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ANALYSIS OF THE EFFECT OF FINANCIAL KNOWLEDGE ON FINANCIAL LITERATION USING FINANCIAL ATTITUDES AND FINANCIAL BEHAVIOR AS INTERVENING VARIABLE TOWARDS SME ENTREPRENEURS IN BATAM CITY

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ABSTRACT

Small and Medium-sized Enterprises (SMEs) are significantly influenced by financial literacy in the continuity of business. The research is meant to find out the influence of financial knowledge on financial literacy by considering financial attitude and financial behavior as a intervening variable.

Objects of research are SME entrepreneurs in the City of Batam. The method used to gather samples is simple random sampling. A structured questionnaire designed on Likert 5 Point Scale and distributed to 252 respondents. The data analysis method is Covariance based SEM, well known as partial least squares analysis.

The result of the study revealed that financial knowledge has a significant positive impact on financial attitude and financial behavior. However, financial behavior has a positive and significant influence over financial literacy. Furthermore, it is proven in this research that financial knowledge has an indirect influence on financial literacy through financial attitude and financial behavior as mediating behavior.

Keywords: *Financial Knowledge, Financial Attitude, Financial Behavior, Financial Literacy, Batam City SME Entrepreneurs*