

The Influence of Financial Knowledge on Financial Planning Through Financial Strategy as a Mediating Variable a Study on School of Communication and Business Students, Telkom University

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Abstract

This study explores the significance of financial knowledge among students, specifically its impact on understanding financial behavior. It focuses on the relationship between Financial Knowledge and Financial Planning, with Financial Strategy acting as a mediating variable. Employing a quantitative descriptive research design, the research sample consists of 100 students from the Faculty of Communication and Business at Telkom University. Data analysis was conducted using path analysis and hypothesis testing through Smart PLS 4.0 software. The findings reveal a significant influence of Financial Knowledge (X) on Financial Planning (Y). Additionally, Financial Knowledge (X) positively impacts Financial Strategy (Z), which in turn significantly affects Financial Planning (Y). Ultimately, the results demonstrate that Financial Knowledge (X) significantly influences Financial Planning (Y), both directly and indirectly through Financial Strategy (Z). These findings underscore the crucial role of financial knowledge in enhancing financial planning among students.

Keywords: *Financial knowledge, financial planning, financial strategy, college students, financial behavior.*

Introduction

Financial literacy is essential for achieving financial health and stability, particularly in the digital age, where digital marketing and digital payment systems have transformed financial transactions and consumer behavior [1], [2], [3]. This requires individuals to have a strong understanding of financial concepts, enabling them to manage their finances not only in the present but also for the long term. Financial intelligence becomes particularly important in an increasingly consumer-driven culture. As personal needs grow, many people may engage in consumerism and high spending habits without realizing the lack of proper financial planning, leading to irresponsible financial behaviors [4]. Thus, it is crucial for individuals to be aware of and capable of managing their finances to balance income and expenses effectively. For the younger generation, acquiring basic financial knowledge whether through formal education or external sources is key to fostering responsible financial behavior. Financial education programs can help young people develop skills to manage savings, handle credit, and make informed consumption choices, preparing them for a stable financial future [5].

According to the Otoritas Jasa Keuangan survey, the financial inclusion index reached 85.10 percent in 2022, showing improvement from 76.19 percent in 2019. However, the gap between literacy and inclusion levels, while decreasing from 38.16 percent in 2019 to 35.42 percent in 2022, indicates that only about one-third of the population possesses adequate knowledge, skills, and attitudes to effectively utilize financial products and understand their associated risks and benefits. University students represent a particularly vulnerable demographic regarding financial management. As they transition to financial independence and begin making autonomous financial decisions, they often exhibit consumptive behavior and struggle with saving money. Students frequently face financial difficulties due to several factors: inadequate personal

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finance management, poor budgeting skills, reduced parental oversight, and discretionary spending on entertainment, dining, and social activities [6].

Financial knowledge significantly influences an individual's capacity for responsible financial decision-making and planning [7]. The Financial Planning Standards Board Indonesia (FPSB) defines financial planning as an integrated process for achieving life goals through systematic financial management. For students, early financial planning is crucial for establishing and achieving long-term financial objectives. Financial strategy plays a vital role in this process by organizing asset acquisition and utilization while maintaining control to maximize goal achievement [8]. Given these observations, this research addresses the apparent gap in students' financial management capabilities, particularly concerning their limited financial knowledge. While proper financial knowledge can enable students to develop effective financial planning and strategies for future success, many struggle with these fundamental skills. Therefore, this study aims to examine the relationship between Financial Knowledge and Financial Planning, with Financial Strategy serving as a mediating variable, focusing specifically on Telkom University students.

Literature Review

Financial Knowledge

Education and training can increase a person's financial knowledge, the more education a person receives, the more his financial knowledge increases, someone who has a high education will be more aware of his future finances [9]. Financial knowledge is an inseparable part of people's lives because it functions as an economic decision-making tool [10]. Financial difficulties are not only caused by low income but also by financial mismanagement, such as lack of financial knowledge and planning. The source of financial knowledge starts from school, so that a person can apply financial knowledge more quickly. Financial knowledge is very important to manage finances used for daily and long-term needs. Individuals with higher objective financial knowledge are much more likely to participate in financial markets and make appropriate investment options, which is crucial for effective long-term planning [11]. Lack of financial knowledge will hinder a person in making the right decisions regarding the financial management that he must do. The higher the level of financial knowledge possessed by students will result in better personal financial management behavior. Financial knowledge significance impact on students' financial management behavior, which suggests that understanding financial concepts is essential for effective financial decision-making, especially in managing education costs.

Financial knowledge among college students considerably affects their financial behavior and decision-making process. The research shows that most college students lack sufficient financial literacy, with only 36.9% showing a good level of proficiency in basic financial concepts such as interest rates and inflation. This disparity in knowledge can lead to making poor financial decisions, including mismanagement of credit card debt and vulnerability to fraudulent investments. In contrast, studies on younger students reveal that exposure to financial literacy education, parental support, and peer influence are positively correlated with improved financial knowledge and practices. In addition, although many students have theoretical financial knowledge, they often struggle to apply it in real-life situations, indicating a gap between understanding and practical application.

Financial Planning

Financial planning, especially the younger generation, including current students, requires basic financial knowledge that directs them to economic behavior to care about their finances [12]. Someone who has knowledge of the basic principles of financial management that are used as a reference for personal financial management is successful in implementing financial planning [13]. Financial planning indicates that it is a process by which individuals achieve their financial goals through the creation and implementation of a structured financial plan [14]. Implementing or applying a financial plan, it is necessary to supervise the plan that has been made and, in its implementation, wholeheartedly and coordinated in order to achieve maximum results. With the application of good financial planning, it will help a person in preparing a clear future financial plan and implementing finances more easily. Financial management requires a plan to

achieve short-term and long-term financial goals. To overcome financial planning, students should carry out simple financial planning such as saving, both through financial institutions such as investment management and saving in traditional forms such as piggy banks. In carrying out financial planning, there are several stages of activities that must be carried out such as: determine financial goals, evaluate current financial conditions, collect relevant data, make financial plans, and execute financial plans, and conduct periodic reviews of progress in achieving goals. Students value retirement planning and have a desire for health and life insurance, but place less importance on financial investment tools [15]. The management of financial planning for individuals is to build disciplinary measures to manage self-control, ensure the best financial situation in the future, make strong financial assurances, and maintain effective financial planning to achieve financial well-being.

Financial Strategy

Financial strategy plays a critical role in shaping a company's overall objectives by providing a financial framework that ensures stability and growth. It focuses on aligning financial management with strategic goals, determining the best methods for sourcing, utilizing, and managing funds to support long-term plans. The importance of financial strategy in planning and maintaining financial stability, emphasizing its role in setting long-term goals and optimizing resource use is mandatory. Effective financial strategy is essential for leaders [16], as their financial decisions significantly influence organizational outcomes. Leaders who incorporate financial strategy into their approach guide the organization toward stability while also strengthening its competitive position [17]. This connection shows how crucial it is for leaders to possess strong financial management skills to successfully steer the organization towards its broader goals.

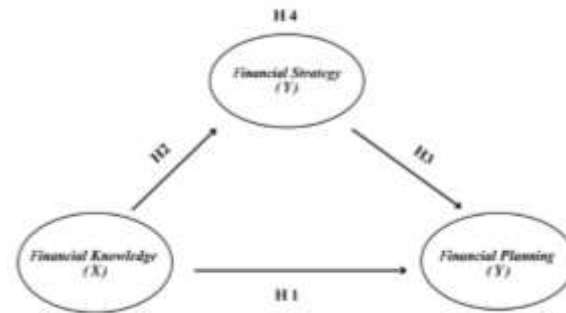
Method

The type of research that researchers use in research is quantitative. Quantitative research is a method of research based on the philosophy of positivism in which research studies populations and samples, data collection and data analysis aimed at testing hypotheses [18]. Sampling is usually done randomly with the aim of testing a predetermined hypothesis. This research uses descriptive research and quantitative analysis using Path Analysis. The population in this study is a student of the Faculty of Communications and Business of Telecom University. Samples in this study were taken from male and female students of the Faculty of Communication and Business of Telecom University. The number of samples taken by calculating the Slovin formula is 100 samples. The methods used to analyze the data and obtain results from the data are descriptive analysis and path analysis. The non-probability sampling technique is a technique of sample-taking that does not give a chance or proximity to any element or member of the population to be selected as a sample [19]. One type of non-probability sampling used in this study is convenience sampling. Convenience sampling is the simplest form of non-probability sampling, where the researcher selects participants based on their convenience, the available units are selected practically and easily accessible [16].

Result

Descriptive Analysis

Descriptive analysis is carried out to gain a deeper understanding of the data with the aim of explaining and describing the data collected in order to understand the nature, characteristics, or properties of data to explain the research findings. Based on the respondents' answers to the Financial Knowledge variable (X) as a whole, the findings were classified in the category highly agreed with a presentation score of 78%. The results from the responses of the other respondents who were in this category were very much in agreement with the Financial Planning (Y) variable of 80%. Then on the last variable, the Financial Strategy (Z) was still in the very agreed category with a presentation score of 79%.

Path Analysis**Figure 1. Research Framework**

Calculation of the correlation matrix of Financial Knowledge (X), Financial Planning (Y), and Financial Strategy (Z) is done to determine cause and effect relationships between research variables in path analysis. The Smart PLS 4.0 software is used for data analysis in this study. Structural Equation Modeling (SEM) allows simultaneous testing of complex relationships. SEM is often used by various researchers and fields of research.

Table 1. Convergent Validity Values

Variable	AVE	Crisis Score	Model Evaluation
Financial Knowledge (X)	0,570		Valid
Financial Planning (Y)	0,644	>0,5	Valid
Financial Strategy (Z)	0,583		Valid

The AVE value in the table above can be valid, as it shows all variables have AVE values >0,5, so all the variables qualify for convergent validity.

Table 2. AVE Square Root (Fornell Larcker Criterion)

Variable	Financial Knowledge	Financial Planning	Financial Strategy
Financial Knowledge	0,755		
Financial Planning	0,716	0,803	
Financial Strategy	0,775	0,773	0,763

The variable itself uses a larger value than the other variables. It shows that Fornell Larcker is satisfied and said to have met the requirements.

Table 3. Reliability Test Results

Reliability	Test Results		Test Criteria
	Effect	Loading	>0.7
Cronbach's Alpha	Financial Knowledge (X)	0,875	Reliable
	Financial Planning (Y)	0,889	Reliable

	Financial Strategy (Z)	0,897	Reliable
Composite Reliability	Financial Knowledge (X)	0,877	Reliable
	Financial Planning (Y)	0,889	Reliable
	Financial Strategy (Z)	0,898	Reliable

Referring to the results of the calculations in the table, the entire data shows good results and meets the acceptance criteria. All results have a value of ≥ 0.7 and can therefore be considered reliable. Based on the values obtained using Cronbach's alpha and composite reliability methods, it can be concluded that the entire structure in the model qualifies for construction reliability.

Table 4. R-square Value

Variable	R Square
Financial Planning_Y	0,804
Financial Strategy_Z	0,715

Based on table 4, the R-square Financial Planning (Y) value is 0.632, which indicates that the exogenous variable of financial knowledge affects 63.2% of the endogenic variables of financial planning, and another 36.8% is influenced by other factors that are not included in the variable studied. The results show that the variables that come from outside have a significant impact. Then, the value of the r-square Financial Strategy (Z) is 0.601, which shows that the external variable affects 60.1% of the endogenic variable of financial strategy, and the other 39.9% are affected by another factor that does not come from the variable studied.

Table 5. Path Coefficient Test Summary

Hipotesis	Variable	Original Sample (O)	T (O/STDEV)	Statistics	P Values
H1	Financial Knowledge_(X) -> Financial Planning_(Y)	0.716	14.766		0.000
H2	Financial Knowledge_(X) -> Financial Strategy_(Z)	0.775	16.696		0.000
H3	Financial Strategy_(Z) -> Financial Planning_(Y)	0.547	5.747		0.000
H4	Financial Knowledge_(X) -> Financial Strategy_(Z) -> Financial Planning_(Y)	0.424	5.958		0.000

Based on the table above, it can be described as follows:

1. There is a direct influence between financial knowledge (X) and financial planning (Y). Has an original sample value of 0.716, which indicates that the direction of the relationship between financial knowledge (X) and financial planning (Y) is positive or unidirectional. The coefficient values obtained from the path coefficient results are T-value 14,766 and P-value 0.000.
2. There is a direct influence between financial knowledge (X) and financial strategy (Z). Has an original sample value of 0.775, which indicates that the direction of the relationship between financial knowledge (X) and financial strategy (Z) is positive or unidirectional. The coefficient values obtained from the path coefficient results are T-value 16.696 and P-value 0.000.
3. There is a direct influence between financial strategy (Z) and financial planning (Y). Has an original sample value of 0.547, which indicates that the direction of the relationship between financial knowledge (X) and financial strategy (Z) is positive or unidirectional. The coefficient values obtained from the path coefficient results are T-value 5.747 and P-value 0.000.

4. There is an indirect effect between financial knowledge (X) and financial planning (Y) through financial strategy (Z). Has an original sample value of 0.424, which indicates that the direction of the relationship between financial knowledge (X), financial planning (Y), and financial strategy (Z) is positive or unidirectional. The coefficient values obtained from the path coefficient results are T-value 5.958 and P-value 0.000.

Discussion

Analysis of financial knowledge in Telkom University's faculty of communication and business students shows that overall the assessment strongly agrees. However, the statement "I understand more about financial knowledge" received the lowest score. This shows that there are still students who do not understand more about financial knowledge, which may be because they come from various regions with different access to education. Furthermore, financial planning in Telkom University's faculty of communication and business students is still in the strongly agree category. In the statement "I have enough emergency funds to deal with unexpected situations" got the lowest score. Students still cannot buy goods according to their needs not desires, this results in them not having savings that can be used as an emergency fund. On the financial strategy of Telkom University's faculty of communication and business students are also still in the strongly agree category. The lowest score comes from the statement "which shows the lack of training and mentoring in managing internal finances, making students lack practical skills in daily financial management and less active in participating in activities that get income. Based on the findings of the analysis of Financial Knowledge, Financial Planning and Financial Strategy at the Faculty of Communication and Business Telkom University, recommendations that need to be given to practice and education policy are to hold campaigns regarding awareness of the importance of financial knowledge in financial management. Campaigns can be in the form of educational videos, seminars or webinars. As well as the existence of a financial assistance and consultation program, with this service students can discuss their financial problems.

The results of the path analysis show that financial knowledge has a positive effect on financial planning in students of the Telkom University faculty of communication and business. The path coefficient shows that students' financial knowledge has a direct effect on financial planning. Then, financial knowledge has a significant effect on student financial strategies. Also, it was found that student financial strategies have a significant effect on student financial planning. And finally, the theoretical implications result that understanding students' financial knowledge can significantly improve their financial planning, especially through financial strategies as mediation. Based on the findings of the path analysis, there is a need for recommendations and practices in educational policy in the form of curricula that are inclusive in financial education so that students get direct education.

Conclusion

The conclusions of this study show that students' financial knowledge has a direct influence on financial planning. Furthermore, student's financial knowledge significantly influences financial strategy. In addition, it was found that financial strategies have a positive influence on financial planning. Those three statements, of each variable, also have a direct influence. Finally, theoretical implications suggest that student financial oversight can significantly improve their financial planning, especially through financial strategies as mediators. The indirect influence is a statement of the influence of this last hypothesis. However, some of the limitations of this research, such as limited sample size, non-specific context, and time limits to involve students of Telecom University's communications and business faculty, make it probably not fully representative of a wider population. Future research should consider larger sample sizes, cross-faculty studies, and mixed methodology approaches to gain deeper insights and improve the solidity of results to overcome these limitations and develop these findings. In addition, it should identify additional factors that may affect the financial strategy. These factors may include attitudes, skills, or financial awareness.

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