

THE INFLUENCE OF FINANCIAL LITERACY ON CONSUMER BEHAVIOR (CASE STUDY OF MEDAN CITY SOCIETY)

Hilda Syaf'aini Harefa¹, Ernita Siagian², Kerisman Halawa³,
Lisa Novianni Maghfiroh⁴

^{1,2}Faculty of Communication and Libraries, Sari Mutiara Indonesia University, Medan

³UPT Sari Mutiara Indonesia University, Medan

⁴UPT Stikubank University, Semarang

hilda.ariantto26@gmail.com

ABSTRACT

The purpose of this study is to understand and analyze the impact of literate keuangan on consumer behavior in the Kota Medan community. This type of research is quantitative descriptive. The population in this study is the Medan City community. The study involved a total of 96 participants, selected using the Simple Random Sampling method. The data analysis techniques employed included Instrument Testing, Classical Assumption Testing, Simple Linear Regression Analysis, Hypothesis Testing, and the Determination Coefficient Test (R²), all conducted with the SPSS Version 28 software for Windows. The results of the research indicated that financial literacy positively and significantly influenced consumer behavior within the community of Medan City. The implication of this research is that knowledge about financial literacy is important in order to facilitate people in making good consumption patterns according to their needs. The existence of sufficient knowledge about financial literacy can influence the consumer behavior of each individual in society. This research highlights the significance of financial literacy for the community, particularly for the residents of Medan City, in mitigating excessive consumer behavior. People who have a high level of financial literacy are usually more careful in using money, making financial decisions wisely, and avoiding unnecessary debt. By understanding the basics of financial management, they are able to manage their spending based on primary needs, not just desires.

Keywords : *Financial Literacy; Consumptive Behavior; Medan City Society*

INTRODUCTION

In recent years, financial literacy has become a hot topic of discussion that has attracted attention, both among the government and the wider community. Although not a new concept, financial literacy continues to experience dynamic developments along with changing times. Basically, financial literacy

reflects a person's level of understanding and skills in controlling finances optimally, in order to be capable of making prudent financial choices for their well-being. More than just a personal matter, a country's stability and economic development are also influenced by its degree of financial literacy.

Therefore, the understanding of financial literacy is one of the main benchmarks in assessing a country's progress.

Financial literacy has become a major agenda in the policy agenda aimed at improving the stability of the financial sector, which can be related to income, financial management, savings, investment, credit, and deposits. Understanding financial principles is only one aspect of financial literacy. Making wise financial decisions is another practical skill that is necessary. In essence, it is understood to be the amalgamation of ideas, abilities, and information that shape one's attitudes and actions, resulting in better financial management and decision-making in an effort to attain prosperity (Oktaviani, Oktaria, Alexandro, Eriawaty, & Rahman, 2023).

Individuals with low of financial literacy of a person will cause a person to be less able to control themselves so that they tend to behave in a consumptive manner. The high level of consumptiveness that tends towards a wasteful lifestyle is one of the phenomena that often occurs, especially for someone who lives in the city. This problem also affects most people today, especially the people of Medan City. This is reinforced by the condition of Medan as a metropolitan city. We often find shopping centers that have mushroomed such as malls, distros,

and cafes in Medan. That place is what then became a symbol of the hedonism of Medan City.

Many people are willing to spend money to buy all their needs without first thinking about the benefits of the item. One of the reasons people behave in a consumerist manner is because of the lack of financial knowledge among the community. Consumerist culture causes addiction to shopping. Usually people do not realize that they are trapped between wants and needs. This can affect anyone, both women and men (Deviyanti, 2020)

Based on initial observations, the author conducted interviews with 20 respondents, 17 of whom did not have good financial literacy knowledge. The author found the fact that respondents in their daily lives spend a lot of their money on things that satisfy desires such as shopping and hanging out at cafes. In addition, the author also found the fact that some respondents are often tempted to look cool and attractive. Often spend money on shopping for something that does not match their needs. This desire arises because of following friends, being influenced by advertisements on social media, the social environment and high prestige.

From this phenomenon, it can be concluded that someone who lives a hedonistic lifestyle tends to be wasteful, because they spend more money on desires than needs. This

habit can increase the amount of consumption expenditure, even in some cases, the income received is not enough to meet basic needs. Therefore, it can be said that a consumptive lifestyle has a direct influence on individual consumption behavior.

This problem is in line with the study (Rinati, 2021) " Pengaruh Literasi Keuangan Dan Gaya Hidup Perilaku Konsumtif Pada Mahasiswa Program Studi Pendidikan Kedokteran Fakultas Kedokteran Universitas Muhammadiyah Sumatera Utara "the results of the study showed that the financial literacy variable has a positive and significant effect on consumptive behavior. Medical students face the burden of high education costs and also the pressure to follow a lifestyle that is considered modern. Financial literacy can help them manage education costs, avoid debt, and plan their financial future better.

However, a different phenomenon occurred in the research (Hidayatullah, 2022) with the title of the study " Pengaruh Literasi Keuangan Terhadap Perilaku Konsumtif Dengan Gaya Hidup Sebagai Variabel Intervening (Studi Pada Mahasiswa Fakultas Ekonomi UIN Maulana Malik Ibrahim Malang)" The research findings show that there was no significant impact between financial literacy variables and consumer behaviors. There is no significant effect of high and low

levels of financial literacy on students' consumer behaviors. This is due to the lack of implementation of financial literacy of students in their daily lives.

Based on the discussion and phenomena above, it is known that the results of several studies that have been reviewed have differences. These various research results indicate a research gap regarding the impact of financial literacy and consumer behavior. So the author is interested in taking the title "The Influence of Financial Literacy on Consumer Behavior (Case Study in Medan City Society)".

The aim of this study is to investigate and examine how financial literacy impacts the consumer behavior of individuals in Medan City.

LITERATURE REVIEW

Theory of Planned Behaviour

Theory of Planned Behavior developed by two psychology experts, namely: Icek Ajzen, and Martin Fishbein in 1975. However, Theory of Planned Behavior was later developed by Ajzen in 1985 by adding the Variable Perceived Behavioral Control (PBC) as a factor that influences individuals. The Theory of Planned Behavior suggests that attitude toward a behavior is the main factor that can predict a person's actions. It is also important to consider how individuals adhere to subjective norms and assess their own perceptions (Ajzen, 1985).

In the concept of financial literacy, Theory of Planned Behavior to explain how people's attitudes about financial literacy, the social norms that influence them, and their belief in their capability to manage their finances all contribute to their intention to engage in smart financial behaviors.

Financial Literacy

A person must possess a variety of financial skills and knowledge in order to manage or spend a specific amount of money in order to raise their standard of life and pursue wealth. This is known as financial literacy (Lusardi & Mitchell, 2014).

(Deviyanti, 2020) states several examples of financial literacy indicators:

1. Basic skills in managing finances.
2. Saving and planning finances.
3. Understanding financial products and investments.

Consumer Behavior

Consumer behavior is the human propensity to spend limitlessly, making impulsive or extravagant purchases in an attempt to feel satisfied (Anjarwati, Nuraisyiah, & Hasyim, 2023).

According to (Imawati, Susilaningsih, & Ivada, 2013) There are 3 indicators of consumer behavior, namely:

1. Impulsive purchases,
2. Waste,

3. Seeking pleasure

According to (Sugiyono, 2019) conceptual framework is a conceptual model that explains the connection between the variables studied, which is based on the theory and factors identified as problems in the study. A conceptual framework for this study may be created based on the literature review that was used, and it is shown in the following image:

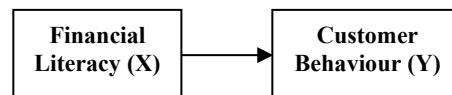


Figure 1 Conceptual Framework

Mentioning a hypothesis is a short-term solution to a research problem formulation, where the problem formulation is expressed as a question sentence (Sugiyono, 2019). Because the responses rely on pertinent theories rather than empirical evidence obtained through data gathering, they are termed provisional. The hypothesis in this study is:

Ha : It is suspected that financial literacy has a positive and significant influence on consumer behavior in the Medan City community.

Ho : It is suspected that financial literacy does not have a positive and significant influence on consumer behavior in the Medan City community.

RESEARCH METHODS

This research uses a quantitative descriptive research model. This research was conducted in Medan City. The research time was carried out from October to November 2024.

The residents of Medan City make up the study's population. The Lemeshow Formula technique, which is used to determine the number of samples with a total population that cannot be known with certainty, is employed in this study's sample computation. (Hatmawan & Riyanto, 2020). The number of samples obtained, to facilitate the research, 96 respondents were used.

The data measuring scale used in the study used a Likert scale. The questionnaire value objects determined are:

Table 1 Questionnaire Score Weighting

Statement	Value Weight
Strongly Agree	5
Agree	4
Neutral	3
Don't Agree	2
Strongly Disagree	1

The data analysis techniques utilized in this research include Instrument Test, Classical Assumption Test, Descriptive

Statistics, Simple Linear Regression Test, Hypothesis Test, and Coefficient of Determination Test (R^2).

RESULTS AND DISCUSSION

Validity Test

The validity test in this study uses a significance level of 5% with 30 respondents so that the r table value is 0.361 for that if $r_{count} < r_{table}$, so the instrument item is invalid. And if $r_{count} > r_{table}$ then the instrument item is valid. According to the findings from the validity test of the questionnaire in this research, the calculated r_{count} for every item in the instrument exceeds the r_{table} value at a 5% error margin and a 95% confidence level for a group of 30 respondents, which is 0.361. Thus, the items included in this questionnaire are valid and can serve as tools for future research.

The Cronbach's Alpha technique was used in this research data reliability test. Cronbach's Alpha value is included in poor reliability category if it is less than 0.6. Values above 0.7 to 0.8 in the level of reliability are acceptable, and values above 0.8 are good levels of reliability. In this study, the reliability test used Windows-based SPSS 28. The calculation results are as follows:

Table 2 Reliability Test Results
Reliability Statistics

Cronbach's Alpha	N of Items
.938	12

Source: Primary Data Processing Results
2024

According to the table provided, the Cronbach's Alpha value for 30 respondents exceeds 0.6. Since the Cronbach's Alpha value for each variable is above 0.6, the reliability test of all instrument items—that is, the 12 questionnaire questions—is deemed reliable.

Classical Assumption Test

The normality test is employed to determine if the data adheres to a normal distribution. In this study, the Kolmogorov-Smirnov test was utilized and examined the level of significance for executing the test. Distribution of research data is declared normal if the probability value (sig) > 0.05 . A good regression model is certainly supported by normally distributed residuals.

Results of the normality test using Kolmogorov-Smirnov are as follows:

Table 3 Results of the Kolmogorov-Sminornov Normality Test
One-Sample-Kolmogorov-Smirnov-Test

		Unstandardized Residual
N		96
Normal Parameters ^{a,b}	Mean	Normal Parameters ^{a,b}
	Std. Deviation	2.25406611
Most Extreme Differences	Absolute	Most Extreme Differences
	Positive	.045
	Negative	-.051
Test Statistic		.085
Asymp. Sig. (2-tailed)		.087 ^c

Source: Primary Data Processing Results,
2024

It is known at the significant value of 0.087, which is larger than 0.05 or $0.087 > 0.05$, according to the preceding table. Therefore, it can be inferred that the data analyzed adheres to a normal distribution.

Descriptive Statistics

In descriptive data analysis, the obtained data is described or illustrated as is, with no intention of drawing generalizations or conclusions that are applicable to the wider audience. The descriptive data analysis in this study is as follows:

Table 4 Results of Descriptive Statistical Analysis

No.	Variabel	Grand Mean	Category
1	Financial Literacy	3,12	Currently
2	Consumer Behavior	3,10	Currently

Based on the table provided, it is evident that the residents of Medan City possess a fair level of financial literacy. Additionally, their Consumer Behavior is also categorized as moderate.

Simple Linear Regression Analysis

The effect of financial literacy on the consumer behavior of individuals in Medan City has been determined using fundamental linear regression analysis. The findings from the evaluation are as stated below:

Table 5 Results of Simple Linear Regression Analysis
Coefficients^a

Unstandardized Coefficients			Standardized Coefficients	t	Sig.	
Model	B	Std. Error				
1	(Constant)	9.855	1.397		7.053	.000
	Literasi Keuangan	.436	.069	.547	6.339	.000

a. Dependent Variable: Perilaku Komsumtif
Source: Primary Data Processing Results, 2024

Based on the calculation results in the table above, the following regression equation can be obtained:

$$\hat{Y} = \alpha + bX + \varepsilon$$

$$\hat{Y} = 9,855 + 0,436X$$

From equations above, regression coefficient can be interpreted as follows:

1. Constant value (α) = 9,855 means that if Financial Literacy has a

constant value, then Consumer Behavior is 9,855.

2. Value of $bX = 0,436$ means that if Financial Literacy increases by one unit or 1%, it will cause an increase in Commercial Behavior of 0,436 if other variables are seen as constant.

Hypothesis Testing

To determine the partial effect between independent variables (X) on dependent variable (Y), a partial test (t-test) is used. Results analysis are as follows:

Table 6 Partial Test Results (t-Test)
Coefficients^a

Unstandardized Coefficients			Standardized Coefficients			
Model	B	Std. Error	Beta	t	Sig.	
1	(Constant)	9.855	1.397		7.053	.000
	Literasi Keuangan	.436	.069	.547	6.339	.000

a. Dependent Variable: Perilaku Komsumtif

Source: Primary Data Processing Results, 2024

Based on the t-test results, which indicate that the t-value of the Financial Literacy variable is 6,339 and the t-table is 1.661, indicating that $t\text{-count} > t\text{-table}$ ($3.265 > 1.661$) and the significant value (sig.) $0.000 < 0.05$, It can be concluded of financial literacy has a positive and significant effect on consumer behavior in Medan City.

Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) test is used to calculate the percentage or proportion of model capability in explaining a dependent variable. Zero to one is the range of the determination coefficient ($0 < R^2 < 1$). If the R^2 value is high (near one), it can be inferred that the independent variable (X) has a significant impact on the dependent variable (Y). Finally, This model can describe how independent variables influence dependent variables and the opposite as well. The outcomes of the R^2 test for the coefficient of determination are presented in the table below:

Table 7 Results of Determination Coefficient Test (R^2)
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547 ^a	.299	.292	3.855

a. Predictors: (Constant), Literasi Keuangan

b. Dependent Variable: Perilaku Komsumtif

Source: Primary Data Processing Results, 2024

The coefficient of determination (R^2) of 0.299 or 29.90%, indicates that the Financial Literacy variable influences Consumptive Behavior by 10.20%, as seen in the table above. This suggests that 70.10 percent is impacted by factors not included in the equation of variables under study.

According to the study's findings and the t-test results, the Financial Literacy variable's t-value is 6.339 and its t-table is 1.661, both of which indicate a favorable outcome. where the Sig. column's p-value, which indicates significance, is $0.000 < 0.05$. This explains why consumption behavior in the Medan City population is positively and significantly impacted by financial literacy. Thus, it can be said that the hypothesis was accepted.

This research pertains to the work carried out by (Pratiwi & Masahere, 2024) namely "The Influence of Financial Literacy and Lifestyle on Consumptive Behavior Among Vocational High School Students in Bandara Tangerang", Research has shown that financial literacy positively influences, to some extent, the spending habits of students at Tangerang Airport Vocational School.

The findings of the research provide backing for the theory (Indonesia O. J., 2016) as stated in OJK Regulation Number 76 of 2016 concerning the Improvement of Financial Literacy and Inclusion in the Financial Services Sector for Consumers and/or the Public. Financial literacy, in the context of financial services for both customers and the broader community, encompasses a combination of self-confidence, skills, and knowledge. All of these play a role in shaping individual behavior and attitudes to

enable better financial decision-making and management, ultimately leading to prosperity.

CONCLUSION

In relation to financial services for the general public and customers, literacy in finance strengthens bonds of self-confidence, perseverance, and knowledge. All of this is done to help individuals develop their attitudes and behavior so they can manage their money more effectively and achieve prosperity. The t-value for financial literacy is 6.339, and the significance level is 0.000. Furthermore, based on the Determination Coefficient Test (R^2), the Financial Literacy variable

of 29,90% has an effect on Consumer Behavior.

The following recommendations are made based on the analysis/discussion, findings and results for the Medan City government, the author suggests that the government needs to improve public financial literacy through various means, including integrating financial education into the school curriculum, holding seminars and webinars, utilizing social media, and encouraging the habit of saving and investing from an early age. In addition, there needs to be an effort to reduce impulsive spending and encourage mature financial planning.

REFERENCES

- Ajzen, I. (1985). *From Intention to Action; A Theory of Planned Behavior, Action*. Heidelberg: Springer.
- Anjarwati, L., Nuraisyiah, & Hasyim, S. (2023). Pengaruh Literasi Keuangan Terhadap Perilaku Komsumtif Siswa Akuntansi Pada Sekolah Menengah Kejuruan Di Kabupaten Gowa. *Pinisi: Journal Of Art, Humanity & Sosial Studies*, 3(4), 47-54.
- Deviyanti, S. (2020). *Pengaruh Literasi Keuangan Terhadap Perilaku Komsumtif Peserta Didik Kelas XII IPS SMA Negeri 3 Makassar*. Makassar: Universitas Negeri Makassar.
- Hatmawan, A. A., & Riyanto, S. (2020). *Metode Riset Peneliti Kuantitatif Peneleitian Di Bidang Manajemen, Teknik, Pendidikan Dan Eksperimen*. Sleman: CV. Budi Utama.
- Hidayatullah, A. B. (2022). *Pengaruh Literasi Keuangan Terhadap Perilaku Komsumtif Dengan Gaya Hidup Sebagai Variabel Intervening (Studi Pada Mahasiswa Fakultas Ekonomi UIN Maulana Malik Ibrahim Malang)*. Malang: UIN Maulana Malik Ibrahim Malang.
- Imawati, I., Susilaningsih, & Ivada, E. (2013). Pengaruh Financial Literacy Terhadap Perilaku Komsumtif Remaja Pada Program IPS SMA Negeri 1 Surakarta Tahun Ajaran 2012/2013. *Jurnal Pendidikan Ekonomi Universitas Sebelas Maret*, 2(1), 48-58.
- Indonesia, O. J. (2016). *Peraturan Otoritas Jasa Keuangan*. Jakarta: Otoritas Jasa Keuangan Republik Indonesia.
- Indonesia, P. P. (2024). *Modul Pengorganisasian Informasi, Manajemen Layanan Dan Promosi Perpustakaan*. Jakarta: Pusdiklat Tenaga Administrasi.
- Lusardi, A., & Mitchell, O. (2014). The Econommic Importance Financial Literacy: Theory And Evidance. *Journal Of Economic Literature*, 52(1), 5-44.
- Oktaviani, M., Oktaria, M., Alexandro, R., Eriawaty, & Rahman. (2023). Pengaruh Literasi Keuangan Terhadap Perilaku Komsumtif Generasi Z Pada Mahasiswa. *Jurnal Ilmiah Ilmu Sosial*, 9(2), 136-145.
- Pratiwi, T. I., & Masahere, U. (2024). Pengaruh Literasi Keuangan Dan Gaya Hidup Terhadap Perilaku Komsumtif Pada Siswa SMK Bandara Tangerang. *Tamilis Synex: Multidimensional Collaboration*, 2(3), 246-260.

- Rinati, A. E. (2021). *Pengaruh Literasi Keuangan Dan Gaya Hidup Perilaku Konsumtif Pada Mahasiswa Program Studi Pendidikan Kedokteran Fakultas Kedokteran Universitas Muhammadiyah Sumatera Utara*. Medan: Universitas Muhammadiyah Sumatera Utara.
- Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: Alfabeta.