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Systematic Literature Review: Analysis of Financial Management Behavior of Students in Indonesia

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ABSTRACT
Based on the survey, the percentage of financial behavior among university students is lower than that of millennials. This is due to the low level of financial ability among university students. The goals of this study include: (1) variables that determine how economic behavior among influential students improves (2) financial behaviors among students. This research method used a systematic literature overview (SLR) in which international and national journals were published between 2018 and 2022. The majority of the research findings show that financial capacity has a positive effect on financial behavior. Financial ability is the advantage of developing students' self-efficacy so that students can make more confident decisions regarding financial management. However, improving financial behavior should not only focus on cognitive aspects, but also ensure emotion (positive attitude) and cone (stakeholder support to ensure program success). The importance of parents as a major factor in family socialization lies in their role as shapers of personality, attitudes and white financial behaviors

Keywords
Systematic Literature Review, Financial Management and Financial Literacy

INTRODUCTION

The results of the 2022 National Financial Literacy and Inclusion Survey (SNLIK) show that the financial capacity of the Indonesian people was 49.68%, 38.03% in 2019, with 47.88% and 52.12% of financial capacity among millennials. Based on gender, the indicator of female financial ability is 50.33%, higher than 49.05% for men. This means that millennium generations have better financial management skills than university students, while women have better financial management skills than men. The survey was conducted in 34 states across Indonesia with a total of 14,634 respondents. Taking these topics into consideration, the government has developed a strategy to improve the financial capabilities of the younger generation to promote responsible and prudent financial behavior among young people in Indonesia. This behavior refers to managing money, loans, and savings (Dew & Xiao, 2011). Such behavior is particularly important for students, especially students. This is a generation that is more cautious when managing personal funds (Yanto et al., 2021). The wisdom of people's financial management is related to financial competence. The higher a person's income, the smarter he is to make smarter financial decisions compared to those with lower incomes. If you can't manage your finances well, you have personal financial problems, regardless of how much income a person earns.

Financial competence is the combination of perceptions, knowledge, skills, attitudes and behaviors in which an individual must make sound financial decisions and ultimately achieve an individual's financial well (Bhabha etal. 2014; Opletalova 2015). Consumer strengthening is believed to support efforts to achieve stability in the financial system, improve the presence of community wells, and promote more integrated development.

General knowledge of financial abilities is necessary in everyday life and becomes a life ability that everyone must have to have in order to live a long and fulfilling life. Based on SNLKI 2017, people can often be considered triggered if they have knowledge and trust about financial institutions, products and services, and the skills to understand these financial products and services.

carpena et al. (2011) state that there are three aspects of financial competence: 1) numerical competence. 2) Basic understanding of finances. 3) Financial decision-making settings. Knowledge related to financial capabilities includes knowledge, education and information about finance and funding sources, banking, deposits, loans, insurance, and taxes (Willis 2008). In individual capabilities, financial attitudes and behaviors are reflected in determining financial goals, developing financial plans, managing finances, and financial decisions when using financial products and services.

Education plays an important role in the development of financial capabilities, both through informal education within family environments and formal education within higher education environments. Lusardi (2010) states that as a younger generation, students are not only exposed to increased complexity in financial products, services and markets, but also take greater financial risks in the future than their parents.

The Theory of Planned Behavior (TPB), as proposed by Ajzen (2005), suggests that an individual's intention to perform a certain behavior is influenced by informational factors. In this context, financial literacy is identified as a key informational component. Financial literacy encompasses an individual's ability to comprehend and apply financial knowledge, which plays a crucial role in shaping financial decision-making and behavior.

Numerous studies have emphasized the significance of financial literacy in influencing financial behavior, including research conducted by Arofah et al. (2018), Herawati et al. (2018), Humaidi et al. (2020), Halim and Setyawan (2021), Kamel and Sahid (2021), Mulasi and Mathew (2021), Pamitkasih et al. (2022), Ramalho and Forte (2019), and Ulai Hati et al. (2020). Building on these findings, the present study positions financial literacy as the most impactful factor affecting individual financial behavior.

Introducing financial literacy from an early age is essential, as foundational financial knowledge and experiences tend to be internalized and reflected in one's long-term habits and values. Cultivating a strong financial culture includes developing an understanding of money's value, fostering saving habits, learning to distinguish between needs and wants, and promoting principles such as generosity and responsible spending. The objectives of this study are twofold:
(1) To identify the key variables that significantly influence the financial behavior of university students. (2) To explore effective strategies for enhancing financial behavior among university students.

1. Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by Ajzen (1991), builds upon the earlier Theory of Reasoned Action (TRA) introduced by Ajzen and Fishbein in 1980. The TRA posits that an individual's intention to engage in a behavior is determined by two main factors: their attitude toward the behavior and the influence of subjective norms. Later, Ajzen (1988) expanded this model by incorporating a third component—perceived behavioral control—thus evolving it into the Theory of Planned Behavior. This extension provided a more comprehensive framework for understanding behavioral intention, particularly in situations where individuals may face obstacles or lack complete volitional control.

TPB identifies three core determinants of behavioral intention: (1) Attitude toward the behavior, referring to the degree to which an individual has a favorable or unfavorable evaluation of the behavior; (2) Subjective norms, which reflect perceived social pressures or expectations from significant others regarding whether one should perform the behavior; and (3) Perceived behavioral control, which represents the individual’s assessment of their ability or ease in performing the behavior, based on past experiences and anticipated obstacles (Ajzen, 1991). According to the theory, these three variables jointly influence an individual’s intention to perform a specific behavior, which in turn predicts actual behavior.

2. Financial Literacy

According to Remund (2010), financial literacy refers to an individual’s comprehension of financial principles, coupled with the ability and confidence to manage personal finances. This includes making appropriate short-term financial decisions, engaging in long-term financial planning, and staying informed about broader economic trends and conditions. Huston (2010) further expands on this by defining financial literacy as not only an awareness of financial tools and concepts but also the knowledge required to apply them effectively in both personal and professional contexts.

Palameta et al. (2016) emphasize the progression from financial knowledge to financial skills—practical abilities that enable individuals to apply what they know in real-world financial situations. These skills support sound, informed decision-making regarding personal and household finances. Furthermore, Yates and Ward (2011) highlight that a person’s cognitive abilities contribute significantly to their confidence and competence in managing various aspects of personal finance. This includes everyday budgeting, saving, and spending, as well as engaging with more complex financial products such as loans, investments, and long-term financial planning.

3. Financial Management

Financial management behavior reflects an individual's sense of responsibility in managing their financial resources. It encompasses how a person handles money and assets in a way that is efficient and goal-oriented. According to Ida and Dwinta (2010), money management involves the process of controlling the use of financial assets to ensure stability and prevent excessive, uncontrolled spending driven by unchecked desires.

Al-Kholilah and Irmamani (2013) explain that financial management behavior emerges from an individual’s efforts to fulfill their needs based on the income they earn. This behavior is shaped by how effectively a person aligns their spending with their financial capacity. Furthermore, Herdjiono and Damanik (2016) identify four key dimensions of financial management behavior: consumption patterns, cash flow management, saving habits, and debt management. These aspects collectively illustrate the practical application of financial responsibility in everyday life.

METHODE

This scientific article employs a qualitative research approach through library research (literature review). The analysis involves examining theories and exploring the relationships or influences between variables using a variety of sources, including academic books and peer-reviewed journals, obtained both offline (through physical libraries) and online platforms such as Mendeley, Google Scholar, and other scholarly databases.

In qualitative research, the use of literature must align with the underlying methodological assumptions. It should be applied in an inductive manner, allowing insights and research questions to emerge naturally from the data rather than being predetermined. As noted by Ali and Limakrisna (2013), one of the central purposes of qualitative research is its exploratory nature, which enables researchers to gain a deeper understanding of complex phenomena without imposing rigid frameworks from the outset.

RESULT AND DISCUSSION

Table 1. Results of Previous Research

No	Author	Title	Journal	Result
1	Arofah A. et al.	Financial Literacy, Materialism and Financial Behavior	International Journal of Multicultural and Multireligious Understanding Volume 5, Issue 4, 2018	Financial literacy has a positive and significant contribution to financial behavior. Materialism has a positive and significant contribution to financial behavior
2	Halim M & Setyawan I	Determinant Factors of Financial Management Behavior Among People in Jakarta During COVID- 19 Pandemic	Advances in Social Science, Education and Humanities Research, volume 570 (ICEBSH 2021)	Financial knowledge, financial attitudes, and especially financial literacy have a significant influence on financial management behavior.
3	Herawati T. et al.	Factors That Influence Financial Behavior Among Accounting Students in Bali	International Journal of Business Administration · April 2018	Financial literacy, financial self-efficacy, and socioeconomic status have a positive influence on financial behavior
4	Humaidi A. et al.	The Effect of Financial Technology, Demography, and Financial Literacy on Financial Management Behavior of Productive Age in	International Journal of Advances in Scientific Research and Engineering (ijasre). Volume 6, Issue 1 January - 2020	Demographic variables proxies by gender, income, and age do not
5	Kamel A & Sahid S	Financial Literacy and Financial Behaviour of University Students in Malaysia	Turkish Online Journal of Qualitative Inquiry (TOJQI) Volume 12, Issue 9, August 2021: 1208-1220	influence financial management behavior. Financial technology and financial literacy have a significant positive influence on financial management behavior.

No	Author	Title	Journal	Result
6	Khalisharani H. et al.	The Influence of Financial Literacy and Attitude Towards Financial Behaviour Amongst Undergraduate Students: A Cross-Country Evidence	Pertanika J. Soc. Sci. & Hum. 30 (2): 449 - 474 (2022)	Financial attitudes had a significant positive effect on financial behavior among Indonesian and Malaysian students and groups. Conversely, financial literacy had a negative effect on financial behavior among respondents, except in Malaysia.
7	Mulasi A & Mathew J	Role of Financial Literacy in Predicting Financial Behaviour: The Mediating Role of Financial Self-Efficacy	Indian Journal of Economics and Business Vol. 20 No. 2 (July-December, 2021)	A moderate positive correlation between variables indicates that financial literacy is very important in shaping an investor's financial behavior, and this relationship is reinforced by financial self-efficacy.
8	Pamitkasih T. et al.	The Influencing Factors for Financial Behaviour of Gen Z	International Conference on Business & Social Sciences (ICOBUSS) 440 Surabaya, March 5-6 th, 2022	Personal income, financial attitudes, and financial literacy have a significant effect on students' financial behavior.
9	Ramalho T & Forte D	Financial literacy in Brazil – do knowledge and self-confidence relate with behavior?	RAUSP Management Journal Vol. 54 No. 1, 2019 pp. 77-95 Emerald Publishing Limited	Financial literacy has a positive effect
10	Zulaihati S. et al.	Teachers' financial literacy: Does it impact on financial behaviour?	Management Science Letters 10 (2020) 653–658	on self-confidence, self-confidence has a positive effect on behavior, and financial literacy has a positive effect

Source: processed by researcher,2025

Based on the analysis of the table above, financial literacy consistently emerges as a key variable influencing students' financial management behavior. This conclusion is drawn from the findings of nine reviewed journal articles, all of which indicate a positive relationship between financial literacy and financial behavior. In essence, students with higher levels of financial literacy are more likely to demonstrate prudent financial practices—such as future financial planning, responsible spending, and consistent saving.

From the perspective of the Theory of Planned Behavior (TPB), financial literacy serves as an informational foundation that encourages individuals to act systematically when confronted with financial decisions. Strengthening financial literacy supports the predictive capacity of TPB in understanding individual behavior. Furthermore, implementing education policies that emphasize financial literacy is crucial to preparing future generations to make sound and responsible financial decisions. Financial literacy also plays a vital role in enhancing students' self-efficacy, allowing them to make confident financial choices and equipping them to navigate complex financial challenges with resilience and preparedness.

However, these findings contrast with the study by Khalisharani et al. (2022), which suggests a negative relationship between financial literacy and financial behavior. This highlights the limitation of focusing solely on cognitive elements. The study emphasizes the need to integrate affective components, such as a positive attitude, and conative elements, including stakeholder involvement, to ensure the success of financial literacy programs.

Efforts to improve students' financial behavior should begin with the family as the primary agent of financial socialization. Parents play a crucial role in instilling positive financial habits from an early age. As noted by Herawati et al. (2018), the higher the socioeconomic status of parents, the better the financial behavior exhibited by their children. Building on this, the present study suggests that parental educational background and religiosity also significantly influence the development of children's values, attitudes, and financial behavior. In contrast to socioeconomic status, which tends to reflect material affluence, these additional factors may contribute more meaningfully to character development and long-term financial responsibility.

CONCLUSION

Based on the findings from a Systematic Literature Review (SLR) of 45 journal articles—subsequently refined to 10 highly relevant studies—the review successfully addressed two core research questions. The analysis revealed that nine out of ten selected articles identified financial literacy as the most frequently examined and influential variable affecting financial behavior. The evidence consistently demonstrates that financial literacy has a positive impact, particularly in strengthening students' self-efficacy, thereby increasing their confidence in making informed financial decisions and managing their finances effectively. Improving students' financial behavior, according to the reviewed literature, should begin with the active involvement of parents. As primary agents of early education and socialization, parents play a critical role in instilling financial values, attitudes, and habits from a young age. The family environment thus becomes the foundational setting for shaping a child's character and long-term financial behavior..

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