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Analysis of the Influence of Financial Literacy, Lifestyle, and Social Environment on Student Financial Management

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Abstract
In this modern era, financial literacy is the main factor that influences a person's abilities in managing student finances effectively. Effective personal financial management It is very important to maintain financial stability, especially among students who frequently experience stress in managing their finances. The aim of this research is to learn how financial literacy, lifestyle, and social environment influence the way students manage their finances. The method used in this research is quantitative from data obtained from the results of the questionnaire. The population sampled in This research included 87 university and private students in Indonesia respondents. Data analysis was carried out using multiple linear regression using (SPSS) version 22. This research shows that knowledge about finances, lifestyle, and the social environment has a significant and positive influence on the way students manage their finances. Students who have a high level of financial literacy tend to be wise in managing finances. Lifestyle has also been shown to influence spending decisions students, where a consumptive lifestyle can increase the tendency to waste. Temporary Therefore, the social environment, both from family and friends, has a significant impact on form a pattern of student financial management. This research suggests a need for improvement financial literacy education among students as well as the positive influence of the social environment encourage better financial management actions.

Introduction

Good financial management is an essential skill in daily life, particularly for students who are transitioning to adulthood and financial independence. Despite its importance, not all students possess the ability to save money. Several factors influence student financial management, including financial literacy, lifestyle, and social environment. This is especially relevant for students who often face challenges in managing their limited income.

Financial literacy encompasses the understanding and ability to make sound decisions in managing personal finances. According to Sada (2022), financial literacy enables individuals to know how to manage money, helping them avoid financial difficulties both now and in the future. Financial literacy also requires the ability to understand financial risks and make decisions that support long-term financial stability and well-being. Sucianah and Yuhertiana (2021) argue that financial literacy is not only about learning and understanding financial products, services, and institutions, but it also changes how people manage their finances for the better. Students with good financial literacy are better equipped to manage their spending, save money, and build a financially secure future. Yushita (2017) describes financial knowledge as a basic need for everyone to avoid financial problems.

In addition, lifestyle plays an important role in student financial management. A student's lifestyle, especially one that frequently follows trends or consumes luxury goods, can lead to uncontrolled spending, even with limited income.

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Research by Kiviniemi and Keel (2021) shows that a consumerist lifestyle can increase financial pressure on individuals, particularly students with restricted income. Many students rely on financial support from their parents, scholarships, or part-time jobs to meet their daily needs. Therefore, managing finances and cultivating frugal habits are crucial for students in balancing their budgets effectively.

The social environment also has a significant impact on how students manage their personal finances. According to Sada (2022), the social environment consists of individuals, groups, organizations, and systems with which a person interacts. Social interactions can either reinforce or hinder good financial management habits. Jorgensen and Savla (2010) found that social environments, particularly peer influence, have a strong correlation with students' financial decisions.

In this context, financial literacy, lifestyle, and social environment are factors that impact student financial management. With good financial knowledge and wise financial decisions, students are able to make better financial choices, while lifestyle and social environment can either encourage or hinder the development of sound financial management habits. According to Laily (2016), the more people are knowledgeable about finance, the better they are at managing their finances.

Previous research on financial literacy and students' financial behavior has shown varying results. For instance, Sada (2022) found that financial literacy positively influences financial behavior, lifestyle also has a positive impact on financial behavior, and the social environment plays a positive role in influencing financial behavior. On the other hand, Vhalery (2020) noted that the campus social environment does not affect students' behavior in managing their allowances, while Gunawan et al. (2020) suggested that financial literacy has a negative influence on students' financial behavior.

The aim of this study is to analyze how these three factors—financial literacy, lifestyle, and social environment—interact to determine students' ability to manage their finances. This research is also expected to provide valuable insights for the development of financial education programs for students, as well as contribute to a better understanding of the factors that influence their financial management. Through these efforts, it is hoped that students will develop healthy financial habits and enhance their ability to manage personal finances more effectively throughout their studies and beyond

Based on the existing review literature, the proposed hypothesis is presented as follows.

H_1: Financial Literacy has positive impact on the Student Financial Management

H_2: Lifestyle has positive impact on the Student Financial Management

H_3: Social Environment has positive impact on the Student Financial Management

Methodology

This study employed a quantitative research approach, which focuses on the collection and analysis of numerical data. Statistical and mathematical tools were utilized to test hypotheses, measure variables, and identify patterns or relationships among variables within the data. The independent variables in this study were financial literacy, lifestyle, and social environment, while the dependent variable was student financial management. The primary objective of this research was to generate generalizable insights that can be replicated using similar approaches. This research was descriptive in nature, with primary data serving as the primary source of information. Primary data refers to data that is collected directly from research subjects (Sugiyono, 2016; Fatihudin, 2015). In this study, data was collected from subjects using questionnaires administered by Ade N. (2021) and Iyet O. (2023). The population for this study comprised undergraduate students from both public and private universities in Indonesia. A sample of 87 students was selected for data collection.

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Result And Discussion

Results

Data Normality Test

The Data Normality Test is a stage in statistical analysis aimed at determining whether the data being analyzed follows a normal distribution. This process is crucial for many statistical methods, including linear regression, which assume that the data or residuals (errors) follow this distribution. If the data tested is found to be non-normal, the results of the analysis may become invalid.

Table 1. Results of the Data Normality Test One-Sample Kolmogorov-Smirnov

		Unstandardized Residual
N		87
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	3,65686583
Most Extreme Differences	Absolute	,063
	Positive	,063
	Negative	-,056
Test Statistic		,063
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Data processing 2024

To assess whether the distribution of each variable is normal, this study employed the Kolmogorov-Smirnov normality test. If the probability value obtained from SPSS is greater than 0.05, the data is considered normal. In other words, if the Kolmogorov-Smirnov value for each variable exceeds 0.05, the data distribution is declared normal. Conversely, if the value is less than 0.05, the data distribution is considered non-normal.

Normal P-Plot

The Normal P-Plot (also commonly referred to as the Normal Probability Plot or Q-Q Plot) is a graphical tool used to assess whether a dataset follows a normal distribution. This plot is commonly employed in regression analysis to check one of the fundamental assumptions of linear regression, namely that the residuals or errors follow a normal distribution.

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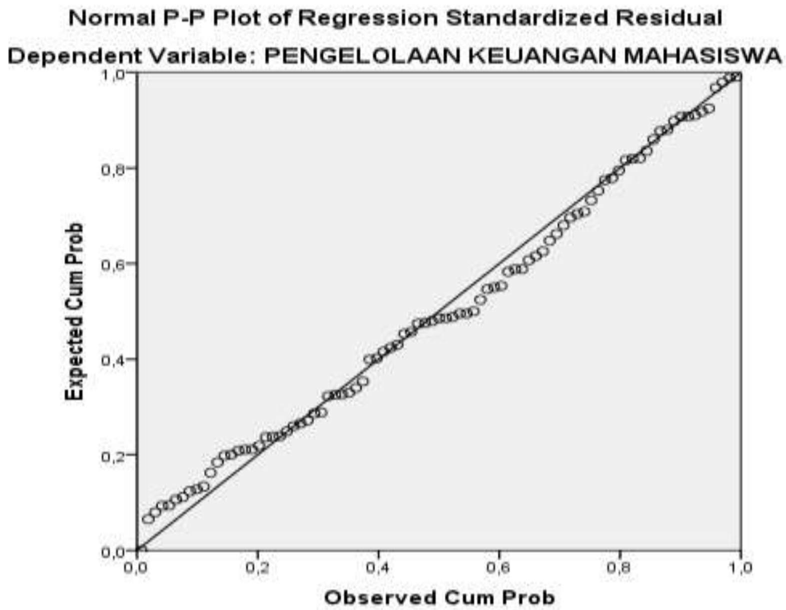

Figure 1. Normal P-Plot
Source: Data processing 2024

Based on Figure 1 above, it can be observed that the data points closely follow the diagonal line. This suggests that the data for this variable is normally distributed.

Multicollinearity Test
The purpose of the multicollinearity test is to evaluate whether there is a correlation between the predictor variables in the regression model. Multicollinearity can be assessed through the Variance Inflation Factor (VIF) and tolerance values. For a more detailed explanation, refer to Table 2 below:

Table 2. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			**Tolerance**	**VIF**
1	(Constant)	4,412	2,461		1,793	,077		
	Financial Literacy	,364	,088	,502	4,142	,000	**,513**	**1,949**
	Lifestyle	,183	,153	,151	1,201	,233	**,479**	**2,087**
	Social Environment	-,020	,089	-,021	-,222	,825	**,866**	**1,155**

Source: Data processing 2024

In Table 4.1, it is evident that the Tolerance values are greater than 0.10 and the VIF values are less than 10. Based on these results, it can be concluded that there is no multicollinearity present in this regression model.

Heteroscedasticity Test
The purpose of the Heteroscedasticity Test is to determine whether there is inconsistent variance in the residuals

within a regression model. To conduct this test, an analysis is performed on the pattern of points visible in regression scatterplots. If the significance value between the independent variable and the absolute residual values (ABS_RES) is greater than 0.05, it can be concluded that there are no issues with heteroscedasticity in the regression model. This test was conducted using SPSS Release 22:

Table 3. Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,293	1,508		-,857	**,394**
	Financial Literacy	,105	,054	,280	1,943	**,055**
	Lifestyle	-,094	,094	-,151	-1,009	**,316**
	Social Environment	,123	,055	,249	2,244	**,027**
a. Dependent Variable: RES_2						

Source: Data processing 2024

From Table 3 it can be concluded that the significance value between the independent variable and the absolute residual values (ABS_RES) is greater than 0.05. This indicates that there are no signs of heteroscedasticity in the regression model used.

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Multiple Linear Regression Test

Multiple Linear Regression is a statistical method used to identify the relationship between one dependent variable and two or more independent variables. The primary goal of this method is to model these relationships and generate predictions for the dependent variable based on the values of the independent variables. The results of the multiple linear regression analysis aim to examine the relationship between the dependent variable (Y), which is student

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financial management, and the independent variables (X_1) financial literacy, (X_2) lifestyle, and (X^3) social environment.

Table 5. Multiple Linear Regression Analysis
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4,412	2,461		1,793	,077		
	Financial Literacy	,364	,088	,502	4,142	,000	,513	1,949
	Lifestyle	,183	,153	,151	1,201	,233	,479	2,087
	Social Environment	-,020	,089	-,021	-,222	,825	,866	1,155

a. Dependent Variable: STUDENT FINANCIAL MANAGEMENT
Source: Data processing 2024
$Y = 4.412 + 0.364\ X_1 + 0.183\ X_2 + (-0.020)\ X_3$

The analysis results show that the constant value is 4.412 and is positive. This means that the values of financial literacy, lifestyle, and social environment, when set to zero (0), correspond to an individual financial control value of 4.412. The coefficient values indicate a positive correlation between financial literacy and personal financial management, as seen from the regression coefficient for Financial Literacy (X1), which is 0.585. Additionally, the regression coefficient for Lifestyle (X2) is 0.364, which further confirms a significant relationship between lifestyle and student financial management. On the other hand, Social Environment (X3) has a coefficient of -0.020, indicating a relationship between the social environment and student financial management.

Impact of Financial Literacy on Student Financial Management

Previous studies by Laily (2016) show that students' understanding of finances influences how they manage their money. This study reveals that the financial literacy variable has a significance value of 0.000 on student financial management, with a significance value of 0.020, which is smaller than 0.05, and the financial literacy coefficient also has a positive impact on student financial management. This means that it is crucial for an individual to have a solid understanding of finance to shape their financial behavior. Therefore, the better an individual’s understanding of finance, the better their financial behavior. This study indicates that a good understanding of finance is positively associated with a student's ability to manage their money wisely. Previous research by Sholeh (2019), Aprinthasari & Widiyanto (2020) confirms that financial literacy knowledge enhances student financial management behavior.

The impact of financial literacy on student financial management is substantial and plays a key role in shaping their financial mindset and behavior. Financial literacy also influences how students make decisions regarding debt management. Students with knowledge of sound debt management are more likely to be cautious when borrowing, choose loans with lower interest rates, and have clear repayment plans. They are also better at utilizing available educational facilities and scholarships, prioritizing needs over consumptive desires. Increasing financial literacy among students is crucial, and financial education programs delivered through seminars, workshops, or finance-related courses can help students acquire the necessary knowledge to make smarter and more responsible financial decisions. As a result, students will be better prepared to face financial challenges after graduation and achieve greater financial stability throughout their lives.

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Impact of Lifestyle on Student Financial Management

According to Luhsasi's (2021) study, lifestyle also influences financial management. This research shows that the lifestyle variable has a significance value of 0.000 on financial management (0.000 < 0.05), and the lifestyle coefficient also shows a positive regression direction toward financial management, with a coefficient of 0.183. Therefore, it can be explained that lifestyle has a significant and positive impact on student financial management. In other words, the more extravagant and hedonistic the student's lifestyle, the more consumptive they tend to be. Conversely, if the student's luxurious lifestyle and attitudes decrease, their financial management will also improve. Student spending habits and their approach to saving can reflect their financial behavior. Habits such as socializing with friends, eating out, watching movies, and other activities can unintentionally develop into bad habits, increasing their monthly expenses.

Students who do not have a steady or substantial income often struggle to balance their expenses and income. Without clear financial planning, they may fall into debt or even face difficulties meeting their basic needs, such as buying food or paying tuition fees. To mitigate the impact of lifestyle on financial management, good financial education is needed for students. Students should be empowered to recognize the importance of long-term financial planning, such as investments or retirement savings, so they do not focus solely on short-term consumption. Reducing the influence of social pressures and social media can also help students control their spending and focus more on truly important needs. With proper financial planning and management, students can achieve financial stability, avoid debt, and be better prepared for future financial challenges.

Impact of Social Environment on Student Financial Management

The results of this study indicate that the social environment variable has a significance value of 0.002 on financial literacy (0.002 < 0.05), and the social environment coefficient also shows a positive regression direction of 0.020. Previous research by Sada (2022) suggests that the social environment influences financial behavior. Therefore, it can be demonstrated that the social environment has a significant and positive impact on how students manage their money. This finding indicates that the better students manage their social interactions, the more prudent their financial behavior tends to be. The financial status of a family also plays a role in determining whether students fall into a lower-middle or upper-middle socioeconomic group. Students who grow up in social environments that promote sound financial habits are more likely to adopt similar principles in their own lives.

In the digital age, social media also has a substantial influence on student financial management. It can encourage unnecessary spending and exacerbate harmful consumptive behaviors. However, the social environment can also positively impact student financial management. When students are part of a group that supports wise financial planning, they are more likely to recognize the importance of managing money effectively. Discussions about finances, sharing saving tips, or supporting one another in achieving financial goals can help students manage their budgets in a more structured and disciplined way. This positive social support can be a driving force in avoiding excessive spending and making more informed financial decisions. Overall, the social environment has a significant impact on student financial management, both positively and negatively. Therefore, it is important for students to cultivate a social environment that promotes healthy and wise financial habits.

Impact of Financial Literacy, Lifestyle, and Social Environment on Student Financial Management

It can be concluded that these three factors—financial literacy, lifestyle, and social environment—interact and influence how effectively students can manage their finances. Financial literacy can shape a rational mindset; however, a lifestyle influenced by social pressures or consumerist culture may undermine wise financial decisions, even if an individual possesses adequate knowledge. Meanwhile, the social environment can either strengthen or weaken the application of financial literacy. Environments that prioritize consumerist values will encourage students to exhibit similar behaviors, regardless of their level of financial literacy.

Conclusion and Recommendations

Based on the analysis, it can be concluded that, collectively, financial literacy, lifestyle, and social environment have a significant and positive impact on student financial management. Good financial literacy enhances students' ability to plan and manage personal finances, enabling them to make wiser financial decisions. Students with strong financial literacy, a more modest lifestyle, and a supportive social environment tend to manage their finances more effectively. A consumptive lifestyle negatively affects financial management, whereas a frugal lifestyle promotes more efficient financial management. Students often feel pressured to spend money on non-essential items or activities, such as the latest gadgets, branded clothing, or frequent outings to cafes. Additionally, the social environment, such as support from family and friends, plays a role in shaping students' financial habits. A supportive environment can strengthen students' ability to manage their financial resources.

It is recommended that universities or other educational institutions organize financial literacy education programs or workshops for students. This is crucial to improve students' financial understanding and help them manage their finances effectively and efficiently. Furthermore, students should be more mindful when choosing a lifestyle that not only follows trends but also takes their financial capacity into account. Counseling on personal financial planning could assist them in this regard. In addition, students should strive to build a positive and supportive social environment concerning financial management. Friends and family who share an awareness of the importance of managing finances can be valuable sources of motivation and information. By implementing these steps, it is expected that students will improve their financial management skills, which will positively impact their financial well-

Limitations

While this study provides valuable insights into the factors influencing student financial management, several limitations should be acknowledged. First, the sample size of 87 students from both public and private universities in Indonesia may not be large enough to generalize the findings to all students across the country or internationally. Additionally, the research only considers financial literacy, lifestyle, and social environment as factors influencing student financial management, and there may be other relevant variables not addressed in this study, such as income level or personal financial goals, which could also play significant roles. Furthermore, the data collection method relied on self-reported questionnaires, which may introduce bias, as students may not always report their financial behaviors or attitudes accurately. Lastly, this study's cross-sectional design means it only captures a snapshot of student financial management at one point in time and does not consider potential changes in financial behavior over time.

Research Contribution

This research contributes to the existing literature on student financial management by highlighting the significant roles of financial literacy, lifestyle, and social environment in shaping students' financial behaviors. The study confirms that financial literacy is a key determinant of effective financial management, emphasizing the need for greater financial education among students. Furthermore, it shows that lifestyle choices—specifically those driven by consumerism—can negatively impact financial management, while a more frugal lifestyle tends to lead to better financial outcomes. Additionally, the research underscores the importance of the social environment, particularly the influence of family and peers, in promoting responsible financial behavior. These findings suggest practical recommendations for universities and policymakers to enhance financial literacy programs and foster supportive social environments to help students develop better financial habits. The study also opens avenues for future

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research into other factors that could further explain variations in student financial management.

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