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## **Socio-Economic Factors, Islamic Financial Literacy and Personal Financial Management in University Lecturers in Indonesia**

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### **Abstract**

The research objectives are: 1) To empirically test whether socio-economic factors consist of gender, age, education level, domicile, monthly expenditure, and marital status affect personal financial management, 2) To empirically test whether Islamic financial literacy consists of financial knowledge (financial knowledge), financial behavior (financial behavior) and financial attitudes (financial attitude) affect personal financial management, 3) To empirically test whether Islamic financial literacy moderates the relationship between socio-economic factors consisting of gender, age, education level, domicile, monthly expenditure, and marital status on personal financial management, 4) To empirically test whether there are differences in Islamic financial literacy for lecturers who work at Public Universities and Islamic Religious Universities in Indonesia. So Islamic financial literacy is able to improve the relationship between socioeconomic factors and personal financial management, h) There is no significant difference between lecturers at public universities and state Islamic religious universities. In terms of financial knowledge, general university lecturers are slightly superior to PTKI lecturers, from financial behavior PTKI lecturers are slightly superior to PTU lecturers and from the aspect of financial attitude PTKI lecturers occupy a very good position while PTU lecturers occupy a good position.

### **Keywords**

Socio-Economic, Islamic Financial Literacy and Personal Financial Management

## Introduction

The financial sector is a part that supports the economy of a country. This sector has an important role to ensure that economic activity can run well. Paying attention to and building the financial sector can reduce income inequality that exists in society, especially the fact that financial instability has proven to worsen financial income (Shahbaz and Islam, 2011). The financial system of a country becomes very complex considering that it also involves the personal responsibility of individuals to manage finances in detail.

Managing finances personally is very important for everyone. Everyone should plan long-term investment financing such as retirement preparation, and education funds for their children. Everyone also needs to manage short-term investments for purposes such as family vacations, paying home loans, car loans, and daily necessities. In addition, everyone needs to manage health insurance and other personal needs (Annamaria, et al, 2010). Good personal financial management also has a goal to achieve financial efficiency and effectiveness such as maximizing the income and expenditure of money (Widiawati, 2020).

Many people have not been able to make personal financial management to invest in financial assets, trade in the capital market or money market because they do not have sufficient knowledge. One proof of the low ability of personal financial management is the many cases of civil servants, teachers, employees and even lecturers who feel anxious about retirement and are also "shocked" after facing retirement. This is due to the very significant difference in salary and benefits during and after retirement. The position held can affect the strength of the individual's self-esteem and social status. When a civil servant retires, the civil servant will also lose his position. Losing a position means losing money, facilities, self-esteem and social status in society (Septia, et al, 2020; Carvalho et al., 2020).

If retirement is not well prepared, one of them is through good personal financial management, it will very likely have an impact on bad things such as depression and also an unhappy life. Someone who focuses on life goals now and in the future turns out to have the ability to prepare for retirement better with a work retirement program.

Financial education or financial literacy is a challenge for the Indonesian people, especially the fact that in 2016 the financial literacy level of the population in Indonesia was only 29.66%, which means that out of 100 people in Indonesia, only about 30% have good financial literacy (well literate). Of the 34 provinces in Indonesia, only 13 provinces have financial literacy levels above the national average financial literacy level. This means that less than half of the provinces in Indonesia have well literacy (OJK, 2017; Dai et al., 2022; Eskiyoruk, Onur, & Aydin, 2021).

Islamic financial literacy is part of financial literacy. The low level of financial literacy has a very risky effect. Various cases of financial fraud experienced by the public are evidence of the low level of financial education possessed by our society. The low level of financial literacy is also allegedly affecting a person's ability to carry out personal financial management.

Lecturer is a profession that is believed to have a good level of education. One of them is that lecturers should have a good level of financial literacy and also good personal financial management. Various studies on the level of financial literacy in lecturers have been carried out. However, the results still show a research gap.

This study will be very interesting because we will understand how socio-economic factors will affect personal financial management and how if the level of Islamic financial literacy is treated as a moderating variable, will it strengthen or weaken the influence of socio-economic factors on personal financial management.

This research will also be interesting because we can compare the level of Islamic financial literacy and personal financial management of lecturers at Islamic Religious Universities and Public Universities in Indonesia. This will be interesting because lecturers who work at PTKI are very familiar with the theory of "Sharia".

This research will also be able to provide input and advice for the Government of Indonesia, which is currently focusing on promoting increased financial literacy and financial inclusion in Indonesia. In addition, this research can also be used as a correction and input for and auto-criticism regarding the level of Islamic financial literacy and also the management of Islamic personal financial management in Islamic Religious Colleges. For this reason, the title of our research is "Socio-Economic Factors and Their Influence on Personal Financial Management with Islamic Financial Literacy as a Moderating Variable (Studies on Lecturers of Islamic Religious Universities and Lecturers of Public Universities in Indonesia)".

### Research Methodology

This study is a quantitative study that aims to determine whether socio-economic factors consisting of gender, age, education level, domicile, monthly expenses, and marital status affect personal financial management, whether Islamic financial literacy which consists of financial knowledge (financial knowledge), financial behavior (financial behavior) and financial attitudes (financial attitude) affect personal financial management, whether Islamic financial literacy moderates the relationship between socio-economic factors consisting of gender, age, education level, domicile, monthly expenses, and marital status.

Quantitative research is research whose data are in the form of: the numbers (scores, scores) or statements made score (scored, graded), and analyzed by analysis statistics. The method used in this research is using a survey method in which information is collected of respondents by using a questionnaire (Indriantoro, 2009). This research was conducted on lecturers who work in Public Universities and Islamic Religious Universities in Indonesia. The object in this research is the socio-economic factors which consist of: gender, age, education level, domicile, monthly expenditure, and marital status. Islamic financial literacy which consists of financial knowledge (financial knowledge), financial behavior (financial behavior) and financial attitudes (financial attitude). As well as personal financial management for lecturers at General Colleges and Islamic Religious Colleges.

### Data Types and Sources

The data used in this study are data primary and secondary data. Primary data is data that obtained directly from the object of research. Primary data consisting of answers to questionnaire and interview questions unstructured given relating to research problem. Secondary Data, is the second data or data that is not directly from the source but from the other side. Secondary data in the form of documents in general relating to the required research data.

### Respondent

The population in this study are lecturers who work in public universities and Islamic religious universities. While the determination of the sample is determined by purposive sampling technique. To determine the sample in this study used special criteria. The criteria are: (1) Working as a permanent lecturer at a public university or PTKI, (2) Have a minimum of Master/S2 Education, (3) Minimum 3 years working, (4) Not status as an extraordinary lecturer, and (4) Have NIDN number. Based on data from PD DIKTI 2021, the number of active lecturers in Indonesia is 295,443 while those who have a master's and doctoral education background are 250,441.

### Data collection technique

Data collection is carried out directly at the research location or the object under study or the data obtained is called primary data (Indriantoro, 2009). In this case the data obtained from interviews and filling out questionnaires. Interview is to get data by question and answer and face to face with resource persons, namely lecturers who meet the criteria. Questionnaire, namely data collection is done by compiling a list of questions provided to be answered in writing by respondents. The questionnaire was tested for validity and reliability first to ensure that the questionnaire was ready to be used. Secondary data are obtained to support the data primary. First, Literature Study, namely the collection of data by using how to study, explore and quote theories and concepts from a number of literature, both books, journals, magazines, newspapers or other written works relevant to the research topic. Second, documentation utilize written documents, pictures, photos or other objects related to the aspects studied.

### RESULTS AND DISCUSSION

The number of respondents who filled out the questionnaire was 217 people but those who filled out completely and in accordance with the criteria were 160. The following is the distribution of lecturers by university:

Table 1. Distribution of Respondents by University

No	University	Type	Amount
1	UIN SAIZU Purwokerto	PTKI	10
2	STAIS Majenang	PTKI	10
3	IAIN Kudus	PTKI	10
4	UINSUKA	PTKI	10
5	UIN Walisongo	PTKI	10
6	IAIN Kendari	PTKI	10
7	University of Samarinda	PTKI	10
8	UIN Imam Bonjol Padang	PTKI	10
9	UNSOED	PTU	10
10	UNSIL	PTU	10
11	Brawijaya University	PTU	10
12	Komputama STMIK	PTU	10
13	Diponegoro University	PTU	10
14	Pamulang University	PTU	10
15	Lampung University	PTU	10
16	Mulawarman University	PTU	10
Total			160

The results showed that gender had no significant effect on personal financial management (H1a was rejected). This means that gender, whether female or male, has no effect on personal financial management. This is in line with research by Dwi Herlindawati (2015), Gita Anggraini Manika (2019) and Ahmad Yusri (2018) where gender or gender has no effect on personal financial management. Gender has no effect on personal financial management because currently access to information, access to learning and aspects of habits to manage finances are not limited to certain genders. Everyone has the same opportunity whether it's a girl or a boy.

The results of the next test on the H1b hypothesis show that age has no significant effect on personal financial management (H1b is rejected). The hypothesis which states that the higher the age of the respondent, the higher the personal financial management is rejected. This means that age does not have a significant influence on personal financial management. This is in line with research conducted by Vhalery, et al (2019) and Laely (2013) where age does not affect personal financial management or personal financial management. This happens because age does not determine a person's ability to manage his personal finances. There are so many people who are old but trapped in debt and on the other hand, many are young but have a lot of assets.

The results of the third test of the H1c hypothesis show that domicile has no effect on personal financial management (H1c is rejected). The hypothesis which states that domicile affects personal financial management is rejected. This means

that domicile in Java or outside Java has no effect on the ability to manage their personal finances. Conditions outside Java or in Java actually have the same facilities and infrastructure so that they do not have a significant impact. These results are in line with research conducted by Nidar and Bestari (2012) and Margaretha and Pambudhi (2015).

The results of the fourth test of the H1d hypothesis show that the level of education has no effect on personal financial management (H1d is rejected). The hypothesis that the level of education has an effect on personal financial management is rejected. This means that S2 or S3 education has no effect on the ability to manage their personal finances. This happens because formal education does not provide detailed and solid knowledge to improve the ability to manage finances. These results are in line with research conducted by Rustiari (2017).

The results of the fifth test of the H1e hypothesis show that monthly expenses have no effect on personal financial management (H1e is rejected). The hypothesis which states that monthly expenditure has a significant positive effect on personal financial management is rejected. This means that the respondent's monthly expenditure does not affect the ability to manage their personal finances. This happens because monthly expenses do not show a direct relationship with personal financial management. These results are in line with research conducted by Gozali (2018), Andanika, et al (2020) and Arifa (2019).

The results of the sixth test of the H1f hypothesis show that marital status has no effect on personal financial management (H1f is rejected). The hypothesis which states that marital status affects personal financial management is rejected. This means that the respondent's monthly expenditure does not affect the ability to manage their personal finances. This happens because marital status does not cause significant changes to a person's ability to manage personal finances. It needs to be balanced with awareness and habit. These results are in line with research conducted by Rahmayanti (2017) and Amalia (2019).

The test results show that socio-economic factors consisting of gender, age, domicile, education level, monthly expenditure and marital status do not simultaneously affect personal financial management (H1 is rejected).

The next test of hypothesis H2a is accepted, which means that financial knowledge has a positive and significant effect on Islamic financial literacy. Someone who has financial knowledge tends to apply it in managing his personal finances. This is in line with what has been explained by Ajzen in his theory, namely Theory of Reasoned Action and Theory of Planned Behavior which states that knowledge possessed by individuals is one of the things behind individuals in making decisions. The Theory of Reasoned Action also explains that the knowledge possessed affects individuals in acting because individuals tend to do something that has positive and beneficial values for them.

The next test of the H2b hypothesis is accepted, which means that financial behavior has a positive and significant effect on Islamic financial literacy. Someone who has good financial behavior will manage personal finances well. This is in line

with research conducted by Wiharno (2018) and Dayanti et al (2020). This is also in accordance with Behavioral Finance Theory, where individuals who have the ability to make the right decisions about finances will not have financial problems in the future and demonstrate healthy financial behavior and are able to determine priority needs. Healthy financial behavior is indicated by good financial planning, management and control activities.

The next test of the H2c hypothesis is accepted, which means that financial attitudes have a positive and significant effect on Islamic financial literacy. Someone who has a good financial attitude will manage personal finances well. This is in line with research conducted by Rachmawati (2020), Humaira (2018) and Wiharno (2018). This is also in line with behavioral financial theory where good financial attitudes are described by having effective behaviors such as preparing financial records, documenting cash flows, planning costs, paying electricity bills, controlling credit card use, and planning savings.

The next test of the hypothesis H3a, H3b, H3c, H3d, H3e, H3f showed the results were accepted. This means that Islamic financial literacy is able to strengthen the relationship between gender, age, domicile, education level, monthly expenses and marital status on personal financial management. This means that high Islamic financial literacy will be able to increase the influence of socio-economic factors on personal financial management. This is in accordance with the theory of reason action and the theory of reason behavior in which a person will act if it is motivated by reasons and habits that are built in a short period of time.

Testing on H4 which states that there is a significant difference between the level of Islamic financial literacy of lecturers who work in Public Universities and Islamic Religious Universities is rejected. This means that the level of financial knowledge, financial behavior and financial attitudes between lecturers at public universities and Islamic religious universities is relatively the same. This is evident from the results of the average score between each aspect. Each aspect is clearly explained in the table below.

Table 2. Table of Islamic Financial Literacy Level

Variable	Average score	Score	Category
1. Knowledge			
PTU	6.9	86.25%	Tall
PTKI	6.5	81.25%	Tall
2. Financial behavior			
PTU	25.5	4.25	Well
PTKI	25.9	4.31	Well
3. Financial attitude			
PTU	6.9	2.3	Very good
PTKI	5.8	1.9	Well



On the aspect of financial knowledge, lecturers from public universities and Islamic religious universities both have high scores. Even though if we look in more detail, the average score and grades of General Higher Education lecturers are superior to PTKI lecturers with a difference in score of 0.4 and a difference of 5% in value.

From the aspect of financial behavior, lecturers of public universities and Islamic religious universities are in the good category. However, if you look at the details, the lecturers of Islamic religious colleges are slightly superior with an average score difference of 0.4 and a difference in value of 0.06%. From the aspect of financial attitude, general university lecturers are in the very good category and Islamic religious colleges are in the good category, with the difference in the average score of 1.1 and the difference in the value of 0.4%.

The results of this study as a whole find new findings or novelties, namely that it turns out that socio-economic factors either partially or jointly do not have an influence on personal financial management. However, when the Islamic financial literacy variable was used as a mediator variable, it was able to strengthen the relationship between socioeconomic factors and personal financial management. It is proven that the Islamic financial literacy variable positively strengthens the relationship of socio-economic factors to Islamic financial literacy. Thus, Islamic financial literacy becomes one of the most important aspects and must be considered in order to improve the personal financial management of each person.

## CONCLUSION

Gender has no significant effect on personal financial management. because currently access to information, access to learning and the habitual aspects of managing finances are not limited to a particular gender. Everyone has the same opportunity whether it's a girl or a boy. Age has no significant effect on personal financial management. This happens because there are so many people who are old but are stuck with debt and on the other hand, many are young but have a lot of assets. Domicile has no effect on personal financial management. Conditions outside Java or in Java actually have the same facilities and infrastructure so that they do not have a significant impact. Education level has no effect on personal financial management. This happens because formal education does not provide detailed and solid knowledge to improve the ability to manage finances.

The respondent's monthly expenditure has no effect on personal financial management. This happens because monthly expenses are not an indicator of one's success. It's not always that people with less monthly expenses are better than people with more expenses, but it is necessary to review what those expenses are for. Marital status has no effect on personal financial management. This happens because marital status does not cause significant changes to a person's ability to manage personal finances. It needs to be balanced with awareness and habit.

Islamic financial literacy which consists of Financial Knowledge, Financial Attitude and Financial Behavior has a positive and significant relationship with personal financial management. This is in accordance with the theory of reason action, theory of financial behavior and theory of reason action. Sharia financial literacy is able to moderate the relationship between socio-economic factors (gender, age, domicile, education level, monthly expenditure, and marital status) on personal financial management. Islamic financial literacy is able to improve the relationship between socio-economic factors and personal financial management. There is no significant difference between lecturers at public universities and state Islamic religious universities. In terms of financial knowledge, general university lecturers are slightly superior to PTKI lecturers, from financial behavior PTKI lecturers are slightly superior to PTU lecturers and from the aspect of financial attitude PTKI lecturers occupy a very good position while PTU lecturers occupy a good position.

### Implication

Based on the results of this study, it shows that Islamic financial literacy needs to be a serious concern for the OJK, the university and also the lecturers themselves considering that Islamic financial literacy has been proven to be able to improve the relationship between socio-economic factors and personal financial management. It is hoped that when lecturers have good Islamic financial literacy, lecturers will automatically be much more prepared to face future uncertainties, one of which is retirement. The University should act to improve the Islamic financial literacy of its academic community. This is especially important for campuses with Islamic nuances such as IAIN Purwokerto.

### Suggestion

The following are suggestions for future research: Future research needs to include other situational variables such as lifestyle, monthly income and dependents. Future research needs to examine other professions that have a level of education not as high as lecturers. Future research will also be interesting if it relates to variables such as the decision to invest in Islamic products such as the Islamic capital market or precious metals.

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