

## FINANCIAL LITERACY OF CIPUTRA CAMPUS STUDENT MAKASSAR

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### ABSTRACT

*Research from around the world has proven that financial literacy is lower, particularly among the youth, which causes serious problems about individuals' ability to secure their financial well-being. Changing circumstances drive the changing needs of individuals, along with the dynamic nature of financial products. Therefore, this research aims to examine financial literacy among young people, particularly university students at Ciputra University Makassar.*

*This research is quantitative. The population in this study is Ciputra University Makassar students. The sample used in this study consists of 51 students from Ciputra University Makassar. The sampling technique uses a questionnaire. This research collects primary data by distributing questionnaires to Ciputra University Makassar students. The method used in this study is the Partial Least Square (PLS) method with SmartPLS 3.0 software.*

*Based on the research results, it can be concluded that financial awareness has a significant impact on financial skills. Financial awareness has a significant effect on financial capability, while financial skills do not significantly affect financial capability.*

**Keywords:** Financial Literacy

### INTRODUCTION

In the era of globalization and rapid technological advancement, financial literacy has become one of the essential competencies that every individual must possess, particularly students. As the future generation of the nation, students are expected to have a solid understanding of financial management to make informed financial decisions (KALMI & RUUSKANEN, 2018) Low financial literacy can result in individuals experiencing difficulties in managing their personal finances, potentially leading to financial problems in the future. Hence, it is crucial to examine financial literacy among students, particularly at Ciputra University Makassar.

One of the factors that influence financial literacy is financial awareness. Financial awareness refers to an individual's understanding of the importance of managing finances and its impact on daily life. Research by (Cordero et al., 2022) shows that individuals with higher financial awareness are more likely to manage their finances well. In the context of students, financial awareness can serve as a driver to enhance financial capability, which includes the ability to plan, manage, and use financial resources effectively.

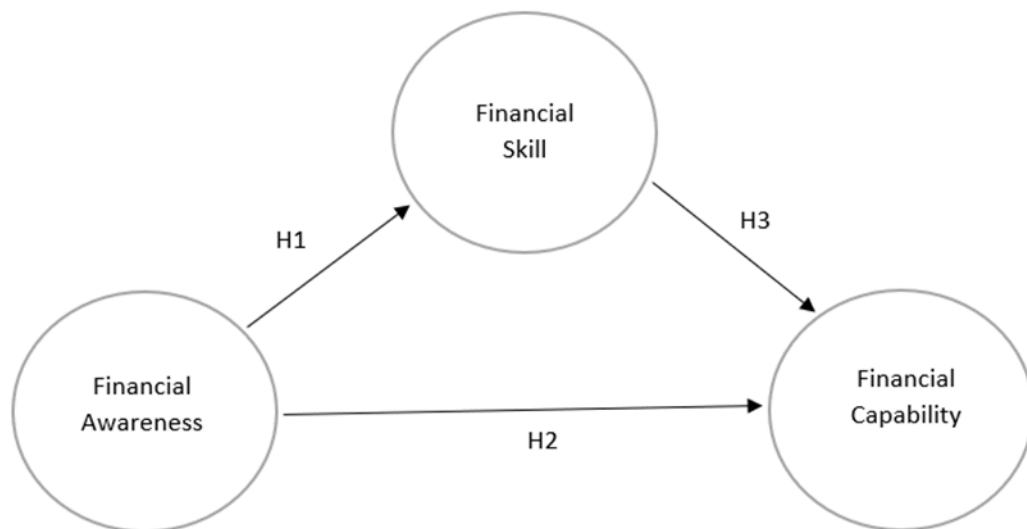
A student's financial capability is not only influenced by financial awareness but also by the financial skills they possess. Financial skills encompass practical abilities in budgeting, investing, and understanding financial products. According to research by (Goyal & Kumar, 2021), financial skills act as a mediating variable connecting financial awareness with financial capability. In other words, students with high financial awareness are more motivated to develop financial skills, which in turn improves their financial capability.

At Ciputra University Makassar, it is essential to explore the relationship between financial awareness, financial skills, and students' financial capability. By understanding this dynamic, educational institutions can design more effective educational programs to improve financial literacy among students. This aligns with findings by (Hasan et al., 2021), which state that effective financial education can enhance financial awareness and skills, ultimately improving individual financial capability.

Through this research, it is expected to provide a clearer picture of financial literacy among students at Ciputra University Makassar and offer recommendations for the development of relevant financial education programs. As a result, students will not only gain theoretical knowledge but also practical skills required to manage their finances effectively in the future. In an increasingly complex era, financial literacy has become a crucial skill for individuals to make informed financial decisions. (Lusardi & Messy, 2023) emphasize that financial literacy not only impacts individual decision-making but also overall financial well-being, as low literacy often leads to poor choices, particularly among vulnerable groups. (Lusardi & Mitchell, 2011) demonstrate that a solid understanding of finance can help individuals better plan for their futures, especially regarding retirement. In a broader discussion, (Lusardi & Mitchell, 2023) highlight the importance of financial literacy as a new field of study that should be a focus of public policy. (Lyons & Kass-Hanna, 2021) provide a methodological overview for defining and measuring digital financial literacy, which is increasingly relevant in today's digital age. Meanwhile, (Ouachani et al., 2020) conduct a literature review on measuring financial literacy, underscoring the importance of accurate measurement to understand literacy levels across various populations. Sarstedt, Ringle, and Hair (2022) discuss structural equation modeling using Partial Least Squares, which can be employed to analyze the relationship between financial literacy and financial behavior. (Stolper & Walter, 2017) explore the connections between financial literacy, financial advice, and financial behavior, finding that individuals with higher financial literacy are more receptive to financial advice.

Finally, (Tokar Asaad, 2015) investigates the relationship between financial literacy and financial behavior, indicating that higher literacy is associated with better financial practices. Thus, financial literacy is not only vital for individuals but also for society as a whole, as enhancing financial literacy can help individuals make better decisions, improve financial well-being, and contribute to greater economic stability. Additionally, (Garg & Singh, 2018) highlight the critical role of financial literacy among youth, emphasizing that a strong foundation in financial knowledge is essential for young individuals to navigate the complexities of personal finance and make informed decisions that will impact their future economic well-being. Thus, financial literacy is not only vital for individuals but also for society as a whole, as enhancing financial literacy can help individuals make better decisions, improve financial well-being, and contribute to greater economic stability. Furthermore, (Mitchell & Lusardi, 2015) provide compelling evidence that financial literacy significantly influences economic outcomes, highlighting the need for effective policies to enhance financial education and improve individuals' financial decision-making capabilities. Thus, financial literacy is not only vital for individuals but also for society as a whole, as enhancing financial literacy can help individuals make better decisions, improve financial well-being, and contribute to greater economic stability.

## FRAMEWORK



## HYPOTHESE

Based on the image above, this research aims to test the following hypotheses:

- H1: Financial awareness has an impact on financial capability.
- H2: Financial awareness has an impact on financial skills.
- H3: Financial skills have an impact on financial capability.
- H4: Financial skills mediate the effect of financial awareness on financial capability.

## 1. METHODOLOGY

This research is a quantitative study. The population in this research is students from Ciputra University Makassar. The sample used in this study consists of 51 students from Ciputra University Makassar. The sampling technique used is a questionnaire. This research obtains primary data by distributing a questionnaire to Ciputra University Makassar students. The method used in this research is Partial Least Square (PLS) with SmartPLS 3.0 software. PLS-SEM (Partial Least Squares Structural Equation Modeling) is an effective alternative for covariance-based models, such as CB-SEM, because it does not require normal data distribution and can be used with data that does not have a specific measurement scale. According to (Sarstedt et al., 2022), PLS-SEM allows researchers to use smaller sample sizes, even below 100 respondents, as long as the number of respondents is sufficient for the number of variables being analyzed. The moderation analysis used in this research follows the theory by (Igartua & Hayes, 2021).

### Sample

Based on the table, the majority of respondents in this study are male (58.8%). In terms of age, the majority of respondents are 18 years old (54.9%). Regarding monthly income, the respondents are dominated by those earning below IDR 500,000, with 18 respondents (35.3%). Based on the research results, most of the students at Ciputra University Makassar get their income from pocket money (82.4%), with a total of 42 out of 51 respondents.

## Data Collection

NO	Characteristic		Total	Percentage
1	Gender	Man	30	58,8%
		Woman	21	41,2%
2	Age	17	2	3,9%
		18	28	54,9%
		19	19	37,3%
		20	2	3,9%
3	Income per month	<Rp 500.000	18	35,3%
		Rp 500.000 - Rp 1.000.000	14	27,5%
		Rp 1.000.000 - Rp 2.000.000	8	15,7%
		Rp 2.000.000 - Rp 3.000.000	5	9,8%
		Rp 3.000.000 - Rp 4.000.000	1	0,8%
		Rp 4.000.000 - Rp 5.000.000	0	1%
		> Rp 5.000.000	5	9,8%
4	Source of income	Pocket Money	42	82,4%
		Business	3	5,8%
		Pocket monet and Business	3	5,8%
		Salary	3	5,8%

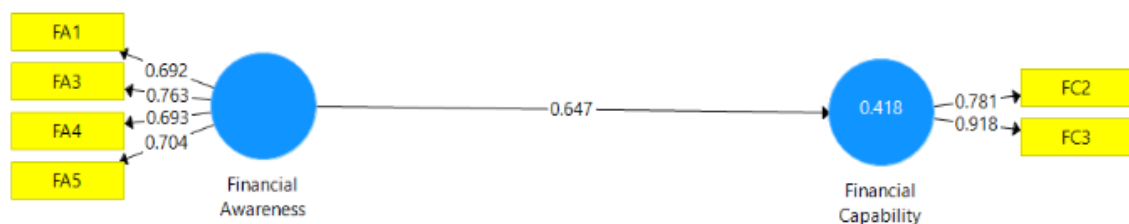
### Data Analys Technique

This research uses a mediation variable, so the first step is to test the main effect, which is the correlation between the independent and dependent indicators. In contextual performance (Y), the deletion of indicators does not affect the variable, as each indicator is divided into two statements in the questionnaire. From Table 3, a significant correlation between independent and dependent variables can be observed (Baron R. M., 1986), where the factor loading value of all indicators used is >0.5, indicating that all the indicators used are valid. The AVE value > 0.50 indicates convergence among indicators to explain the construct. The composite reliability values between 0.8 and 0.9 suggest that all the indicators are reliable.

	X1	X2	X3	X4	M1	M2	M3	Y1	Y2
Outher Loading	0.854	0.707	0.741	0.709	0.505	0.902	0.880	0.888	0.822
AVE	0.570				0.615			0.732	
Composit e	0.841				0.819			0.845	

### Structural Model

This study uses a mediation variable, so the first step is to test the main effect, which is the correlation between X and Y. Structural model testing with a mediation variable can proceed if there is a significant correlation between the independent and dependent variables (Baron R. M., 1986).

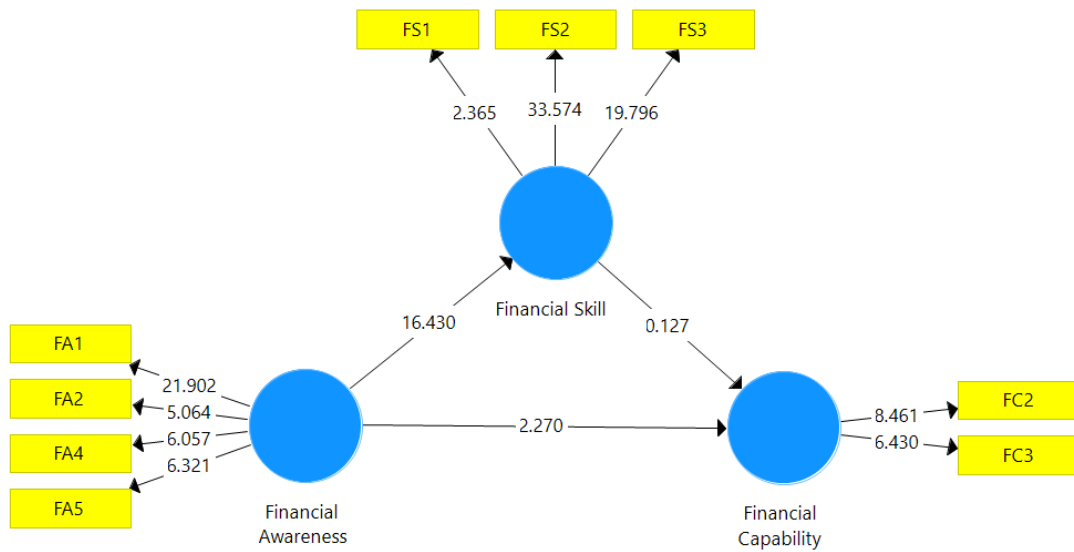


Based on Figure 2, it shows that empowerment (X) and contextual performance (Y) have a t-statistic value of 0.647 (t-statistic > 1.96), meaning that empowerment (X) significantly influences contextual performance (Y). Therefore, H1: "Financial awareness has a significant effect on financial capability" is accepted.

### Structural Model (Inner Model)

Financial awareness has a significant influence on financial capability and financial skills. The figure above shows the correlation between the variables in this research model, as seen from

the path coefficients. The t-statistic values for the path coefficients indicate the significance of the influence between the variables.



**PATH COEFFICIENT**

Variabel	Asli sampel	Sampel berarti	Standar deviasi	T Statistik	Nilai P
X - Y	0.610	0.595	0.199	3.059	0.002
X - M	0.687	0.712	0.060	11.397	0.000

Based on the table, financial awareness (X) has a significant effect on financial capability (Y), as seen from the t-statistic value of 3.059 (t-statistic > 1.96). This means H1: "Financial awareness significantly affects financial capability" is accepted. The t-statistic value of 11.397 shows that financial awareness (M) significantly affects financial skills (M). Therefore, H2: "Financial awareness greatly influences financial skills" is accepted.

**RSQUARE**

Variabel	R Square
Financial Capability	0,356
Financial Skill	0,499

The R-square value is used to explain the mediation and dependent variables. Based on the table, financial capability can be explained by 0.356 (35.6%) by contextual performance, while the remaining 63.4% can be explained by other variables outside this research model. Contextual

performance can be explained by 0.662 (66.2%) by employee empowerment and achievement motivation variables, while the remaining 33.8% can be explained by other variables outside this research model.

### ***Mediation Test***

The mediation effect is based on the t-statistic value in the total effect, which consists of both the direct effect of the independent variable on the dependent variable and the indirect effect through the mediation variable.

Variant	Original Sample	Sample Mean	Standar Deviation	T Statistic	P Value
X - Y	0.610	0.595	0.199	3.059	0.002
X - M	0.687	0.712	0.060	11.397	0.000

The table shows that the effect of financial awareness (X) on financial capability (Y) is still significant (t-statistic 3.956). Based on these results, it can be concluded that financial skills (M) act as a partial mediator between financial awareness (X) and financial capability (Y), as the effect of X on Y remains significant. Therefore, H4: "Financial skills do not mediate the effect of financial awareness on financial capability" is rejected.

### **OPERATIONAL VARIABEL**

Based on the research findings, Hypothesis 1 is supported. The more students regularly evaluate their expenditures, the more they will have the ability to save cash. When students regularly evaluate their expenditures, such as by setting limits and targets for daily spending, they will have more cash saved on those days. Hypothesis 2 is also supported. The more students regularly evaluate their expenditures, the more they will have financial skills and will make notes before shopping. By evaluating their expenditures, such as only purchasing essential items, students will make a list of prioritized items before making purchases.

### **RESULT**

This research can be applied not only in the area of Ciputra University Makassar but also in various other universities. Students are advised to develop financial awareness because it significantly affects their financial skills and capabilities. Students should increase their financial awareness, which in turn will significantly improve their financial skills and capabilities.

### **DISCUSSION**

Based on the results, Hypothesis 1 is supported. The more students regularly evaluate their expenditures, the more they will be able to save cash. When students regularly evaluate their expenditures, such as by limiting and setting daily spending targets, they will have more cash

saved. Hypothesis 2 is also supported. The more students evaluate their expenditures regularly, the more they will develop financial skills and make notes before shopping. By evaluating their spending habits, such as buying only what is necessary, students will make a list of items they need before purchasing.

## CONCLUSION

Based on the research results, it can be concluded that financial awareness has a significant influence on financial skills. Financial awareness has a significant effect on financial capability, while financial skills do not significantly affect financial capability.

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