THE EFFECT OF SHARIA FINANCIAL LITERACY ON STUDENT FINANCIAL MANAGEMENT UIN SULTAN SYARIF KASIM RIAU

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A R T I C L E I N F O

A B S T R A C T

This study aims to determine the influence of financial knowledge, financial skills, financial beliefs, financial attitudes, and financial behavior on student financial management This type of research is quantitative research. The data used in this study is primary data using questionnaires. The results of this study show that Islamic financial knowledge, Islamic financial beliefs, and Islamic financial attitudes have no and insignificant effect on financial management, Islamic financial skills and Islamic financial behavior have a positive and significant effect on financial management. Furthermore, in this study, it was found that Islamic Financial Knowledge, Islamic Financial Skills, Islamic Financial Beliefs/Beliefs, Islamic Financial Attitudes, and Islamic Financial Behavior had an effect on financial management by 57.4% and the remaining 42.6% were influenced by other variables that were not studied in this study.

INTRODUCTION

Students are the younger generation known as *agent of change* or the generation that will bring change. Therefore, students are expected to play an important role in determining the future of Indonesia's economy, because Indonesia's economic growth can improve people's welfare. One of the factors that is believed to improve welfare is the high level of financial literacy which will directly encourage better financial decisions (OJK, 2021). However, currently, student financial literacy is only 31.69%. So that students are included in the priority target for improving financial literacy by the Financial Services Authority (OJK, 2021).

Financial Literacy is knowledge, skills, and beliefs that affect a person's attitude and behavior in financial decision-making and management (Otoritas Jasa Keuangan, 2019). Improving student financial literacy is very important to do. This is because students are given freedom by their parents in managing their own finances. So students must have adequate ability to manage finances in order to make the best financial decisions. If students are unable to manage finances, it will cause an imbalance in income and expenses that leads to poor financial management.

In addition to students, the focus of the Financial Services Authority is to strengthen Islamic financial literacy, this is one of the strategic programs of the Financial Services Authority (OJK) in the 2021-2025 Indonesian National Financial Literacy Strategy (SNLKI). Currently, the level of literacy and inclusion of Islamic finance is still low when compared to conventional financial literacy and inclusion. This can be seen from the results of the National Survey on Financial Literacy and Inclusion (SNLIK) which shows the Islamic financial literacy index of 8.93% and conventional financial literacy of 37.72% with a gap of 28.79% (Aziz, 2021; OJK, 2021). Meanwhile, the Islamic financial inclusion index was 9.10% (even decreased from 11.1%) and conventional financial inclusion was 75.28% with a gap of 66.18% (Aziz, 2021; OJK, 2021).

According to Rahim et al (2016) and Antara et al (2016) in (Rozikin & Sholekhah, 2020) Islamic financial literacy is an individual's knowledge of finance, skills, and awareness in using and managing resources that affect attitudes in making financial decisions in accordance with Islamic teachings. Islamic financial literacy is also defined as expertise, deeds, competencies and capabilities regarding the management of financial resources in accordance with Islamic sharia rules (Falevy et al., 2022),

LITERATURE REVIEW

Financial Management

Financial management is an effort to find out how a person has goals in finance and has a strategy in achieving those goals (**Indonesian National Literacy and Inclusion Strategy, 2016**)

In financial management, there are several stages that must be considered, including:
1. Recording of Assets/Assets Owned, everyone must have Assets/Assets that are recorded as productive assets and consumptive assets. Productive assets are assets that provide regular income or profits when the assets are resold, for example savings (which are not used for shopping or consumptive purposes), deposits, mutual funds, houses (which are contracted rather than occupied). Consumptive property is property that does not provide income, both regular

income and profits when resold. For example, household appliances and appliances (televisions, tables, chairs, cabinets, etc.) used jewelry, cars, and motorcycles.

2. Recording of all income and expenses. After recording assets/assets, we will know the current financial situation. This is very useful in carrying out the next step, which is to record all income and expenses.

3. Identity of monthly and annual routine expenses. Every person or family usually has a similar spending pattern from month to month, including year-to-year expenses. After having a record of expenses, try to identify what is a routine expense and how often it is.

4. Prepare a spending plan (Budgeting). It is recommended to be able to distinguish needs and wants. In terms of language, "need" is an adjective that indicates that something inevitably has to be fulfilled, because if it is not fulfilled, it will hinder daily activities, so that needs are made a priority that must be met.

5. Save periodically for the future. Preparation of savings for special needs or plans for the future. Estimate how much savings you should set aside, so that you reach enough when the time comes and don't interfere with your current activities.

Sharia Financial Literacy

Financial literacy is a person's knowledge in managing finances. According to Hussain & Sajad, 2016 in (Sartika et al., 2021) Sharia Financial Literacy is a series of processes or activities to increase knowledge (*Knowledge*) especially for Islamic finance, such as knowledge of the products offered, knowledge of the profit-sharing system, which is in accordance with the concept of Islamic sharia, beliefs (*Confidence*) especially for Islamic finance that is confident in the sharia products used and confident in the concept of sharing business profits offered, skills (*Skill*) in Islamic finance, such as having skills in managing Islamic finance and being able to calculate *Return* and profit sharing that will be received from every transaction made, so that it can affect the attitude (*Attitude*) and behavior (*Behavior*) a person in managing finances which will ultimately help the community in achieving smart *Financial*. With a change in financial attitudes and behaviors, it will encourage a person to set financial goals so that they have better financial planning, decision-making and financial management in the future. Soetiono S, Kusumaningsih; Setiawan, 2018)

METHODOLOGY

This study uses a quantitative method, using primary data. In particular, the data derived from the respondents' answers to the questionnaire that had been distributed to the respondents were primary data obtained directly by the researcher from the respondents without intermediaries. The number of residents is students of the Faculty of Economics and Social Sciences, Faculty of Economics Sultan Syarif Kasim, Riau, totaling 1,246 active students. The number of samples in this study was determined using the Gpower 3.1 software tool with an effect size value of 0.15 (medium) (Cohen 1988, p. 412 in Axel Buchner et al., 2023), the probability of error alpha 0.05, power 0.80, and the number of predictors is 5, so that the minimum sample is 92 respondents. Based on this minimum sample, the researcher set the sample in this study at 103 respondents. Sampling Technique using Nonprobability Sampling is a sampling technique that does not provide the same opportunity for each member of the population to be selected as a sample member because, in this study, the Respondent is the one who has the following characteristics:

1. Student of the S1 Management Study Program, Faculty of Economics and Social Sciences, Sultan Syarif Kasim State Islamic University, Riau

2. Students who have completed or passed courses in Islamic Banks and Financial Institutions, Sharia Management, Financial Management, and Islamic Financial Management.

The data obtained in this study was analyzed using structural equation modeling (SEM) and partial least squares (PLS).

RESULTS AND DISCUSSION

Characteristics of respondents

The following are the results of the respondents' characteristics based on gender, age, residence and financial resources:

Table 1 : Characteristics of Respondents

Characteristics of Respondents by Gender		
Gender	**Frequency**	**Percentage**
Men – men	31	30,1%
Woman	72	69,9%
Sum	103	100%
Characteristics of Respondents by Age		
Age	**Frequency**	**Percentage**
<21 Years	45	43,7%
21-30 Years	58	56,3%
31-40	0	0%
>40	0	0%
Characteristics of Respondents Based on Residence		
Residence	**Frequency**	**Percentage**
Boarding Houses/ Rentals	74	71,8%
Mortgage Houses	2	2%
Living with Parents/Family	27	26,2%
Characteristics of Respondents Based on Financial Resources		
Financial Resources	**Frequency**	**Percentage**
Parents	79	76,7%
Scholarship	0	0%
Work/ Already Have Income	2	1,9%
Parents and Scholarships	8	7,8%
Parents and Work	11	10,7%
Parents, Work, and Scholarships	1	1%
Sibling	1	1%
Guardian and Work	1	1%

Source: Research Data

Based on table 1 above, it shows that the respondents who are the sample of this study based on gender are dominated by women. Women are someone who has a strategic role in the family. This is because 85% of family shopping activities such as monthly shopping, investment decisions, house purchase decisions, car purchase decisions are on average regulated by women (wives or housewives) (ojk.go.id, n.d.). So that women play a very important role in financial management. If a person already has the ability to manage finances from an early age, then later when they have a family, they will be wiser in managing finances.

Respondents based on the average age of 21-30 years are 58 respondents (56.3%) and respondents under 21 years old as many as 45 respondents (43.7%), This means that the sample in this study is the millennial generation and the zilenial generation which currently dominate the total population in Indonesia (Mardiya, n.d.).

Furthermore, if viewed from the place of residence, the average respondent lived in a boarding house or rented house, namely 74 respondents (71.8%), and only 27 respondents (26.2%) lived with their parents. This means that the respondents in this study live independently on average because they are far from their families so they must be able to manage their finances so that daily needs can be met properly and financial planning can be done for financial welfare in the future.

Meanwhile, respondents based on average financial sources are from parents, namely 79 respondents or as many as 76.7% Furthermore, the financial resources of respondents come from parents and work are as many as 11 respondents (10.7%), 8 respondents (7.8%) whose financial sources come from parents and scholarships, 2 respondents (1.9%) are already working and have income. Respondents who work, plus parents, and scholarships as many as 1 respondent (1%), respondents whose financial source is from siblings, namely 1 respondent (1%), while respondents whose financial source is from guardians and work are as many as 1 respondent (1%).

Model Measurement Model

Model measurements are used to assess the validity and reliability of the instruments used in the study to ensure that the measurement tool is accurate and capable of measuring what is intended accurately and according to the actual conditions, as well as that each indicator is valid and reliable.

The stages in evaluating the Measurement Model (Outer Model) use 2 criteria, namely testing validity (Convergent Validity and Discriminant Validity) and variable reliability. *External model* analysis aims to ensure that the measuring instrument used is suitable for measurement and is able to measure what is to be measured and in accordance with the actual conditions and each indicator used is valid and reliable.

Convergent Validity measured using the charge factor for the indicator model and component weight. Individual reflective measures are said to be high when correlated more than 0.60 (Chin et al., 1998) in (Ghozali, Imam; Latan, 2015). Value *Loading Factor* greater than 0.50 to 0.60 is considered to have a fairly strong validation (Solomon; Fernandes, 2017). Value *Loading Factor* greater than 0.60 has a high degree of validity. So that in this study, the limit *Loading Factor* used is greater than 0.60.

Discriminant validity is carried out to ensure that each concept of each variable or construct is different from the construct or other variables in theory and statistically tested. The validity of the discriminator can be seen from the *Loading value* and *Cross Loading*. When the value *Loading* each indicator in the variable in question is greater than the *Cross Loading* in other latent variables, it can be said that it meets the discriminant validity (Solomon; Fernandes, 2017). Furthermore, to measure the validity of variables, another method is used, namely by looking at the value *Averagae Variant Extracted* (AVE). The AVE value of each indicator must exceed >0.5 to meet a good differential validity model.

Composite reliability is a part used to test the reliability value of an indicator indicator on a variable. A variable can be declared to meet *Composite reliability* if it has a value *Composite reliability* > 0.70. Test reliability with *Composite reliability* can be strengthened by using the *Cronbach alpha*. A variable is declared reliable or meets *CRONSBACH Alpha* when meeting the value of *Cronbach Alpha* > 0.50 for each indicator. According to Hartono (2008) in (Kingdom et al., 2021) value *CRONSBACH Alpha* 0.50 to 0.60 is considered sufficient value for reliability. The results of the Validity and Reliability test are as follows:

Table 2 : Summary of Measurement Model Test Results

Variable	Code	Valid		Reliable	
		Convergent Validity	Discriminant Validity	Composite Reability	Cronbach Alpha
		Outer Loading >0.70	AVE >0.50	>0.70	>0.70
Sharia Financial Knowledge (X1)	X1.1	0,796	0,692	0,900	0,851
	X1.2	0,834			
	X1.3	0,777			
	X1.4	0,798			
Sharia Finance Skills (X2)	X2.1	0,712	0,795	0,886	0,744
	X2.3	0,759			
Sharia Financial Confidence (X3)	X3.1	0,713	0,609	0,925	0,908
	X3.2	0,846			
	X3.3	0,820			
	X3.4	0,757			
	X3.5	0,717			
	X3.6	0,823			
	X3.7	0,784			
	X3.8	0,770			
Sharia Financial Attitudes (X4)	X4.5	0,749	0,652	0,849	0,734
	X4.6	0,707			
	X4.8	0,701			
Sharia Financial Behavior (X5)	X5.3	0,865	0,800	0,889	0,753
	X5.4	0,751			
Financial Management (Y)	Y.2	0,691	0,652	0,918	0,893
	Y.3	0,747			
	Y.6	0,816			
	Y.7	0,805			
	Y.8	0,875			
	Y.9	0,805			

Source: Research Data

Based on table 2, it can be seen that the value of *Outer Loading* All indicators are already above 0.60 and even above 0.70. In table 2, it is also known that the AVE value of the variables Financial Management (Y), Sharia Financial Knowledge (X1), Sharia Financial Skills (X2), Sharia Financial Confidence (X3), Sharia Financial Attitude (X4), and Sharia Financial Behavior (X5) has exceeded > 0.5, in addition, the value of *Composite reliabilty* All of the above research variables> 0.70, as well as the *Cronbach Alpha* From each research variable, it is above >0.5 so that it can be

concluded that all indicators submitted in the final measurement model have met the valid criteria and have high reliability.

Evaluation of Structural Model (Inner Model)

Evaluation of the inner model can be done by using R-square for dependent constructs, stone-Geisser Q-Square test for predictive relevance and t-test and significance of structural path parameter coefficients.

R-Square (R2)

R-Square used to measure the predictive strength of structural models. *R-Square* Explain the influence of certain exogenous latent variables on endogenous latent variables whether they have a substantial influence. Value *R-Square* 0.67, 0.33 and 0.19 indicate strong, moderate and weak models (Chin et al., 1998) in (Ghozali, Imam; Latan, 2015). The higher the value *R-Square* means that the better the prediction model and the research model proposed. The following are the values *R-Square* In the following table 3:

Table 3 : *R-Square*

	R-square	*Adjusted R-square*
Financial Management	0,595	0,574

Source: Research Data

By value *R-Square* In Table 3 it is known that the *adjusted R-Square* is 0.574. This means that the variables of Islamic financial knowledge, Islamic financial skills, Islamic financial beliefs, Islamic financial attitudes, and Islamic financial behavior had an effect on financial management by 57.4% and the remaining 42.6% were influenced by other variables that were not studied in this study.

F Square

The value *of f square* is used to determine the influence of exogenous variables on endogenous variables. If the value *of f square* is equal to 0.35 or f ≥ 0.35, then it can be interpreted that the latent variable has a big influence, if it has a value equal to 0.15 or $0.15 \le f \le 0.35$, it has an intermediate influence and if it has a value of 0.02 or $0.02 \le f \le 0.15$, it means that it has a small influence. The value *of f square* can be seen in the following table 4:

Table 4: *F Square*

	Financial Management
Sharia Financial Knowledge	0,026
Sharia Finance Skills	0,096
Sharia Financial Confidence	0,006
Sharia Financial Attitude	0,028
Sharia Financial Behavior	0,516

Source: Research Data

Based on table 4 it can be concluded that all exogenous variables (Islamic Finance Knowledge, Islamic Finance Skills, Islamic Financial Beliefs, Islamic Financial Attitudes, and Islamic Financial Behavior) has a small influence that is valuable $0.02 \leq f \leq 0.15$.

Hypothesis Test

To answer the hypothesis in this study, the t-test and f-test were carried out as follows:

Cooficient Path Test (T Test)

Whether or not a hypothesis is accepted or not, it is necessary to test the hypothesis using the *Bootstrapping* on SmartPLS 3.0. The hypothesis is accepted when the significance level is less than 0.05 *or p-value* exceeds its critical value. The criteria used as the basis for comparison are as follows:
The hypothesis is accepted when t-count is >1.96 or sig value <0.05
The hypothesis is rejected if t-count <1.96 or sig value >0.05

Table 5: *Path Coefficient*

	Original Samples (o)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Value
Sharia Financial Knowledge (X1) -> Financial Management (Y)	0,120	0,123	0,086	1,402	0,162
Sharia Finance Skills (X2) -> Financial Management (Y)	0,213	0,207	0,075	2,833	0,005
Sharia Financial Confidence (X3) -> Financial Management (Y)	-0,063	-0,050	0,096	0,656	0,512
Sharia Financial Attitude (X4) -> Financial Management (Y)	0,146	0,166	0,109	1,334	0,183
Sharia Financial Behavior (X5) -> Financial Management (Y)	0,611	0,587	0,094	6,479	0,000

Source: Research Data

Based on table 5, it can be seen that Islamic financial knowledge has no effect and is not significant on financial management, with a statistical t-value of 1.402 < 1.96 and a p value *Values* by 0.162 > 0.05. While Sharia Financial Skills have a significant effect on financial management, this can be seen from the statistical t-value of 2.833 >1.96 and the p value *Values* 0.005 < 0.05; Islamic financial confidence has no effect and is not significantly significant on financial management, with a statistical t-value of 0.656 < 1.96 and a p-value *Values* 0.512 > 0.05; The attitude of Islamic finance also has no effect and is not significant on financial management, with a statistical t value of 1.334 < 1.96 and a p value *Values* 0.183 > 0.05; Islamic financial

behavior has a significant effect on financial management, this can be seen from the statistical t-value of 6.479 >1.96 and the p value *Values* by 0.000 < 0.05.

CONCLUSION

Based on the results of the analysis that has been carried out, the following conclusions can be described:

1. Islamic financial knowledge had no effect and was not significant on financial management, with a statistical t-value of 1.402 < 1.96 and a p *value* of 0.162 > 0.05. This means that the knowledge possessed by students or respondents in this study does not have any impact on financial management. In fact, students or respondents have been given education in courses that have been studied in academics. Especially courses in Islamic banks and financial institutions, Islamic management, financial management and Islamic financial management.

2. Sharia Financial Skills have a significant effect on financial management, this can be seen from the statistical t-value of 2.833 >1.96 and the p *value* of 0.005 < 0.05. This means that skills in calculating profits in Islamic finance are able to influence the financial management of students or respondents in this research.

3. Islamic financial confidence has no effect and is not significantly significant on financial management, with a statistical t-value of 0.656 < 1.96 and a p *value* of 0.512 > 0.05. This means that the belief in Islamic finance that arises when understanding courses on campus is not able to influence students or respondents to be able to manage finances properly.

4. The attitude of Islamic finance is also insignificant and insignificant to financial management, with a statistical t-value of 1.334 < 1.96 and a p *value* of 0.183 > 0.05. This means that the ability to make financial plans and financial budgets is not able to affect the financial management of students or respondents in this study.

5. Islamic financial behavior has a significant effect on financial management, this can be seen from the statistical t-value of 6.479 >1.96 and the p *value* of 0.000 < 0.05. This means that the respondents in this study have the ability to manage and utilize their financial resources properly so that they can manage their finances. The better the financial behavior, the better the financial management.

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