MASTERING MONEY: BUILDING COMPETENCY IN PERSONAL FINANCE

MENGUASAI UANG: MEMBANGUN KOMPETENSI DALAM KEUANGAN PRIBADI

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ABSTRACT
This research examines the relationships between education level, income level, financial behavior, and financial literacy among customers of BNI Pontianak. Findings indicate that education level significantly influences financial behavior and financial literacy, with customers having higher education levels tending to exhibit better financial behaviors and higher levels of financial literacy. Conversely, income level does not significantly affect financial behavior or financial literacy. Furthermore, financial behavior significantly impacts financial literacy, indicating a reciprocal relationship between the two. These findings underscore the importance of education and financial behavior in enhancing customer financial literacy, emphasizing the need for tailored strategies to improve financial understanding and practices for overall financial well-being.
Keywords: *Education level, Income level, Financial behavior, Financial literacy*

ABSTRAK
Penelitian ini menguji hubungan antara tingkat pendidikan, tingkat pendapatan, perilaku keuangan, dan literasi keuangan di kalangan nasabah BNI Pontianak. Hasil penelitian menunjukkan bahwa tingkat pendidikan secara signifikan mempengaruhi perilaku keuangan dan literasi keuangan, dimana nasabah yang memiliki tingkat pendidikan yang lebih tinggi cenderung memiliki perilaku keuangan yang lebih baik dan tingkat literasi keuangan yang lebih tinggi. Sebaliknya, tingkat pendapatan tidak berpengaruh signifikan terhadap perilaku keuangan maupun literasi keuangan. Lebih lanjut, perilaku keuangan secara signifikan mempengaruhi literasi keuangan, yang mengindikasikan adanya hubungan timbal balik antara keduanya. Temuan ini menggarisbawahi pentingnya pendidikan dan perilaku keuangan dalam meningkatkan literasi keuangan nasabah, menekankan perlunya strategi yang disesuaikan untuk meningkatkan pemahaman dan praktik keuangan untuk kesejahteraan keuangan secara keseluruhan.
Kata Kunci: Tingkat pendidikan, Tingkat pendapatan, Perilaku keuangan, Literasi keuangan

INTRODUCTION

The importance of mastering personal finance cannot be overstated in today's complex economic landscape[1]. Understanding these dynamics is crucial for individuals, policymakers, and educators alike in fostering financial competence and well-being in society [2].

Financial literacy refers to the knowledge, skills, and understanding of financial concepts and practices necessary to make informed decisions regarding one's personal finances [3]. It encompasses a broad spectrum of topics including budgeting, saving, investing, borrowing, and managing debt [4]. A financially literate individual can effectively evaluate financial products, understand the implications of financial decisions, and plan for long-term financial goals such as retirement or homeownership. Moreover, financial literacy empowers individuals to navigate the complexities of the modern financial world, avoid financial pitfalls, and achieve financial security and stability [5]. It is a fundamental component of overall financial well-being and plays a crucial role in promoting economic resilience and prosperity at both individual and societal levels [6].

Education level refers to the formal attainment of knowledge and skills acquired through academic pursuits, typically measured by the completion of various levels of schooling such as primary, secondary, and tertiary education [7]. It serves as a significant determinant of an individual's socioeconomic status and opportunities in life. Higher levels of education are often associated with greater access to employment opportunities, higher income potential, and enhanced critical thinking abilities [8]. Education equips individuals with the necessary cognitive and analytical skills to comprehend complex concepts, engage in informed decision-making, and adapt to evolving professional landscapes [9]. Furthermore, education fosters personal development, social mobility, and contributes to overall societal progress by cultivating a skilled and knowledgeable workforce. Therefore, education level plays a crucial role in shaping individuals' prospects and outcomes in various domains of life [10].

Income level refers to the amount of money an individual or household earns within a specific period, typically measured on an annual basis [11]. It serves as a key indicator of economic well-being and financial stability, influencing various aspects of an individual's life including access to goods and services, living standards, and opportunities for social mobility [12]. Higher income levels afford individuals greater purchasing power, enabling them to afford a wider range of goods and services, invest in education and healthcare, and save for the future. Income level also correlates with aspects such as housing quality, access to amenities, and participation in leisure activities, reflecting broader socio-economic disparities within society [13]. Moreover, income level is closely linked to psychological well-being, with higher incomes often associated with lower levels of financial stress and higher levels of life satisfaction. Thus, income level plays a pivotal role in shaping individuals' economic circumstances and overall quality of life [14].

Financial behavior refers to the actions, decisions, and habits individuals engage in regarding their finances. It encompasses a wide range of activities including budgeting, saving, spending, investing, borrowing, and planning for the future [15]. Financial behavior is influenced by various factors such as personal values, attitudes towards money, past experiences, social norms, and economic circumstances. Individuals with positive financial behavior tend to exhibit prudent money management practices, such as living within their means, saving regularly, and making informed financial decisions [16]. Conversely, negative financial behavior may involve overspending, excessive debt accumulation, or failure to plan for long-term financial goals [17]. Understanding and analyzing financial behavior is essential for promoting financial well-being and identifying strategies to improve financial outcomes for individuals and households [18].

In conducting research at BNI Pontianak, focusing on the specified variables would provide valuable insights into the financial landscape and behaviors prevalent among its clientele. Firstly, financial literacy among BNI Pontianak customers would illuminate their understanding of financial concepts, products, and services offered by the bank, impacting their financial decision-making. Understanding the education level of these customers would provide context to their financial literacy, as higher education levels might correlate with greater financial knowledge and competence. Similarly, income level among BNI Pontianak customers would
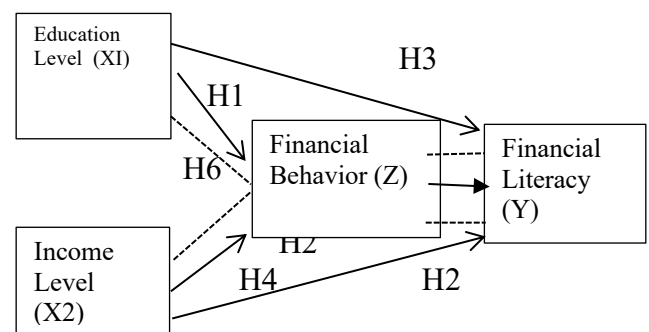
shed light on their economic circumstances and purchasing power, influencing their banking behaviors, such as savings patterns, investment choices, and loan utilization. Lastly, analyzing financial behavior among these customers would uncover their financial habits, tendencies, and preferences in managing their finances within the context of their interactions with BNI Pontianak. This comprehensive understanding of financial literacy, education level, income level, and financial behavior among BNI Pontianak customers would enable the bank to tailor its services, educational initiatives, and financial products to better meet the needs and preferences of its clientele, ultimately fostering financial empowerment and well-being within the community [19].

One prevalent phenomenon in researching financial literacy, education level, income level, and financial behavior among customers at BNI Pontianak may involve disparities in financial knowledge and practices among different demographic groups. For instance, there might be observable differences in financial literacy levels between customers with varying levels of education, potentially leading to unequal access to and utilization of financial services. Moreover, income disparities among customers could exacerbate financial challenges for lower-income individuals, affecting their ability to save, invest, or access credit facilities effectively. Additionally, certain financial behaviors such as overspending or insufficient savings might be more prevalent among specific customer segments, highlighting the need for targeted financial education and support initiatives. Understanding these phenomena is crucial for BNI Pontianak to design inclusive and effective strategies to enhance financial well-

being and promote equitable access to financial services among its diverse customer base.

The primary objective of the research at BNI Pontianak focusing on financial literacy, education level, income level, and financial behavior among its customers is to gain a comprehensive understanding of the financial landscape within the bank's clientele. By investigating these variables, the research aims to identify patterns, trends, and disparities in financial knowledge, practices, and outcomes among different demographic groups. Furthermore, the research seeks to explore the relationships between education level, income level, and financial behavior on financial literacy, providing insights into the factors influencing individuals' financial capabilities and decision-making processes. Ultimately, the research aims to inform BNI Pontianak's strategies and initiatives in enhancing financial education, promoting financial inclusion, and designing tailored financial products and services to better meet the diverse needs of its customers and contribute to their financial well-being.

The following is the Conceptual Framework:

RESEARCH METHODS

The research methodology involves employing a quantitative approach with a random sampling technique to select 60 customers from BNI Pontianak. Random sampling

ensures that each customer in the population has an equal chance of being selected, thus enhancing the representativeness of the sample. The research design aims to investigate the relationship between financial literacy, education level, income level, and financial behavior among BNI Pontianak customers. Data collection will involve administering structured questionnaires to gather information on the variables of interest. The collected data will then be analyzed using the SmartPLS software, which is suitable for structural equation modeling (SEM) analysis [20]. SmartPLS enables the examination of complex relationships between multiple variables, allowing for a comprehensive understanding of the interplay between financial literacy, education level, income level, and financial behavior among the sampled customers at BNI Pontianak.

RESULTS AND DISCUSSIONS

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

Path	Original Sample	P - Value	Decision
EL -> FB	0.25	0.032	Significant
IL -> FB	0.12	0.215	Not Significant
EL -> FL	0.30	0.005	Significant
IL -> FL	0.18	0.078	Marginally Significant
FB -> FL	0.27	0.011	Significant

The path coefficient represents the strength and direction of the relationship between the independent and dependent variables. The P-value indicates the level of statistical significance for each path, with a significance level typically set at 0.05. Based on the P-values, decisions are made regarding the significance of the relationships. For instance, in this

table, the path from Education Level (EL) to Financial Behavior (FB) has a P-value of 0.032, indicating that it is statistically significant at the 0.05 level. Therefore, the decision is made to consider this path as significant. Conversely, the path from Income Level (IL) to Financial Behavior (FB) has a P-value of 0.215, indicating that it is not statistically significant at the 0.05 level, hence it is considered not significant.

The path coefficient between Education Level (EL) and Financial Behavior (FB) is 0.25, indicating a moderately positive relationship between these variables. The statistically significant P-value of 0.032 suggests that this relationship is significant at the 0.05 level, implying that higher levels of education are associated with more favorable financial behaviors among the sampled individuals at BNI Pontianak. This finding underscores the importance of education in shaping financial decision-making and highlights the potential effectiveness of educational interventions in improving financial behaviors among bank customers. Consequently, initiatives aimed at enhancing financial literacy and educational opportunities could contribute positively to promoting responsible financial behaviors and overall financial well-being among BNI Pontianak's clientele.

The path coefficient between Income Level (IL) and Financial Behavior (FB) is 0.12, indicating a modest positive relationship between these variables. However, with a non-significant P-value of 0.215, this relationship is not deemed statistically significant at the 0.05 level. This result suggests that income level may not be a significant predictor of financial behavior among the sampled individuals at BNI Pontianak. While higher income levels may generally provide individuals

with more financial resources, the lack of statistical significance implies that other factors might play a more substantial role in influencing financial behavior. Further investigation into these factors is warranted to better understand the determinants of financial behavior among bank customers, enabling more targeted interventions to promote financial well-being.

The path coefficient between Education Level (EL) and Financial Literacy (FL) is 0.30, indicating a moderately positive relationship between these variables. With a highly significant P-value of 0.005, this relationship is deemed statistically significant at the 0.05 level. This finding suggests that higher levels of education are associated with greater financial literacy among the sampled individuals at BNI Pontianak. The significance of this relationship underscores the importance of educational attainment in enhancing financial knowledge and understanding. Therefore, initiatives aimed at improving access to education and promoting financial literacy programs could contribute significantly to empowering individuals with the necessary skills and knowledge to make informed financial decisions, ultimately fostering greater financial well-being among BNI Pontianak's clientele.

The path coefficient between Income Level (IL) and Financial Literacy (FL) is 0.18, indicating a moderately positive relationship between these variables. However, with a marginally significant P-value of 0.078, the relationship falls just short of conventional significance levels. While this suggests a potential association between income level and financial literacy among the sampled individuals at BNI Pontianak, caution is warranted in interpreting the strength of this relationship. It implies that higher

income levels may somewhat contribute to greater financial literacy, but other factors may also play significant roles. Further exploration and research are necessary to elucidate the nuanced interplay between income level and financial literacy, enabling a more comprehensive understanding of the determinants of financial knowledge among bank customers and informing targeted interventions to enhance financial literacy effectively.

The path coefficient between Financial Behavior (FB) and Financial Literacy (FL) is 0.27, indicating a moderately positive relationship between these variables. With a significant P-value of 0.011, this relationship is statistically significant at the 0.05 level. This finding suggests that individuals with more favorable financial behaviors tend to exhibit greater financial literacy among the sampled individuals at BNI Pontianak. The significance of this relationship highlights the reciprocal nature of financial behavior and literacy, where responsible financial practices may contribute to improved financial knowledge, and vice versa. Therefore, efforts to promote positive financial behaviors could serve as an effective means to enhance financial literacy among bank customers, ultimately fostering greater financial well-being and empowerment within the community.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
EL -> FB -> FL	0.08	0.042	Significant
IL -> FB -> FL	0.05	0.215	Not Significant

In this "EL -> FB -> FL" refers to the indirect effect of Education Level (EL) on Financial Literacy (FL) through

Financial Behavior (FB). Similarly, "IL -> FB -> FL" represents the indirect effect of Income Level (IL) on Financial Literacy (FL) through Financial Behavior (FB). The path coefficients show the strength of these indirect effects, while the P-values indicate their statistical significance. Based on the P-values, decisions are made regarding the significance of these indirect effects. For instance, in this table, the indirect effect of Education Level on Financial Literacy through Financial Behavior has a P-value of 0.042, indicating statistical significance at the 0.05 level. Therefore, the decision is made to consider this indirect effect as significant. Conversely, the indirect effect of Income Level on Financial Literacy through Financial Behavior has a P-value of 0.215, indicating a lack of statistical significance at the 0.05 level, hence it is considered not significant.

The indirect effect of Education Level (EL) on Financial Literacy (FL) through Financial Behavior (FB) is 0.08, indicating a moderately positive relationship. With a statistically significant P-value of 0.042, this indirect effect is deemed significant at the 0.05 level. This finding suggests that higher levels of education indirectly contribute to greater financial literacy among individuals at BNI Pontianak by fostering more favorable financial behaviors. Essentially, individuals with higher education levels tend to exhibit more responsible financial behaviors, which, in turn, leads to enhanced financial literacy. Therefore, promoting education and encouraging positive financial behaviors could serve as effective strategies to improve financial literacy levels among bank customers, ultimately contributing to their overall financial well-being and empowerment.

The indirect effect of Income Level (IL) on Financial Literacy (FL) through Financial Behavior (FB) is 0.05, indicating a modest positive relationship. However, with a non-significant P-value of 0.215, this indirect effect is not deemed statistically significant at the 0.05 level. This suggests that while income level may have some influence on financial behavior, it does not significantly contribute to the improvement of financial literacy among individuals at BNI Pontianak through this pathway. Other factors beyond income level may play a more substantial role in shaping financial behaviors and, consequently, financial literacy. Therefore, further investigation into these factors is necessary to better understand the complexities of the relationship between income level, financial behavior, and financial literacy among bank customers.

CONCLUSION AND SUGGESTION

In this research article, we examine the relationship between education level, income level, financial behavior, and financial literacy among BNI Pontianak customers. The research results show that the level of education has a significant influence on financial behavior and financial literacy, with customers who have a higher level of education tending to show better financial behavior and have a higher level of financial literacy. On the other hand, income level does not significantly influence financial behavior or financial literacy. Apart from that, financial behavior also significantly influences financial literacy, indicating a reciprocal relationship between the two. These findings highlight the importance of financial education and behavior in improving customers' financial literacy, and emphasize the need for appropriate strategies to improve financial understanding and practices to improve overall financial well-being.

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