The Use of Financial Literacy for Growing Personal Finance

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ABSTRACT

Keywords:
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Student

JEL Classification:
A22, D12, D14,
I20, I22

Financial literacy played an important role for everyone in managing personal finances. This research aimed to determine how the level of financial literacy in students S1 Faculty of Economics and Business, Universitas Pasundan and investigate what factors are influencing it. The observed respondents were students from the Faculty of Economics and Business, Universitas Pasundan. The research data was collected through questionnaires, descriptive analysis, and test multinomial logit. Based on the results of the research showed that the level of financial literacy from undergraduate students Universitas Pasundan was in the low category. Financial literacy was determined by gender, Greater Academic Achievement (GPA), parental education level, and parental income level;, whereas for age, year of study and residence do not contribute to the research model. The results of this study were expected to support personal financial planning of students in improving the skills of reading, analyzing, and managing their own finances, thus avoiding the daily financial problems.

ABSTRAK

Kata kunci:
Literasi Keuangan;
Jenis Kelamin; IPK;
Tingkat Pendapatan
Orang Tua; Tingkat
Pendidikan Orang
Tua, Keuangan
Personal; Mahasiswa

Financial literacy atau melek keuangan memainkan peranan penting bagi setiap orang dalam mengelola keuangan personal. Tujuan riset ini untuk mengetahui bagaimana tingkat literasi keuangan pada mahasiswa S1 Fakultas Ekonomi dan Bisnis Universitas Pasundan dan menginvestigasi faktor-faktor apa saja yang mempengaruhinya. Responden yang diamati adalah mahasiswa dari Fakultas Ekonomi dan Bisnis Universitas Pasundan. Data penelitian ini dikumpulkan melalui kuesioner, analisis deskriptif, dan uji multinomial logit. Berdasarkan hasil penelitian menunjukkan bahwa tingkat melek keuangan dari mahasiswa sarjana Universitas Pasundan berada pada kategori rendah. Literasi keuangan ditentukan oleh jenis kelamin, Indeks Prestasi Kumulatif (IPK), tingkat pendidikan orang tua, dan tingkat pendapatan orang tua, sedangkan untuk usia, tahun masuk, dan tempat tinggal tidak memberikan kontribusi terhadap model penelitian. Hasil penelitian ini diharapkan mampu mendukung perencanaan keuangan personal mahasiswa dalam meningkatkan keterampilan membaca, menganalisis, dan mengelola keuangan sendiri, sehingga dapat menghindarkan dari permasalahan keuangan sehari-hari.

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Understanding financial or financial literacy has been recognized as important for people operating in an increasingly complex environment. Governments around the world are interested in seeking an effective approach to improve the level of financial literacy through the creation or improvement of national strategies for financial education with the aim of offering learning opportunities at different levels of education (Atkinson & Messy, 2012).

Financial literation is considered important because the right number of reasons, namely consument who have an understanding of financial literacy that can either bethrough these difficult financial times, due to the fact that they may have some savings, insurance, and diversify their investments. Financial literacy is also correlated with a positive financial behavior, such as the bill is paid on time on time, installment loans, savings before they run out, and using credit cards wisely (Bhushan & Medury, 2013).

The rapid growth of financial literacy in the last few years has been getting more attention, especially in developed countries. According to Vitt (2004), financial literacy plays an important role in the process of financial decision-making, as it represents a systematic effort aimed at developing positive knowledge and attitudes.

However, until now, there is no academic consensus on what instruments should be used for financial literacy models. In recent years, there have been studies conducted in the United States, such as Neidermeyer & Neidermeyer (2010). Studies conducted Sekita (2011) to families in Japan, while a similar study also conducted Ansong (2011) studied students in Ghana. In addition, Rooij, Lusardi, & Alessie (2011) studied pensioners in the Netherlands. While in Brazil, for example, Mendes-Da-Silva, Nakamura, & Moraes (2012) and Norvilitis & Mendes-Da-Silva (2013) have conducted research on the subject of financial literacy. Ibrahim & Alqaydi (2013) conducted a study of the people residing in the UAE and found that the average financial literacy was 43.33 percent.

On the other hand, some research has been conducted on student pointing that knowledge of financial literacy is still very low (Chen & Volpe, 1998; Henry, Weber, & Yarbrough, 2001; Avard et al., 2005; Murphy, 2005; Norvilitis et al., 2006; Lusardi, Mitchell, & Curto, 2010; Widayati, 2012; Mendari & Kewal 2013; Margaretha & Pambudhi, 2015). Since early, younger students generation successor holds the status of the nation, must have knowledge and understanding in the field of personal finance, because the students will pitch it aids in managing finances in the future. Students who have low financial literacy will make wrong decisions in their financial (Chen & Volpe, 1998). This shows that the knowledge and understanding related to personal finance will affect the students in making good financial decisions and wise.

Research related to financial literacy in Indonesia especially to students, only few have been done in college and is accompanied by the inconsistency of results of previous studies. Something that motivates researchers to conduct similar research using multinomial logit model to find the literacy rate in S1 students at the Faculty of Economics and Business Universitas Pasundan.

This study aims: (1) to analyze the descriptive level of financial literacy of students S1 Faculty of Economics and Business Universitas Pasundan; and (2) to analyze the influence of gender, age, year of study, GPA, a student residence, parental education and parental income on the level of literacy S1 student financial Faculty of Economics and Business Universitas Pasundan.

HYPOTHESES DEVELOPMENT

The Effect of Gender on Financial Literacy

The results of Chen & Volpe (1998) showed that men are more aware of financial literacy than women. The study was conducted by conducting

a survey at the university with a sample of 924 students. Similarly, research conducted by Bhushan & Medury (2013) in India with 516 respondents, the results of his research explain that there is a significant difference between male and female respondents who already have a salary in terms of financial literacy. The study of Margaretha & Pambudhi (2015) test results showed that there was an influence between the gender.

Based on the above studies can be formulated first hypotheses:

H₁: gender affects students' financial literacy

The Effect of Age on Financial Literacy

Chen & Volpe (1998) explain that low levels of financial literacy are present in participants aged 18-22. Taft et al. (2013) shows there is a positive relationship between age with financial literacy and financial well being. Shaari et al. (2013) in a study conducted on students in Malaysia with a sample of 384, found that there is a negative relationship between student financial literacy with age. Ansong & Gyensare (2012) found that age has a relationship with financial literacy in students. Research by Margaretha & Pambudhi (2015) test results show there is influence between age. Based on these studies, the second hypotheses is:

H₂: age affects students' financial literacy

The Effect of Year of Study on Financial Literacy

Chen & Volpe (1998) found that more senior students had higher levels of financial literacy than did juniors. Shaari et al. (2013) found that the year students entering the university have a positive relationship with financial literacy. This explains that junior students have lower financial literacy compared with senior students in college.

Based on these studies can be formulated third hypotheses:

H₃: year of study affects students' financial literacy

The Effect of Student's GPA on Financial Literacy

Academic ability has been used to predict financial literacy (Chen & Volpe, 1998, 2002; Sabri, Cook, & Gudmunson, 2010; Shim et al., 2009; Sabri et al., 2012). A high GPA reflects students' ability to learn and apply information, to demonstrate academic discipline, and function in social systems outside the family. Students have greater academic achievement (GPA high) are more likely to have gained the financial literacy of peers of students with low GPA (Sabri et al., 2012). Margaretha & Pambudhi (2015) results of testing shows there is influence between the GPA. Based on the research can be formulated fourth hypotheses, namely:

H₄: GPA affects students' financial literacy

The Effect of Student Residence on Financial Literacy

Sabri et al. (2012) reported that using a multistage sampling technique from 11 public and private universities across Malaysia and a sample of 2,219 students, explaining that students living on campus report more financial literacy than students living off campus. A previous study by Masud et al. (2004) found that students who live off-campus to spend more money on living expenses such as rent, utilities, and gas compared to students on campus. The study also found that a higher percentage of off-campus students reported experiencing greater financial problems compared to on-campus students. Based on these studies, the fifth hypotheses namely:

H₅: student residence affects students' financial literacy.

The Effect of Parental Education on Financial Literacy

Ansong & Gyensare (2012) found that there was a positive relationship between maternal education of the respondents and the level of financial literacy of respondents. Similar results, Ibrahim, Harun, & Isa (2009) there is a difference in financial knowledge based on maternal education level. Students who report, they learn a lot about managing their money from their mothers have higher financial knowledge than students who report learning about managing their money from their fathers. Meanwhile, Lusardi, Mitchell, & Curto (2010) reported that family background is also quite important and related to personal finance knowledge. A well educated family that tends to have better financial literacy. Based on these studies, sixth hypotheses namely:

H_6: parental education affects students' financial literacy

The Effect of Parental Income on Financial Literacy

Margaretha & Pambudhi (2015) results of testing shows there are correlation between parental income. Meanwhile, Lusardi, Mitchell, & Curto (2010) reported that family background is also quite important and related to personal finance knowledge. Families with higher incomes that tend to have better financial literacy. Based on the research can be formulated seventh hypotheses, namely:

H_7: parental income affects students' financial literacy

METHODS

The study population is the Faculty of Economics and Business Universitas Pasundan has 3 courses, namely Accounting (Accredited A), Development Economics (Accredited A), and Management (Accredited A). The unit of analysis is the students who are still active by students who have custody and charge cards Study Plan 2016/2017 academic year, amounting to 2,563 students. In detail the number of active students of the Faculty of Economics and Business Universitas Pasundan are: (1) accounting amounted to 902 students; (2) development economics amounts to 299 students; and (3) management totaled 1,362 students. The data used is cross sectional.

Based on the population size, the sample size is determined using a formula Slovin. This study used a sample to estimate population parameters with a level of confidence (confidence level) 90 percent, so that the level of fault tolerance (error tolerance) of 10 percent, in order to obtain a sample of 97 students. Sampling was done by stratified proportional random sampling. Here is the proportional allocation of the sample.

This research uses descriptive analysis to describe the level of student's financial literacy which can be categorized in low, medium, and high level of understanding based on financial literacy category conducted by Chen & Volpe (1998). The results are then used as a basis to conduct inferential statistical analysis. To analyze the factors that influence the level of financial literacy used multinomial logit regression analysis tool, and set $\alpha = 0.1$ for fault tolerance. The multinomial logit regression equation in this research is as follows:

Table 1. Population and Sample Research

Course Program	Population	Proportion	Sample	Rounding
Accounting	902	35%	34.14	34
Development Economic	299	12%	11.32	11
Management	1,362	53%	51.55	52
Amount	2,563	100%	97	97

Source: http://forlap.ristekdikti.go.id/

$$ln\left(\frac{\widehat{P_i}}{1-\widehat{P_i}}\right) = \widehat{\beta_0} + \widehat{\beta_1}X_1 + \widehat{\beta_2}X_2 + \widehat{\beta_3}X_3 + \widehat{\beta_4}X_4 + \widehat{\beta_5}X_5 +$$

$$\widehat{\beta_6}X_6 + \widehat{\beta_7}X_7 + \varepsilon$$

Information:

$ln\left(\frac{\widehat{P_i}}{1-\widehat{P_i}}\right)$ = level of financial literacy, 2 if the level of literacy including high category, 1 if the level of literacy including the medium category, and 0 if the level of literacy including the low category

$\widehat{\beta_0}$ = constants

$\widehat{\beta_{1-7}}$ = coefficient regression

X_1 = gender

X_2 = age

X_3 = batch

X_4 = GPA

X_5 = student residence

X_6 = parental education

X_7 = parental income

ε = standard error

RESULTS

Descriptive Statistics

The results of the study literation student financial for Strata 1 Faculty of Economics and Business Universitas Pasundan can be seen in Table 2.

Table 2. Descriptive Statistics

Variables	Number of Respondents	Percentage
Gender:		
1. Men	47	48.45%
2. Women	50	51.55%
Age:		
<19 Years	6	6.19%
19 Years - 22 Years	82	84.54%
>22 Years	9	9.28%
Study Course:		
1. Accounting	34	35.05%
2. Development Economics	11	11.34%
3. Management	52	53.61%
year of study:		
2011	1	1.03%
2012	1	1.03%
2013	16	16.49%
2014	28	28.87%
2015	28	28.87%
2016	23	23.71%
GPA:		
<2.5	30	30.93%
2.5 - 3.00	20	20.62%
>3.00	47	48.45%
Residence:		
Live Alone (Boarding)	64	65.98%
Staying with Parents	33	34.02%
Parents' Education Level:		
Elementary School	18	18.56%
Junior High School	6	6.19%
Senior Hight School/Equal	42	43.30%
Diploma	9	9.28%
Bachelor	19	19.59%
Postgraduate	3	3.09%
Parental Income Rate:		
<IDR. 5.000.000	24	24.74%
IDR. 5.000.000 - IDR. 10.000.000	51	52.58%
>Rp. 10.000.000	22	22.68%

An overview of the overall level of student financial literacy can be seen in Table 4. The way of calculating financial literacy is the way respondents are correct and then shared with the entire question. The lowest value is 36.08 percent, and the highest is 86.60 percent.

According to Chen & Volpe (1998) categorization of personal financial literacy into three groups: (1) < 60 percent which means that an individual has a low financial literacy; (2) 60 percent - 79 percent, Meaningful individual has knowledge about finance being; and (3) > 80 percent, which indicates that individual has high financial knowledge. Based on categorization, then in Table 4 Level Literacy Student Financial in Overall can be described the overall level of average (mean) the answers of the respondents is 56.78 percent, which indicates that the level of financial literacy pad a student Bachelor (Strata I) Faculty of Economics and Business, Universitas Pasundan are at level which is low (< 60 percent). Standard deviation of the average financial literacy worth 13.81 percent, it can be seen that the answers of the respondents varied.

Table 3. Levels of Student Financial Literacy

Category	Amount	Percentage (%)
Low	58	59.79%
Medium	34	35.05%
High	5	5.15%
Total	97	100%

Table 4. Level of Student Financial Literacy in Overall

Section	Descriptive Statistics	Financial Literacy
A: Basic Personal Finance	Min	36.08%
	Max	77.32%
	Average	51.69%
	SD	0.146256
B: Financial Management	Min	40.21%
	Max	86.60%
	Average	63.92%
	SD	0.174041
C: Debt and Credit	Min	45.36%
	Max	81.44%
	Average	64.43%
	SD	0.130505
D: Savings and Investments	Min	44.33%
	Max	60.82%
	Average	54.93%
	SD	0.052485
E: Risk Management	Min	46.39%
	Max	50.52%
	Average	48.45%
	SD	0.016835
Overall	Min	36.08%
	Max	86.60%
	Average	56.78%
	SD	13.81%

Table 5. Percentage of Respondents Answering the Right to Every Question

Section	Level of Personal Finance Knowledge		
	Low Below 60%	Medium 60% – 79%	High Over 80%
A: Basic Personal Finance	51.69%		
Item 1	36.08%		
Item 2	37.11%		
Item 3		67.01%	
Item 4		77.32%	
Item 5	43.30%		
Item 6	44.33%		
Item 7	56.70%		
B: Financial Management		63.92%	
Item 8			80.41%
Item 9	57.73%		
Item 10		73.20%	
Item 11	40.21%		
Item 12	45.36%		
Item 13			86.60%
C: Debt and Credit		64.45%	
Item 14		61.86%	
Item 15		69.07%	
Item 16	45.36%		
Item 17			81.44%
D: Savings and Investments	54.93%		
Item 18	55.67%		
Item 19	50.52%		
Item 20	58.76%		
Item 21		60.82%	
Item 22	57.73%		
Item 23	56.70%		
Item 24	44.33%		
E: Risk Management	48.47%		
Item 25	46.39%		
Item 26	48.45%		
Item 27	50.52%		

Table 5 shows faithful percentage of respondents who answered the questions correctly as well as an average of the correct answer to each question about area of financial literacy. In area A hindered discovered that the average respondent correct answer is 51.69 percent. Meanwhile, Area B knowable average correct respondents is 63.92 percent. Then, Area C is known to the average respondent correct answer is 64.45 percent. Furthermore, it is known Area D average respondents who correctly is 54.93 prcent. Lastly, Area E knowable average respondents who correctly is 48.47 percent.

Based on Table 5 it can be seen the level of financial literacy of students Strata I Faculty of Economics Universitas Pasundan lowest is in area A amounted to 36.08 percent, and the level of financial literacy of students Strata I Faculty of Economics Universitas Pasundan highest in B area. Results from the average literacy rate shows in Table 5.

Table 6. Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	192.448			
Final	147.613	44.835	14	.000

According to Table 6, -2 log likelihood value to intercept alone amounted to 192.45, while the independent variables entering the value to 147.61. A decline of 44.84 and the chi-square significant at p equal to 0:00. These results indicates that models with independent variables provide better accuracy to predict the level of student financial literacy.

Table 7. Classification

Observed	Predicted			
	Low	Medium	High	Percent Correct
Low	27	12	0	69.2%
Medium	8	35	2	77.8%
High	3	8	2	15.4%
Overall Percentage	39.2%	56.7%	4.1%	66.0%

Based on **T**able 7, predictive ability of the model as a whole by category for the financial literacy level of 66 percent.

Table 8. Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	165.967	178	.731
Deviance	147.613	178	.953

According to Table 8, shows that the significant value of > 0.05 for the method of Pearson and deviance, thus the model in this study fits with empirical data obtained.

Table 9. R-Square

Pseudo R-Square	
Cox and Snell	.370
Nagelkerke	.429
McFadden	.233

Based on Table 9, shows that the variable level of financial literacy can be explained by all the independent variables by 37 percent and the remaining 63 percent is explained by other variables that are not used in this research model.

Based on Table 10 shows the contribution of each independent variable to the model. The variables that contributed to the level of financial literacy were gender (0.009), GPA (0.000), parental education level (0.000), and parental income level (0.001), while for age variable (0.383), year of study (0.889), and residence (0.292) did not contribute to the research model.

Based on the Table 11 with the reference category is the first choice (low) indicates that:

Medium Category with Low Reference Category

$$\text{Ln}\frac{P(Medium)}{P(Low)} = 339.990 + 1.409X_1 - 0.013X_2 - 0.170X_3$$

$$+4.177X_4 - 0.586X_5 - 7.989X_6 - 0.00000043013X_7$$

Gender (X1) affect the level of financial literacy of students in the low category category being compared with coefficient 1,409 and significant at p < 0.011 with odds ratios 4.094.

GPA (X4) affects the level of financial literacy of students in the low category category being compared with coefficient 4.177 and significant at p < 0.001 at odds ratio 65.162.

The parental education (X6) affect the level of financial literacy of students in the low category category being compared with coefficient -7989 and significant at p < 0.001 with odds ratios 0.000339.

Table 10. Likelihood Ratio Tests

| Effect | Model Fitting Criteria | Likelihood Ratio Tests | | |
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	147.613[a]	.000	0	.
GPA (X$_4$)	169.891	22.279	2	.000
Parents' income (X$_7$)	162.326	14.713	2	.001
Age (X$_2$)	149.533	1.920	2	.383
Dear of study (X$_3$)	147.849	.236	2	.889
Gender (X$_1$)	156.971	9.358	2	.009
Residence (X$_5$)	150.074	2.461	2	.292
Parents' Education (X$_6$)	165.164	17.551	2	.000

Table 11. Parameter Estimates

| Y[a] | | B | Std. Error | Wald | df | Sig. | Exp(B) | 95% Confidence Interval for Exp(B) | |
								Lower Bound	Upper Bound
Medium	Intercept	339.990	768.940	.195	1	.658			
	Age (X2)	-.013	.293	.002	1	.964	.987	.556	1.753
	Dear of study (X3)	-.170	.380	.201	1	.654	.844	.401	1.775
	GPA (X4)	4.177	1.216	11.797	1	.001	65.162	6.010	706.518
	Parents' income (X7)	.000	.000	7.842	1	.005	1.000	1.000	1.000
	[Gender (X1)=.00]	1.409	.555	6.448	1	.011	4.094	1.379	12.150
	[Gender (X1)=1.00]	0[b]	.	.	0	.	.	.	.
	[Residence (X5)=.00]	-.586	.575	1.038	1	.308	.556	.180	1.719
	[Residence (X5)=1.00]	0[b]	.	.	0	.	.	.	.
	[Parents' Education (X6)=.00]	-7.989	2.472	10.448	1	.001	.000	2.668E-6	.043
	[Parents' Education (X6)=1.00]	0[b]	.	.	0	.	.	.	.
High	Intercept	465.819	1296.457	.129	1	.719			
	Age (X2)	-.583	.531	1.204	1	.273	.558	.197	1.581
	Enterence Stdents' Year (X3)	-.228	.639	.127	1	.722	.796	.228	2.787
	GPA (X4)	6.051	1.938	9.747	1	.002	424.621	9.510	18958.556
	Parents' income (X7)	.000	.000	8.323	1	.004	1.000	1.000	1.000
	[Gender (X1)=.00]	1.986	.825	5.793	1	.016	7.284	1.446	36.699
	[Gender (X1)=1.00]	0[b]	.	.	0	.	.	.	.
	[Residence (X5)=.00]	.437	.887	.243	1	.622	1.548	.272	8.806
	[Residence (X5)=1.00]	0[b]	.	.	0	.	.	.	.
	[Parents' Education (X6)=.00]	-12.000	4.023	8.896	1	.003	6.144E-6	2.310E-9	.016
	[Parents' Education (X6)=1.00]	0[b]	.	.	0	.	.	.	.

a. The reference category is: Low.

b. This parameter is set to zero because it is redundant.

The parental income (X7) affect the level of financial literacy of students in the low category category being compared with coefficient -0.00000043013 and significant at p < 0.005 with odds ratios 1.

High Categories with Low Reference Category

$$\text{Ln}\frac{P(High)}{P(Low)} = 339.990 + 1.409X_1 - 0.013X_2 - 0.170X_3$$
$$+4.177X_4 - 0.586X_5 - 7.989X_6 - 0.00000043013X_7$$

Gender (X1) affects the level of financial literacy of students in a category lower than category with coefficient 1.986 and significant at p < 0.016 with odds ratios 7284.

GPA (X4) affect the level of financial literacy of students in a category lower than category with coefficient 6.051 and significant at p < 0.002 at odds ratio 424.621.

The parental education (X6) affect the level of financial literacy of students in a category lower than category with coefficient -12 and significant at p < 0.003 at odds ratio 0.000006144.

The parental income (X7) affect the level of financial literacy of students in a category lower than category with coefficient -0.00000081677 and significant at p < 0.003 with odds ratios 1.

DISCUSSION

The Effect of Gender on Financial Literacy

The test results showed that the gender effect on student financial literacy. A female student has higher levels of financial literacy than male students. This study is in line with research conducted by Bhushan & Medury (2013). In his research explains that there are significant differences between men with women in financial literacy. Man have higher financial literacy than women. In addition, Krishna, Rofaida, & Sari (2010) found that female students have higher financial literacy than male students.

The results of Chen & Volpe (1998) showed that men are more aware of financial literacy than women. The study of Margaretha & Pambudhi (2015) test results showed that there was an influence between the gender.

The Effect of Age on Financial Literacy

This study shows that age does not affect the financial literacy college student. The results of the study in contrast back with research conducted by Shaari et al. (2013) found that age affects literacy student finance. Other than that, Chen & Volpe (1998) who found low levels of financial literacy in aged participants 18-22 years old. The reasons for the low level of knowledge can be attributed to younger ages 18-22 years or under 30 years as a majority of them are in a very early stage cycle of their financial life. In cycle stage this, they have a number of financial problems relating to general knowledge about finance, savings and loans, and insurance. Moments this period, most of their income is spent on consumption rather than investment.

Taft et al. (2013) shows there is a positive relationship between age with financial literacy and financial well being. Ansong & Gyensare (2012) found that age has a relationship with financial literacy in students. Research Margaretha & Pambudhi (2015) test results show there is influence between age.

The Effect Year of Study on Financial Literacy

The results of this research show that the year of student admission does not affect student financial literacy. In this research, the respondents

used were students who still active force in 2011-2016 years. The results of this study show that there is no influence between years of entry with financial literacy. This can happen because of the Faculty Economics and Business Universitas Pasundan until now provide knowledge about personal finance to students, so that students do not know how to manage finances personally well. The results of this study are supported by research conducted by Nidar & Bestari (2012) who found that year of study students have no influence with literacy student finance. In addition, Krishna, Rofaida, & Sari (2010) in his research explains the old study of students did not give effect to the literacy finance.

The Effect of Student's GPA on Financial Literacy

Results testing indicated that the student's GPA affect student financial literacy. This study shows that the higher the GPA, then students will be better at managing their personal finances. This research is supported by research conducted by Cude et al. (2006) the explained that the higher the GPA then the student has healthier finances or better.

Academic ability has been used to predict financial literacy (Chen & Volpe, 1998, 2002; Shim et al., 2009; Sabri et al., 2010; Sabri et al., 2012). A high GPA reflects students' ability to learn and apply information, to demonstrate academic discipline, and function in social systems outside the family. Students who have greater academic achievement (high GPA) are more likely to have gained financial literacy from peers than students with low GPA (Sabri et al., 2012). Margaretha & Pambudhi (2015) in the result test showed that there is influence between the GPA.

The Effect of Student Residence on Financial Literacy

Residence does not affect the student's financial literacy. This study has become clear that in general, students do not yet have income and still depend on parents, so they can not yet manage finances them well. This research supported by research conducted by Nidar & Bestari (2012) who found that place live has no influence on literacy student finance.

The Effect of Parental Education on Financial Literacy

Parental education affects financial literacy. This research is supported by research conducted by Ansong & Gyensare (2012) found that there was a positive correlation between maternal education of respondents and the level of financial literacy of respondents. Similar results, Ibrahim et al. (2009) there is a difference in financial knowledge based on maternal education level. Students who report, they learn a lot about managing their money from their mothers have higher financial knowledge than students who report learning about managing their money from their fathers. Meanwhile, Lusardi, Mitchell, & Curto (2010) reported that family background is also quite important and related to personal finance knowledge. A well educated family that tends to have better financial literacy.

The Effect of Parental Income on Financial Literacy

These results show that the parental income affect the financial literacy of students. This research is supported by research conducted by Nidar & Bestari (2012) who found that people's parental income have a significant impact on fi-

nancial literacy of students. The research of Margaretha & Pambudhi (2015) shows that there is an influence between parental income. Meanwhile, Lusardi, Mitchell, & Curto (2010) reported that family background is also quite important and related to personal finance knowledge. Families with higher incomes that tend to have better financial literacy.

CONCLUSION AND SUGGESTIONS

Conclusion

This research was conducted by conducting a survey to 97 student respondents in three study programs, namely Management Studies Program, Accounting Studies Program, and Economic Development Studies Program at Faculty of Economics and Business Universitas Pasundan. The purpose of this study is to find out how the level of student financial literacy. In addition, this study aims to determine whether there is a correlation between gender, age, selected study program, force, GPA, residence, parental education level, and parental income level will give effect to the level of financial literacy of Strata 1 students S1 Faculty of Economics and Business Universitas Pasundan. Addressing research results that Strata students of the Faculty of Economics and Business Universitas Pasundan should improve financial literacy knowledge, it is seen from the results overall are in the low category 59.79 percent (<60 percent). Age, GPA, parental education level and parental income have an influence on the level of student financial literacy. As for gender,residence, class, and study programs have no effect on the level of financial literacy.

Suggestions

In line with these results, the implications of this research are focused on university managers, especially the Faculty of Economics and Business Universitas Pasundan. The management must be able to improve the students' knowledge of financial literacy by cooperating with related parties, such as the Financial Services Authority (OJK) as an institution that has programs to improve the financial literacy of the community. In addition, internally the curriculum content as a means of increasing the knowledge and skills of students in understanding financial literacy in a more formal and direct impact can be to the students. This is done so that students can better understand the importance of knowledge of financial literacy and can be smart in managing their personal finances, and ultimately can have a better standard of living.

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