CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The phrase "financial literacy" has been used interchangeably with "financial education" and "financial knowledge." However, both concepts are conceptually distinct in that financial literacy is more comprehensive than financial education; consequently, employing them interchangeably might lead to confusion. Financial literacy, according to Huston (2010), has two dimensions: comprehension, which refers to personal financial knowledge gained via financial education, and usage, which refers to the management of personal financial information gained through financial education. In this case, the individual may have financial information, but in order to be deemed literate, he must be able to apply it while making judgments. As a result, financial literacy encompasses more than just financial instruction.

Influence of financial knowledge on behavior is measured through the student's financial attitudes, financial knowledge alone is insufficient for good financial management (Norvilitis and Maclean, 2010; Xiao et al., 2011). Having financial information entails more than just setting aside money for the future or checking your bank account; it also entails understanding how to select the most appropriate financial goal from a variety of options (Criddle, 2006).

1.2. Problem Statement

Financial education, in this context, is a process of skill development that enables people to make sound judgments and successfully manage their own money, whereas financial literacy is the ability to use the knowledge and abilities obtained. In other words, financial education focuses on knowledge, whereas financial literacy includes, in addition to knowledge, individual behaviours and financial attitudes.

Aside from financial literacy, there is also financial education to consider. Financial education, according to the OECD (2012), is a process by which individuals improve their understanding of financial products and their associated concepts and risks in such a way that they can develop the abilities and confidence necessary to make secure and fundamental decisions to improve their financial well-being based on the information and recommendations provided. Financial education, according to

Anderloni and Vandone (2010), is a preventive approach since it enables an individual to comprehend financial problems and manage his or her personal resources satisfactorily, hence preventing debts.

Although there were various variances when it came to conceiving and analyzing all of the aspects of financial literacy, there was some consensus on its relevance. Financial literacy is a deliberate effort aimed at the development of positive information, behaviour, and attitude, and it plays an important role in the process of making financial decisions. One of the most significant responsibilities of financial education, according to Anderloni and Vandone (2010), is to act as a preventive tool for controlling indebtedness. As a result, education aids in the leverage of individuals' knowledge in regard to financial changes, providing them with the means to make responsible and educated decisions.

1.3 Research Objective and Question

The purpose of this research is to develop and compare models for assessing financial literacy among university students. Financial literacy, defined as the mastery of a set of knowledge, attitudes, and behaviors, has become increasingly important in permitting and enabling people to make responsible financial decisions. Models that incorporate financial information, behaviors, and attitude are used to achieve this goal. After that, the models are estimated, and many comparison tests are run.

The research conducted within this paper aims to solve the following research questions:

1. How influence college learning and the impact of financial education on student financial behaviors?
2. How impact does student financial literacy have on student financial behaviors?

1.4 Significance of the Study

In this context, the purpose of this research is to develop and compare models for assessing university student financial literacy. Models that integrate financial knowledge, behaviour, and attitude are used to this end. Following that, the models are estimated, and numerous comparative tests are run. According to the literature, the development of a financial literacy model.

1.5 Thesis Organization

The remainder of this paper is structured as follows: Section 2 discusses the theoretical and empirical literature related to the continued use of mobile payment. Section 3 describes the research methodology.

1.6 Scope And Limitations of Research

This study looks at the financial literacy of Indonesian university students, focusing on their payment and savings attitudes. A sample of university students will be selected from Indonesia to represent the population. As a result, the results do not fully reflect the actual level of financial literacy in Indonesia

1.7 Operational Definition of Terms

1) Financial Literacy

   Financial literacy also makes informed financial decisions, discusses money and financial issues without confusion, prepares for the future, and influences everyday financial decisions such as financial events. Defined as intelligently responding to events. Financial services published in the journalAccording to a survey by the Financial Services Agency (FSA) (Tsalitsa & Rachmansyah, 2016), "Financial literacy is a set of processes or activities aimed at improving the knowledge, skills and trust of consumers and the general public. You can better manage your personal finances.

2) Financial Knowledge

   Financial knowledge is the ability to understand, analyze, and manage finances in order to make decisions that are in the best interest of oneself. If one has a good education, it can help improve financial knowledge and help make better financial decisions.

3) Financial Behavior

   Behavioral dimensions are important because they play a role in financial well-being. Behavior can be affected by financial knowledge, so it is important to measure it in financial knowledge tests.

   Individuals with high financial behaviors are more likely to participate in the stock market and formal financial markets, save actively, pay bills on time, carefully evaluate financial products, prefer saving over loans in times of crisis, self-assess product affordability, plan for retirement, do well Asset accumulation and management.

4) Financial Attitude

The financial attitude of a person can be characterized by their thoughts, opinions, and judgments about finances. The theory of social learning suggests that people are locked into a three-way relationship with their environment, their own behavior, and their inner experiences. The inner events that occurred in this study had an impact on the financial attitudes and financial management behavior of the study participants. There is a right way to approach finances and it starts with having a good attitude.