

EFFECT OF FINANCIAL LITERACY ON HOUSEWIVES' FINANCIAL PLANNING

By

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Abstract: The aim of this research is to analyze effect of financial literacy on housewives' financial planning. This type of research uses descriptive associative research with an ex-post facto approach. The population in this study were housewives in Medan City. Sampling in this study used random sampling. From random sampling, the sample was 50 respondents. Data collection obtained in this research was observation, documentation, and questionnaire. The data analysis tool in this research uses simple linear regression. The research results show that financial literacy is positive and significant in housewives' financial planning.

INTRODUCTION

Economic development is a series of efforts and policies that intend to improve people's lives, expand employment, and increase the regional economy through the shift of economic activity from the primary sector to the secondary and tertiary sectors (Alimuddin et al., 2023). In other words, the direction of economic development is to keep people's incomes rising, accompanied by a level of equalization as possible.

A household is an individual or group of people living in a physical building unit or part of it and usually commit to a common provision for food and other essentials of living. Common provision for food means organizing daily needs for all household members (Tambunan et al., 2024).

When the use or utilization of money is often not well controlled, it will result in an imbalance between income and expenditure (Pandiangan et al., 2023). This will have an impact on the level of welfare of the individual's life. Many factors in human life are greatly influenced by the presence of money, starting from something as simple as a housewife's monthly shopping list.

Financial literacy is a basic need that a person needs so that they can avoid financial problems (Akbar, 2007). The emergence of financial problems is not only due to low levels of income, but can also stem from a person's lack of knowledge in managing their finances.

Mother is the pillar of the household. His role is very important in spending money with an understanding of financial literacy so that the economy is stable and can form a healthy and

happy family. Mothers are the ones who manage and make the household a paradise for family members. Mothers are responsible for organizing mental and social areas in achieving perfection and correct child growth. A number of failures have occurred due to the separation of women from their basic functions.

Having mastery of knowledge and skills in the financial sector encourages individuals to understand and be involved in national issues in the financial sector such as health care costs, taxes, investments, and have access to the financial system. Lack of knowledge about finance can result in low access to financial institutions and hinder prosperity. Financial knowledge occurs when an individual has a set of skills and abilities that enable that person to utilize existing resources to achieve goals (Yoppy et al., 2023).

Good financial planning needs to be done so that every financial goal can be achieved well. Financial planning functions to manage income and expenses, create awareness and current financial conditions, plan for the future and create a system for evaluating and revising financial progress (Mulyawan, 2015).

One form of financial planning is planning children's education funds which aims to achieve the family's future goals. Good education funding planning will enable a family to send their child to the desired higher level of education or college. Making a plan for children's education funds is something that must be fulfilled by every parent who has children, considering that education costs are increasing from year to year. There are several reasons parents need to prepare education funds for their children, namely economic conditions that will not always be good, physical conditions that are not always healthy, the cost of living increases from year to year and so on.

The aim of this research is to analyze effect of financial literacy on housewives' financial planning.

LITERATURE REVIEW

Financial Literacy

Financial literacy is financial knowledge used to achieve prosperity (Akbar, 2007). Financial knowledge can be channeled and understood well through financial education.

In financial literacy there are several financial aspects, namely:

1. Basic Personal Finance
Basic knowledge of personal finance which includes a financial system such as calculating simple interest, compound interest, inflation, opportunity cost, time value, asset liquidity, etc.
2. Money Management
To find out how to manage personal finances, such as harmonizing income and expenses. The higher the understanding of financial literacy, the better the way of managing finances.
3. Credit and Debt Management
Credit management is a series of activities and components that are interconnected with each other systematically in the process of collecting and presenting credit information for a bank. According to Law Number 7 of 1998 concerning banking, credit is the provision of money or bills and which can be equated with that based on an agreement or loan agreement between the bank and another party, with the borrower being obliged to pay off the debt after a certain period of time with the amount of interest, predetermined rewards or profit sharing.
4. Saving and Investment

Savings are part of people's income that is not used for consumption activities, while investment is part of savings that is used for economic activities (producing goods and services) and generating profits. The more someone knows and understands financial knowledge, the more someone will invest and save their personal money well.

5. Risk Management

Risk is something that arises due to uncertainty. Risk management is also a number of directed and proactive management activities or processes that aim to minimize the possibility.

Financial Planning

Financial planning is the allocation of a portion of income for future financial goals (Mulyawan, 2015). Financial planning is the art of financial management carried out by individuals or families to achieve goals that are effective, efficient and beneficial for the welfare of the family. In general, the form of activity carried out is the process of managing income to achieve financial goals such as wedding funds, children's education funds, pension funds, etc.

RESEARCH METHODS

This type of research uses descriptive associative research with an ex-post facto approach, namely research conducted to examine an event that has occurred and observe the factors that could cause the event to occur (Kurdhi et al., 2023; Pandiangan, 2024). Ex-post facto approach is a systematic empirical investigation in which scientists do not control independent variables directly because the existence of these variables has already occurred, or because basically these variables cannot be manipulated. Ex-post facto approach as research in which the researcher seeks to determine the causes or reasons for the existence of differences in behavior or status within a group of individuals.

The population in this study were housewives in Medan City. Sampling in this study used random sampling. Random sampling is a sampling technique that uses the rule of chance in the sample determination process. To be able to apply the rule of probability in the sampling process, a sample frame is needed (Pandiangan, 2023). From random sampling, the sample was 50 respondents.

Collecting the data obtained in this research, several research instruments were used, including (Pandiangan et al., 2024):

1. Observation

Observation is a way to make an assessment by making direct and systematic observations. The data obtained from the observation is recorded in an observation note. Recording activities in this case are part of observation activities.

2. Documentation

Documents are records of past events. Documents can be in the form of writing, images, or monumental works by someone.

3. Questionnaire

A questionnaire is a data collection technique that is carried out by giving respondents a set of questions or written statements to answer. A questionnaire is an efficient data collection technique if the researcher knows exactly the variables to be measured and knows what to expect from the respondent.

The data analysis tool in this research uses simple linear regression. Simple linear regression is used only for one independent variable and one dependent variable (Ratnawita et al., 2023).

$$Y=a+b.X$$

Information:

Y= Dependent variable.

X= Independent variable.

a= Value of Y when X = 0 (constant value).

b= Direction number or regression coefficient which shows the rate of increase or decrease in the dependent variable based on the independent variable, if b is positive then there is an increase and if b is negative then there is a decrease.

RESULT

General Description

Medan City is one of the regency or city in North Sumatera Province with total area about 265,10 km². This city is centre of government of North Sumatera Province which boundaries by regency of Deli Serdang in north, south, west, and east. Medan lies between 3°.27' - 3°.47' of North Latitude 98°.35' - 98°.44' of East Longitude with height above sea level 2,5 – 37,5 metres. Most of the area of Medan City are low land that meet two important river, there are Babura and Deli River.

According to the Medan Observation Climatology Station at BBMKG Wilayah I Medan, there were 230 rainy days in 2022, with an average rainfall volume of 291.2 mm. The wettest month was August, with 513.6 mm of rainfall and 23 rainy days. While May was the driest month, with only 134.5 mm of rain and 15 wet days. The lowest temperature recorded in Medan City in 2022 was 17.60 C in July, while the maximum temperature was 37.00 C in July.

Mobility and distribution reach optimize, based on there is balance between the number of population and capamunicipality of carry and environmental patch. The distribution of population is not carry by environmental and development will be float a complex social problems, where is population being load for environmental or the other way.

In 2020, the population of Medan City reach 2,494,512 lifes. Comparison with population in 2021, Increasing 33,654 lifes (1.35%). With 265,10 km², density 9,410 lifes/km².

Economically, the measurement of welfare levels can be illustrated by the comparison between the expenditure and income person. However, the difficulty in measuring income make a monetary level of welfare expenditure was used approached by personal expenditure. From the results of the National Socio-Economic Survey (SUSENAS) 2022, average expenditure of Medan City of Rp1.851.065 per capita per month.

Simple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.606776	1.235268	1.300751	0.2029
X	0.496801	0.231170	2.149075	0.0395

The research results show that financial literacy is positive and significant in housewives' financial planning. A housewife's financial literacy has a very important influence on family life. With financial literacy, a housewife can organize, control and manage finances wisely and very carefully to meet the family's needs. By understanding financial literacy, mothers can know what

they want to achieve without forgetting the basic needs of the household. Even though housewives have different ways of managing finances, they already know and understand the importance of literacy in order to maintain family economic stability.

CONCLUSION

The research results show that financial literacy is positive and significant in housewives' financial planning.

From the results of the research above, the following are suggestions for further research:

1. Researchers can add other variables that influence financial planning, such as consumption patterns, financial instruments, and family income.
2. The objects studied should be expanded with a wider and more varied scope.
3. It is better to add more samples in the next research so that the data obtained is more varied.

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