

CHAPTER I INTRODUCTION

1.1 Background of the Problem

The period for students to begin manages their own financial without parental supervision starts when they begin their university or college study.

Majority of these students start to live independently apart from their parents or guardians. They learn how to manage their money whether its pocket money given by their parents or their own earning. Paying bill, saving, investing, or even managing credit card is things they will do by themselves without parents help. Nowadays college students live with the development of technology along by their side. People can receive information in seconds without any trouble with the help of technology.

Technology does not only help with communication, but there are also financial products and services aspects to be considered. As it can be seen, many financial institutes such as banks have offered the public their financial products and services, which involve saving products or credit products. These products offered by financial institutes, if not treated with good financial behavior may bring trouble to the user of the financial products themselves which resulted in unfavorable economic situation whether in present or in the future. Good or bad ones' financial behavior can be related to how personal financial management was done by someone.

Personal financial management is one of the applications of the concept of financial management at the individual level that comprises activities for financial

planning, management and control. Planning activity involves how to plan for allocate income into which activities. Management activity is about how to manage finance efficiently, while control means evaluation on whether the financial management has been in accordance with the planning or budgeting. A healthy financial behavior will go along with a good planning, management and control. (Laily, 2013)

Other than planning, management and control activity, aspect like attitude toward money may also influence financial management behavior. Referring to Qamar *et al* (2016), the research has conducted several study about money attitude. One of the study conducted by Shim *et al* (2009) discovered that attitude toward money have a significant role in deciding one's financial management and financial well-being. Along with the different circumstances and experiences people have in their lifetime, there are numerous attitudes toward money matters.

The age, economic background, social status may led people to have different money attitudes.

In one of her speech, the OECD Secretary-General Angel Gurría (2017) said that young people today face more challenging financial choices and more uncertain economic and job prospects given rapid socioeconomic transformation, digitalisation and technological change; however, they often lack the education, training and tools to make informed decisions on matters affecting their financial well-being. That is the case for United States. But there are several different in the case of China.

The Programme for International Student Assessment has conducted periodically test to evaluate the financial literacy of the students. In the 2015, China ranked first in this test with 566 points, while United States only scored 487. Although its is not the lowest score from 15 countries, but this score is even below the OECD average score which is 489.

Table 1.1
PISA 2015 Results

No.	Country	Score
1	Australia	504
2	Belgium (Flemish)	541
3	Brazil	393
4	Canadian provinces	533
5	Chile	432
6	China (B-S-J-G)	566
7	Italy	483
8	Lithuania	449
9	Netherlands	509
10	Peru	403
11	Poland	485
12	Russia	512
13	Slovak Republic	445
14	Spain	469
15	United States	489

Source: OECD, PISA 2015 Database, Table IV.3.2.

Zakaria *et al* (2012) has conducted a study regarding the financial knowledge and responsible financial behavior. The study has proved that there is a strong relation between the two variables. People's perceived ability to control their own finances is called financial efficacy (Postmus, 2011). It is found that the higher degree of financial self-efficacy will result in less financial issue (Lapp, 2010).

The author believes that exploration of attitudes toward money, financial self-efficacy and financial knowledge towards the financial management behavior will give some contributions to the world of finance. Those explanations lead the author to conduct a research about college students' financial behavior which titled The Analysis of Money Attitude Influence towards Financial Management Behavior on China and Indonesia College Students with Financial Knowledge and Self-Efficacy as the Moderating Variable.

1.2 Statement of Problems

Based on the background research above, the problems that can be identified are:

- a. Does financial self-efficacy influence China college students financial management behavior?
- b. Does financial self-efficacy influence Indonesia college students financial management behavior?
- c. Does money attitude influence China college students financial management behavior?
- d. Does money attitude influence Indonesia college students financial management behavior?
- e. Does financial knowledge influence China college students financial management behavior?
- f. Does financial knowledge influence Indonesia college students financial management behavior?

- g. Does financial self-efficacy moderate the relationship between China college students money attitude and financial management behavior?
- h. Does financial self-efficacy moderate the relationship between Indonesia college students money attitude and financial management behavior?
- i. Does financial knowledge moderate the relationship between China college students money attitude and financial management behavior?
- j. Does financial knowledge moderate the relationship between Indonesia college students money attitude and financial management behavior?

1.3 Research Objectives and Significance

1.3.1 Research Objectives

Based on the problems above, the purposes of this research are as follow :

- a. To determine the effect of financial self-efficacy on the China college students financial management behavior.
- b. To determine the effect of financial self-efficacy on the Indonesia college students financial management behavior.
- c. To determine the effect of money attitude on the China college students financial management behavior.
- d. To determine the effect of money attitude on the Indonesia college students financial management behavior.
- e. To determine the effect of financial knowledge on the China college students financial management behavior.

- f. To determine the effect of financial knowledge on the Indonesia college students financial management behavior.
- g. To determine the moderating effect of financial self-efficacy on the relationship between China college students money attitude and financial management behavior.
- h. To determine the moderating effect of financial self-efficacy on the relationship between Indonesia college students money attitude and financial management behavior.
- i. To determine the moderating effect of financial knowledge on the relationship between China college students money attitude and financial management behavior.
- j. To determine the moderating effect of financial knowledge on the relationship between Indonesia college students money attitude and financial management behavior.

1.3.2 Research Significance

a. For College Students

This study will help students especially college students to understand the impact of their money attitudes toward their own financial management and what kind of attitudes they should have to gain a better control regarding their financing.

b. For Academics

This study can be used a reference and information sources for the future research which related with personal financial management behavior and the variable that affect it.

1.4 Discussion Systematic

CHAPTER I INTRODUCTION

This chapter explains the background of the problem, statement of problems, the purposes and benefits of this research.

CHAPTER II THEORETICAL FRAMEWORK AND HYPOTHESES

This part contains the theories that will be used as the foundation for the study which relate with the financial behavior as the dependent variable and factors affect it as the independent variable.

CHAPTER III RESEARCH METHOD

This chapter is composed with research layout, object of the research, operational variable definition, and data collecting method, data analysis method and hypotheses testing.

CHAPTER IV ANALYSIS AND DISCUSSION

In this chapter, researcher will explain the data which have been analyzed by discussing the descriptive statistic results that was collected from the questioners, data quality test and hypotheses test.

CHAPTER V SUMMARY, LIMITATION AND RECOMMENDATION

This part contains the summary and limitation in this research and recommendation for the next researcher.