National Survey on Financial Literacy and Inclusion (SNLIK) to measure the financial literacy level of Indonesia's people. SNLIK 2022 shows that the financial literacy index of the Indonesian community reached 49.68%, an increase from 38.03% in 2019. However, this figure also shows that almost half of Indonesian people still do not need optimal financial literacy. In addition, there is a consistent pattern between the level of education and financial literacy in the community. Data shows that the lower a person's education level, the lower the level of financial literacy. This indicates a significant financial literacy gap among educated people compared to those with higher education.

Various financial education programs have been held, including by BRI Insurance [15], to increase financial literacy and empower MSMEs in Malang. The enthusiasm of market traders in participating in this program shows the importance of better financial understanding to support the success of their business. Events such as the MSME People's Market in the 2023 BIK Summit also emphasized the important role of financial literacy in supporting local economic growth and the welfare of small business actors [7].

The Theory of Planned Behavior (TPB), proposed by Ajzen (1991), is used to predict and understand a person's intentions and behavior changes. The foundation of TPB is based on an individual's belief perspective, which can influence more specific behaviors [21]. This theory emphasizes that human behavior is influenced by their intentions and the belief that the behavior is within the individual's conscious control. Intentions are shaped by attitudes, subjective norms, and perceived behavioral control [16].

Financial behavior is strongly influenced by individuals' financial knowledge ([2], [5]). Financial knowledge includes understanding basic financial concepts, budget management, investment, and long-term financial [8]. Individuals with good financial knowledge make wise financial decisions and manage finances more effectively.

Financial attitudes also significantly influence individual financial behavior [13]. Financial attitudes include views, beliefs, and emotions toward money and financial management. Positive attitudes, such as optimism and confidence in managing finances, increase motivation to take wise actions in financial management [14].

Self-efficacy also greatly influences financial behavior ([2], [12], [13]). Self-efficacy refers to an individual's belief in managing finances effectively and achieving financial goals (Bandura, 1982). Individuals with high self-efficacy tend to be more motivated to learn and improve financial skills and confidently manage finances [12]. Good financial knowledge and positive financial attitudes increase individual self-efficacy in financial management [11].

II. RESEARCH METHODS

The type of data used in the study is primary data. The population in this study is market traders in Wonokerto, Bantur District, Malang Regency, with a sample of 106 respondents using probability sampling techniques and simple random sampling methods. Data collection uses a questionnaire that contains statements and describes the indicators used in the research. These statements were filled in by respondents using a Likert scale of 1 to 5 in managing data using PLS.

III. RESULTS AND DISCUSSION

Based on the characteristics of the respondents, most of the research respondents are female, over 42 years old, have a high school education/equivalent, type of food and beverage merchandise, and have an account in a bank or cooperative. This indicates that this group has great potential in managing their business finances, with access to banking services and enough life experience to make mature financial decisions. In addition, secondary education and common types of businesses may indicate the need for more specific financial

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e-ISSN: 2598-120X; p-ISSN: 2598-117X

literacy programs to support them in improving their financial well-being.

Table 1 Outer Loading

Indicator	Financial Attitude (X2)	Financial Behavior (Y)	Financial Knowledge (X1)	Self-Efficacy (Z)
X1.1			0,740	
X1.2			0,790	
X1.3			0,772	
X1.4			0,795	
X1.5			0,378	
X2.1	0,819			
X2.2	0,830			
X2.3	0,835			
X2.4	0,795			
Y1		0,686		
Y2		0,656		
Y3		0,820		
Y4		0,812		
Z1				0,761
Z2				0,709
Z3				0,747
Z4				0,780
Z5				0,809

Source : PLS Data Processing

Based on the data analysis conducted with Smart PLS, the Outer Loading Table reveals that the X1.5 indicator within the Financial Knowledge variable has a loading factor of 0.378, which is below the threshold of 0.50. This suggests a low validity level for this indicator, indicating that it should be excluded from the model. The subsequent data processing results, following the removal of the X1.5 indicator, are detailed in the table below.

Table 2 Outer Loading After Elimination

Indicator	Financial Attitude (X2)	Financial Behavior (Y)	Financial Knowledge (X1)	Self-Efficacy (Z)
X1.1			0,750	
X1.2			0,818	
X1.3			0,762	
X1.4			0,800	
X2.1	0,819			
X2.2	0,830			
X2.3	0,835			
X2.4	0,795			
Y1		0,686		
Y2		0,655		
Y3		0,820		
Y4		0,813		
Z1				0,765
Z2				0,716
Z3				0,742
Z4				0,776
Z5				0,805

Source : PLS Data Processing

Factor loading assesses the correlation between indicators and variables. An indicator is deemed valid if its factor loading exceeds 0.5. The table demonstrates that all indicators for Financial Knowledge, Financial Attitude, Self-Efficacy, and Financial Behavior have factor loadings greater than 0.5, thereby confirming convergent validity.

Table 3 Discriminant Validity

Variable	Financial Attitude (X2)	Financial Behavior (Y)	Financial Knowledge (X1)	Self-Efficacy (Z)
Financial Attitude (X2)	0,820			
Financial Behavior (Y)	0,617	0,747		
Financial Knowledge (X1)	0,774	0,658	0,783	
Self-Efficacy (Z)	0,667	0,667	0,711	0,761

Source : PLS Data Processing

If the Average Variance Extracted (AVE) square root is greater than the correlation between variables, discriminant validity is confirmed. For example, the Financial Knowledge (X1) variable has a square root of AVE of 0.820, higher than its correlations with other variables (0.617, 0.774, 0.667, etc.), indicating valid discriminant validity. All research on variables such as financial knowledge, financial attitude, self-efficacy, and financial behavior exhibit valid discriminant validity as their square roots of AVE are greater than their correlations with other variables.

Table 4 Construct Reliability and Validity

Variable	Cronbach.s alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)

Financial Attitude (X2)	0,838	0,838	0,891	0,672
Financial Behavior (Y)	0,737	0,763	0,833	0,558
Financial Knowledge (X1)	0,790	0,791	0,864	0,613
Self-Efficacy (Z)	0,820	0,825	0,873	0,580

Source : PLS Data Processing

The measurement model examines the Average Variance Extracted (AVE) value, which indicates the proportion of variance in the indicators accounted for by the latent variable. AVE values greater than 0.5 suggest adequate validity for the latent variables. Each construct's AVE value is displayed in the reflective indicator variable. A robust model requires that each construct's AVE value surpass 0.5. The test results revealed that AVE values for Financial Knowledge, Financial Attitude, Self-Efficacy, and Financial Behavior all exceeded 0.5, confirming their validity.

Composite reliability assesses the consistency of a construct. An indicator is deemed reliable if its composite reliability is above 0.70. The results indicated that the composite reliability values for Financial Knowledge, Financial Attitude, Self-Efficacy, and Financial Behavior were all greater than 0.7, signifying that these constructs are reliable.

Table 5 R-square

Indicator	R-square	R-square adjusted
Financial Behavior (Y)	0,499	0,485
Self-Efficacy (Z)	0,759	0,754

Source : PLS Data Processing

The R^2 value of 0.499 indicates that the model explains 49.90% of the variation in Financial Behavior. The remaining 50.10% is attributed to other factors not included in the model and errors. This implies that Financial Behavior is influenced by Financial Knowledge, Financial Attitude, and Self-Efficacy by 49.90%, while other variables account for the remaining 50.10%.

Table 6 Path Coefficients (Direct Effects)

	Path Coefficients	T statistics	P values	Information
Financial Attitude (X2) -> Financial Behavior (Y)	0,275	2,068	0,041	Significant
Financial Knowledge (X1) -> Financial Behavior (Y)	0,100	0,457	0,648	Non Significant

Source : PLS Data Processing

Table 7 Path Coefficients (Indirect Effects)

	Path Coefficients	T statistics	P values	Information
Financial Knowledge (X1) -> Self-Efficacy (Z) -> Financial Behavior (Y)	0,350	2,326	0,022	Significant
Financial Knowledge (X1) -> Self-Efficacy (Z) -> Financial Behavior (Y)	-0,007	0,102	0,919	Non Significant

Source : PLS Data Processing

The Influence of Financial Knowledge on Financial Behavior

According to the research findings, financial knowledge has no significant effect on financial conduct among market merchants in Wonokerto, Bantur District, and Malang Regency. The insignificant effect of financial knowledge on financial behavior implies that more than just financial knowledge is required to influence or change an individual's financial behavior. This finding is corroborated by research reference [3], [9] which found that financial knowledge had no influence on financial behavior. Financial knowledge alone may not always result in improved or modified financial behavior.

The Influence of Financial Attitude on Financial Behavior

The study's findings show that financial attitude has a considerable favorable impact on financial behavior among market merchants in Wonokerto, Bantur District, and Malang Regency. The significant positive influence of financial attitude on financial behavior reveals that having a positive financial attitude, such as appreciating the value of saving, actively motivates people to act on that attitude. This finding is corroborated by the research of reference [10], [13], which found that financial attitude has a considerable impact on financial behavior. Positive attitudes, such as a desire to save, avoid debt, and budget effectively, frequently result in better and more planned financial behavior.

The Mediating Role of Self-Efficacy in the Relationship Between Financial Knowledge and Financial Behavior

According to the study's findings, financial knowledge has a substantial favorable effect on financial behavior among market merchants in Wonokerto, Bantur District, and Malang Regency, with self-efficacy serving as a mediating variable. The considerable positive influence of financial knowledge on financial behavior via self-efficacy as a mediating variable suggests that it promotes good financial conduct by increasing an individual's self-efficacy in managing funds. This finding is also corroborated by the research of reference [17], [18], [20], who found that financial knowledge has a significant and beneficial impact on financial behavior via self-efficacy as a mediating variable. This illustrates that the stronger a person's financial education, the more confident they are in handling their funds, ultimately leading to healthy financial behavior.

The Mediating Role of Self-Efficacy in the Relationship Between Financial Attitude and Financial Behavior

According to the study's findings, self-efficacy has no significant effect in moderating the effects of financial attitude on financial behavior among market merchants in Wonokerto, Bantur District, and Malang Regency. Although a person may have a positive attitude toward finances and high self-efficacy in managing them, this does not necessarily imply that they have the actual knowledge or abilities to put such views into reality. Reference [13] discovered that self-efficacy can buffer the relationship between financial attitude and financial behavior. This is a surprising finding in current research, as self-efficacy cannot moderate the influence of financial attitude on financial behavior.

IV. CONCLUSIONS

Financial knowledge does not contribute to financial behavior, whereas financial attitude does. Self-efficacy can mediate the relationship between financial knowledge and financial behavior but cannot mediate the relationship between financial attitude and financial behavior.

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