The Influence of Financial Literacy on Family Financial Planning and Management Among Housewives

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Keywords:

Financial Literacy; Financial Planning; Financial Management.

Abstract

Financial literacy has an important role in family financial planning and management, especially among housewives who are responsible for managing family finances. This study aims to analyze the influence of financial literacy on family financial planning and management among housewives. Using a quantitative survey method, data was collected through the distribution of questionnaires to 211 housewife respondents in Tede Hamlet, and analyzed using linear regression. The results of the study show that the level of financial literacy has a significant and positive effect on the ability of housewives to prepare budgets, manage income and expenses, and make wise financial decisions. These findings confirm the importance of financial literacy education for housewives to improve family welfare.

INTRODUCTION

Challenges in recent decades, financial literacy has become one of the abilities that every individual, especially housewives, must have in managing their finances (Novitasari, 2022). Increasing economic conditions lead housewives to have skills in managing the financial resources they have (Yanti & Suci, 2023). In the context of the family, especially among housewives who play the role of the main manager of family finances, there are still many housewives who have limitations in financial literacy (Maulita et al., 2023). Financial literacy is the ability of individuals to analyze, manage, and plan finances, as well as communicate about their financial condition that can affect their well-being (Santiara & Sinarwati, 2023). (Kusnandar & Kurniawan 2020) states that financial literacy is a basic need that needs to be possessed by every individual, so that financial problems can be avoided. (Lusardi, 2019) It also states that financial literacy affects various factors, one of which is in the process of financial decision-making, both daily and long-term.

Financial literacy is closely related to financial management, where the higher the level of financial knowledge a person, the better it is to manage their financial management (Novitasari, 2022). Financial management that involves planning, and financial management is very important to achieve financial well-being, a person's quality of life is influenced by how they manage their financial patterns, the need for a person to have skills in managing their finances is driven by the uncertainty of economic conditions.

Although financial literacy is essential as a key factor in effective financial planning and management, many housewives have limited knowledge on how to manage their finances well. The existence of good financial literacy in each individual makes the individual feel more secure and comfortable in managing their finances (Courtesy of Stephanie O'Neill, 2022). Low financial literacy can result in inefficient budget management, debt accumulation, and the inability to make proper financial planning, which has a negative impact on the family's economic well-being in the long run.

Empirical evidence of low literacy among housewives can be found in several studies and surveys. One of the reports from the Indonesian Financial Services Authority (OJK) (2019) shows that the level of financial literacy among women, especially housewives, is significantly lower than that of men. The survey found that less than 30% of housewives have a good understanding of basic financial concepts.

Financial literacy occurs when an individual or housewife has the ability to plan and manage finances, a set of skills and abilities that make the person able to utilize existing resources to achieve goals, this is in line with the principles of LCH where financial literacy plays a role in increasing the ability of housewives to plan and manage family finances more effectively.

However, in many countries, including Indonesia, the level of financial literacy is still relatively low, especially among housewives. Low financial literacy levels can lead to poor decision-making in financial planning and management, such as lack of long-term planning, debt buildup, and difficulty in achieving financial goals. Housewives who do not have financial knowledge tend not to use financial planning tools and are unable to manage their finances efficiently. This can have a negative impact on family welfare and the quality of life of family members.

Considering the importance of financial literacy in improving family financial planning and management, this study aims to examine the influence of financial literacy on family financial planning and management among housewives in Tede Hamlet, Tede Village, North Basse Sangtempe District, Luwu Regency, South Sulawesi Province. This research is expected to provide useful insights for related parties, such as the government, educational institutions, and community organizations, in designing more effective financial education programs. In addition, the results of this research are also expected to be a reference, especially for housewives to improve their knowledge and skills in managing their finances, so that they can achieve better welfare for their families.

Research Problems and Urgency

Although housewives play an important role in financial planning and management, many of them have low levels of financial literacy. This impacts their ability to plan budgets, manage savings, and make informed financial decisions. This study identifies how low financial literacy among housewives affects family financial management.

This research is important to be conducted considering the low level of financial literacy among housewives, which has a direct impact on family financial planning and management. Based on data from the Financial Services Authority (OJK), only a small percentage of housewives have sufficient knowledge about financial literacy. In fact, housewives are very responsible for making decisions about family financial management. Low financial literacy can make it difficult for housewives to plan long-term finances, not understand financial management properly, and be prone to getting stuck in debt. By conducting this research, it is hoped that effective strategies can be found to increase financial literacy among housewives, so that they are able to manage family finances more wisely.

Research Benefits

This research is expected to be able to provide literary knowledge about financial literacy for housewives, in order to help increase the awareness of every individual, especially housewives, in planning and managing family finances well, and effectively. This research is also expected to be used as a reference for future researchers who research on financial literacy on family financial planning and management among housewives.

METHODS

The research design of a correlational survey, using a quantitative approach through survey methods, to measure the extent to which financial literacy affects financial planning and management in household financial decision-making in Tede Hamlet. Data was collected through a questionnaire that was distributed to respondents who were housewives. The location of this research was carried out in Tede Hamlet, North Basse Sangtempe District, Luwu Regency, South Sulawesi Province. The population and sample of this study were housewives living in Tede Hamlet, Tede Village, North Basse Sangtempe District, Luwu Regency, South Sulawesi Province, as many as 211 respondents. The sampling technique in this study uses saturated sampling where the entire population is sampled.

Quantitative research has an impact on the research results, namely the measurements and scales used in the research. In this case, the scale item used is a likert scale to measure each research variable based on each variable indicator, where the financial literacy variable is measured based on 20 statement items with indicators of basic financial knowledge, savings and loans, investment and insurance (Lusardi & Mitchell, 2013)deep (Safryani et al., 2020), financial planning variables are measured based on financial management and decision-making skill indicators(Stefani Marina, 2023) using 10 statement items, while financial management variables are measured based on 20 statement items with indicators of fund utilization, determination of funding sources, risk management, and future planning (Warsono, 2010) deep (Summons M. et al., 2023).

RESULTS AND DISCUSSION

In this section, the results of the data analysis that have been carried out will be presented, including the validity and reliability test of the instrument, as well as the results of the Structural Equation Modeling (SEM) model, which includes the goodness-of-fit (GoF) test and the estimation of model parameters.

Descriptive Analysis of Respondent Profiles

Descriptive analysis was conducted to provide an overview of the characteristics of respondents in this study which focuses on the influence of financial literacy on family financial planning and management among housewives.

Descriptions		Gender	Age	Education	Inclusion
N	Valid	211	211	211	211
	Missing	0	0	0	0
Mean		2.00	33.06	2.48	2.81

Median	2.00	32.00	3.00	3.00
Mode	2	32	1	4
Std. Deviation	.069	10.884	1.402	1.058
Variance	.005	118.463	1.965	1.119
Minimum	1	18	1	1
Maximum	2	85	4	4
Sum	421	6975	524	592

Table 1.1 Descriptive Analysis of Respondent Profiles

The results of the analysis showed that the number of valid respondents was 211 people. The mean value for the sex variable was 2.00 with a mode of 2, which indicates that the majority of respondents in this study were women. A low standard deviation (0.069) indicates that the distribution of data on this variable has very little variation.

The age of the respondents in this study was in the range of 18 to 85 years, with an average score of 33.06 years and a median of 32 years. The mode of age data is 32 years, which means that age is the age that most often appears in the study sample. The standard deviation value of 10.884 and the variance of 118.463 indicate that there is a fairly high level of variation in the age distribution of respondents.

The respondents' education level variables had a score range between 1 to 4 (SMA, SMP, SD, Other), with an average score of 2.48. The median of the level of education is 3, while the mode is 1, which indicates that the majority of respondents have a primary to secondary level of education. The standard deviation of 1.402 indicates a significant variation in education level.

The respondents' income categories were in the range of 1 to 4, with an average score of 2.81. A median value of 3 indicates that most respondents have an income that falls into the third category. The mode of entry data is 4, which indicates that this category is the most common category in the study sample. The standard deviation of 1.058 indicates a variation in the income level of the respondents.

Based on the results of this descriptive analysis, it can be concluded that the majority of respondents in this study are women with an average age of 33 years. The education level of the respondents varied, with the majority having a primary to secondary level of education. The income of respondents' families also showed variation, with the majority tending to be in the higher income category. This analysis provides a solid basis to understand the characteristics of respondents before further analysis is carried out on the relationship between financial literacy and family financial planning and management.

Descriptive Statistics

Descriptive statistical analysis is used to provide an overview of the research data. The following is a table showing the descriptive statistics of each variable in this study:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
X.1 - Basic Financial Knowledge	211	1	5	4.26	.739
X.2 - Basic Financial Knowledge	211	2	5	4.27	.660
X.3 - Basic Financial Knowledge	211	2	5	4.23	.721
X.4 - Basic Financial Knowledge	211	1	5	4.40	.745
X.5 - Basic Financial Knowledge	211	2	5	4.37	.623
X.6 - Savings and Loans	211	1	5	4.38	.736
X.7 - Savings and Loans	211	1	5	4.21	.759
X.8 - Savings and Loans	211	1	5	4.23	.887
X.9 - Savings and Loans	211	1	5	4.08	.836
X.10 - Savings and Loans	211	1	5	4.40	.746
X.11 - Investments	211	1	5	4.05	.855
X.12 - Investment	211	1	5	4.05	.849
X.13 - Investment	211	1	5	4.20	.767
X.14 - Investment	211	1	5	3.99	.859
X.15 - Investment	211	1	5	4.09	.803
X.16 - Insurance	211	2	5	4.29	.702
X.17 - Insurance	211	1	5	4.18	.796
X.18 - Insurance	211	1	5	4.05	.829
X.19 - Insurance	211	1	5	4.18	.776
X.20 - Insurance	211	1	5	3.97	.878
Y1.1 - Financial Organizing Skills	211	1	5	4.25	.843
Y1.2 - Financial Organizing Skills	211	1	5	4.27	.792
Y1.3 - Financial Organizing Skills	211	1	5	4.30	.751
Y1.4 - Financial Organizing Skills	211	1	5	4.18	.816
Y1.5 - Financial Organizing Skills	211	2	5	4.28	.740
Y1.6 - Decision Making	211	1	5	4.24	.758
Y1.7 - Decision Making	211	2	5	4.37	.694

Y1.8 - Decision Making	211	1	5	4.30	.793
Y1.9 - Decision Making	211	1	5	4.28	.788
Y1.10 - Decision Making	211	1	5	4.25	.790
Y2.1 - Use of Funds	211	1	5	4.33	.771
Y2.2 - Use of Funds	211	1	5	4.18	.856
Y2.3 - Use of Funds	211	1	5	4.11	.863
Y2.4 - Use of Funds	211	1	5	4.18	.802
Y2.5 - Utilization of Funds	211	1	5	4.41	.721
Y2.6 - Determination of Funding Sources	211	2	5	4.39	.691
Y2.7 - Determination of Funding Sources	211	1	5	4.22	.787
Y2.8 - Determination of Funding Sources	211	1	5	4.29	.754
Y2.9 - Determination of Funding Sources	211	2	5	4.33	.649
Y2.10 - Determination of Funding Sources	211	2	5	4.27	.716
Y2.11 - Risk Management	211	2	5	4.20	.718
Y2.12 - Risk Management	211	1	5	4.14	.850
Y2.13 - Risk Management	211	1	5	4.16	.764
Y2.14 - Risk Management	211	1	5	4.25	.820
Y2.15 - Risk Management	211	2	5	4.18	.833
Y2.16 - Future Planning	211	1	5	4.34	.753
Y2.17 - Future Planning	211	1	5	4.29	.702
Y2.18 - Future Planning	211	2	5	4.40	.635
Y2.19 - Future Planning	211	2	5	4.33	.692
Y2.20 - Future Planning	211	1	5	4.27	.822
Valid N (listwise)	211				

Table 1.2 Descriptive Statistics

The descriptive analysis of the variables of this questionnaire shows various aspects of financial literacy and its relationship with family financial planning and management. Based on the results of the study involving 211 respondents, various dimensions of financial literacy such as basic financial knowledge, savings and loans, investments, insurance, and other aspects of financial management were analyzed using descriptive statistics.

The results of the analysis showed that the average score on the basic financial knowledge indicator ranged from 4.23 to 4.40, with a relatively small standard deviation, indicating that most respondents had a good understanding of basic financial concepts. The savings and loan

aspects had an average score between 4.08 to 4.40, which indicated that respondents had a tendency to save and understand the concept of loans.

In the investment indicator, the average value ranged from 3.99 to 4.20, with a higher standard deviation than other variables, indicating that there was a variation in investment understanding and skills among respondents. Meanwhile, the insurance variable had an average score between 3.97 and 4.29, indicating that awareness of the importance of insurance is quite high, although there are variations in its understanding and use.

On the indicators of financial management skills, decision-making, and the use of funds, the average score ranged from 4.18 to 4.30, which reflects a good level of understanding in family financial management. Variables related to the determination of funding sources and risk management showed stable results with an average score between 4.14 and 4.39, reflecting a fairly good understanding of these aspects.

Finally, the future planning indicator had an average score between 4.27 to 4.40, indicating that most respondents already had awareness and strategy in place in planning their long-term finances. Overall, the results of this analysis indicate that financial literacy has a significant influence on family financial planning and management among housewives.

Validity and Reliability Tests

To ensure that the instruments used in this study are reliable in measuring the variables studied, validity and reliability tests were carried out. Validity tests aim to measure the extent to which the indicators used can represent the construct in question, while reliability tests are used to ensure the consistency of measurement results under various conditions.

In this study, validity and reliability were tested using two main methods, namely Average Variance Extracted (AVE) and Composite Reliability (CR). AVE is used to measure the variance described by a construct compared to the variance due to measurement errors, while CR is used to measure the extent to which indicators in a construct have high internal consistency. In addition, Cronbach's Alpha is also used to measure the internal consistency of each construct.

The results of reliability testing with Cronbach's Alpha show that all constructs have values above 0.70, which indicates a good level of reliability. Details of the reliability test results are presented in Table 1.3 below:

Case Processing Summary		
	N	%

Cases	Valid	211	100.0
	Excludeda	0	.0
	Total	211	100.0

Reliability Statistics	
Cronbach's Alpha	N of Items
.947	50

Table 1.3 Cronbach Alpha Reliability Test

The two main measures used in reliability evaluation are Composite Reliability (CR) and Average Variance Extracted (AVE). The criteria used to determine the reliability of the construct in this study are as follows: Composite Reliability (CR) > 0.70: Indicates that the construct has a high level of reliability. Average Variance Extracted (AVE) > 0.50: Indicates that a latent variable can explain more than 50% of the variance of the indicator associated with it.

RELIABILITY				
CR > 0.70 and AVE > 0.50				
VARIABLE	**INDICATORS**	**SLF**	**SLF^2**	**E**
Financial Literacy (X)	X.1	0,637	0,405769	0,594231
	X.2	0,896	0,802816	0,197184
	X.3	0,811	0,657721	0,342279
	X.4	0,525	0,275625	0,724375
	X.5	0,703	0,494209	0,505791
	X.6	0,545	0,297025	0,702975
	X.7	0,654	0,427716	0,572284
	X.8	0,675	0,455625	0,544375
	X.9	0,833	0,693889	0,306111
	X.10	0,527	0,277729	0,722271
	X.11	0,942	0,887364	0,112636
	X.12	0,518	0,268324	0,731676
	X.13	0,748	0,559504	0,440496
	X.14	0,672	0,451584	0,548416
	X.15	0,814	0,662596	0,337404
	X.16	0,771	0,594441	0,405559
	X.17	0,652	0,425104	0,574896
	X.18	0,643	0,413449	0,586551
	X.19	0,723	0,522729	0,477271
	X.20	0,967	0,935089	0,064911
		14,256	**10,508308**	**9,491692**
		203,2335		

| | | CR | 0,955381 | |
| | | AVE | 0,525415 | |

Financial Planning				
(Y1)	Y1.1	0,694	0,481636	0,518364
	Y1.2	0,739	0,546121	0,453879
	Y1.3	0,643	0,413449	0,586551
	Y1.4	0,896	0,802816	0,197184
	Y1.5	0,631	0,398161	0,601839
	Y1.6	0,654	0,427716	0,572284
	Y1.7	0,766	0,586756	0,413244
	Y1.8	0,851	0,724201	0,275799
	Y1.9	0,619	0,383161	0,616839
	Y1.10	0,716	0,512656	0,487344
		7,209	**5,276673**	**4,723327**
		51,96968		
	CR	**0,916686**		
	AVE	**0,527667**		

Financial Management				
(Y2)	Y2.1	0,716	0,512656	0,737183826
	Y2.2	0,526	0,276676	0,923450391
	Y2.3	0,918	0,842724	0,28981626
	Y2.4	0,756	0,571536	0,673346601
	Y2.5	0,814	0,662596	0,560966541
	Y2.6	0,579	0,335241	0,887613472
	Y2.7	0,958	0,917764	0,15770924
	Y2.8	0,885	0,783225	0,386558599
	Y2.9	0,829	0,687241	0,527699808
	Y2.10	0,932	0,868624	0,245492347
	Y2.11	0,646	0,417316	0,825847356
	Y2.12	0,822	0,675684	0,543451132
	Y2.13	0,628	0,394384	0,844461261
	Y2.14	0,724	0,524176	0,725239521
	Y2.15	0,896	0,802816	0,35548647
	Y2.16	0,716	0,512656	0,737183826
	Y2.17	0,951	0,904401	0,182058831
	Y2.18	0,823	0,677329	0,541225426
	Y2.19	0,775	0,600625	0,639249609
	Y2.20	0,863	0,744769	0,445319137
		15,757	**12,712439**	**11,22935965**
		248,283		
	CR	**0,956729**		
	AVE	**0,530973**		

Table 1.4 SEM Reliability and Validity Tests

Variable X consists of 20 statement items that have a Standardized Loading Factor (SLF) value ranging from 0.518 to 0.967. The calculation results show that the CR value for variable X is 0.955, which means that this construct has excellent internal reliability, indicating a high level of internal consistency among its indicators. In addition, the AVE of the X variable is 0.525, qualifying for convergent validity. This shows that more than 52.5% of the variance in this construct can be explained by its indicators, indicating that the construct has a fairly good representation of the phenomenon being measured.

Variable Y1 consists of 10 statement items with SLF values ranging from 0.619 to 0.896. Based on the results of the analysis, the CR value of the Y1 variable is 0.917, which indicates excellent internal reliability. Thus, this construct has a high level of reliability in measuring the concept in question. Meanwhile, an AVE value of 0.528 indicates that this construct has met the convergent validity, with more than 52.8% of the variance in the construct explained by its indicators. This indicates that the indicators used are able to represent the measured concepts quite well.

Variable Y2 consists of 20 statement items with SLF values ranging from 0.526 to 0.967. The calculation results show that the CR value for the Y2 variable is 0.957, which confirms that this construct has very high reliability and is reliable in measuring the phenomenon in question. In addition, an AVE value of 0.531 indicates that the validity of the convergence has been met, with more than 53.1% of the variance in this construct explained by the indicators.
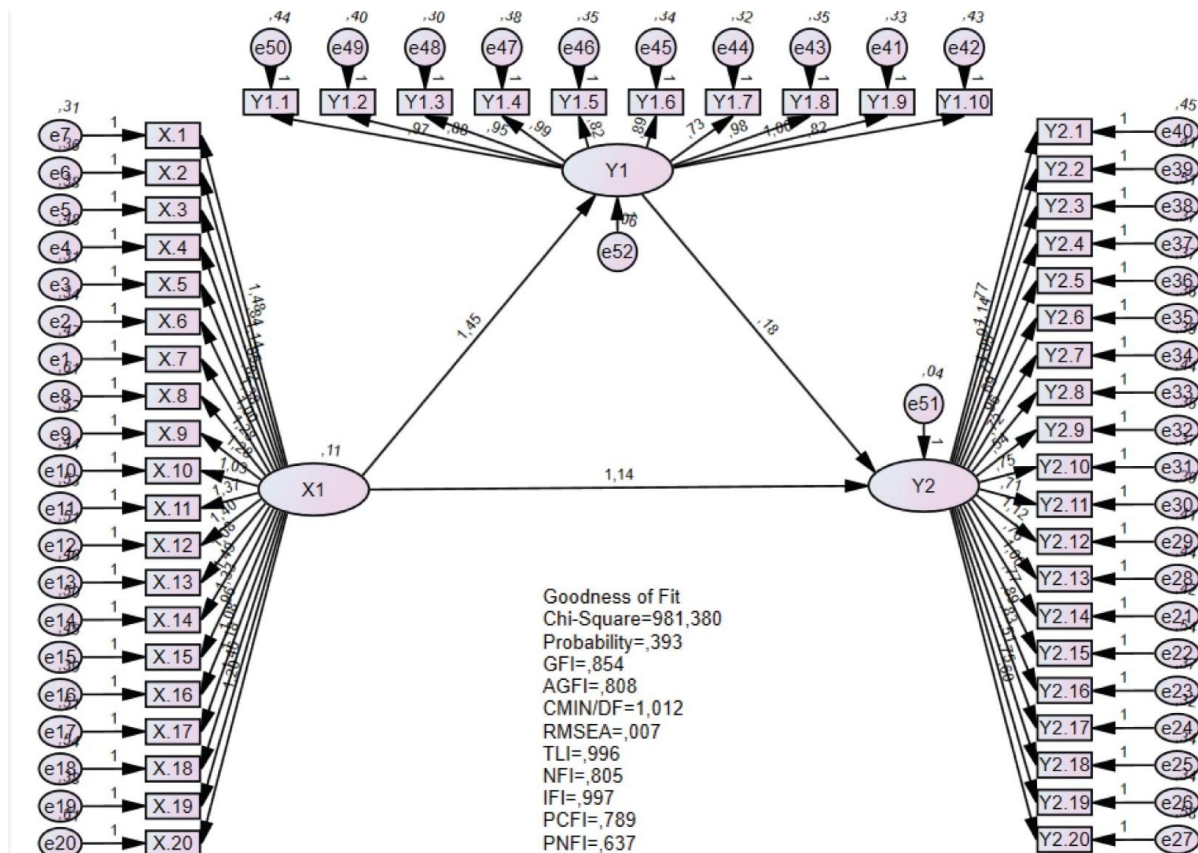
Goodness of Fit (GoF) SEM

Figure 1.2 Structural Equal Modeling AMOS

Goodness of Fit (GoF) is an important indicator in Structural Equation Modeling (SEM) analysis that is used to assess the extent to which the model being tested is able to accurately represent empirical data. In this study, several Goodness of Fit criteria were used to evaluate the model's fit with the data, including Chi-Square, Probability, Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Parsimony-based Fit Indices (PCFI, PNFI).

The results of the Goodness of Fit test showed that the tested model had a good level of compatibility with the data. Here is the interpretation of each GoF index that has been calculated:

Goodness of Fit (GoF)	Value	Information
Chi-Square	981,38	Fit
Probability	0,383	Fit
GFI	0,854	Fit
AGFI	0,808	Fit
CMIN/DF	1.0,12	Fit

RMSEA	0,007	Fit
TLI	0,996	Fit
NFI	0,805	Fit
PCFi	0,789	Fit
PNFI	0,637	Fit

Table 1.5 Goodness of Fit (GoF) AMOS

The Chi-Square value is one of the first indicators used to test the model's compatibility with the data. The Chi-Square value obtained in this study was 981.38. While this value may seem large, it's important to note that Chi-Square can be affected by large sample sizes. Therefore, in models involving large sample counts, a higher Chi-Square value does not necessarily indicate a bad model. As a guide, if the Chi-Square value is relatively small compared to the degree of freedom (df), this indicates a good model. In this case, even though the Chi-Square value seems high, the model can be considered fit when viewed from the value of other indexes.

The probability value (p-value) is an indicator used to test whether the difference between the proposed model and the data obtained is significant or not. A p-value greater than 0.05 indicates that there is no significant difference between the model and the data, indicating a good model fit. In this study, the p-value of 0.383 was greater than 0.05, which shows that the proposed model is very fit with the existing data. This means that the developed model is statistically acceptable and provides an accurate picture of the relationships between variables. The Goodness of Fit Index (GFI) is one of the key indices in measuring the extent to which models can explain variations in data. The GFI value obtained was 0.854, which suggests that this model is able to explain about 85.4% of the variation in the data. For reference, a GFI value greater than 0.90 indicates an excellent match. Although this value is slightly below the 0.90 mark, the value of 0.854 is still within acceptable limits in social and economic research, which suggests that this model is well accepted.

The Adjusted Goodness of Fit Index (AGFI) is a variation of GFI that takes into account the complexity of the model. AGFI provides a more conservative value by considering the number of variables in the model. The AGFI value obtained in this study was 0.808. Although this value is slightly lower than the GFI, the value of 0.808 still indicates that the proposed model has a good match with the existing data. RMSEA is an index used to measure how well the proposed model estimates the existing data. An RMSEA value smaller than 0.05 indicates an excellent model fit, and a value between 0.05 to 0.08 indicates a good fit. In this study, the RMSEA value obtained was 0.007, which indicates that this model has a very low degree of

mismatch. This indicates that this model is well suited to the existing data and is acceptable as an accurate representation of the relationships between the variables being studied.

TLI, also known as the Non-Normed Fit Index (NNFI), is an index that measures model fit by comparing a submitted model with a simpler model. A TLI value greater than 0.95 is considered an excellent indicator of model suitability. In this study, the TLI value obtained was 0.996, which indicates a very high model match. This value illustrates that the developed model is very consistent with the data and provides a good estimate of the relationship between variables. The NFI is an index that compares a proposed model with an independent model that assumes no relationship between variables. An NFI value greater than 0.90 is considered a good match. The NFI value in this study was 0.805, which suggests that although this model is slightly below the ideal threshold, it is still acceptable as a fit model.

The PCFi is an index used to evaluate the balance between model fit and model complexity. A higher PCFi value indicates a better model fit. In this study, the PCFi value was 0.789, which suggests that this model is quite good in terms of simplicity and compatibility. Although slightly below 0.80, this value is still within an acceptable range. PNFI is a similar index to PCFi, but it imposes penalties on more complex models. Higher PNFI values indicate better model fit considering model complexity. The PNFI value obtained in this study was 0.637, which suggests that this model is quite good despite the penalty for higher complexity.

Overall, the results of the Goodness of Fit (GoF) obtained in this study show that the proposed model is very fit with the existing data. Most GoF indices show good or very good match, which indicates that this model accurately describes the relationship between financial literacy and family financial planning and management among housewives. The values obtained for Chi-Square, Probability, GFI, AGFI, CMIN/DF, RMSEA, TLI, NFI, PCFi, and PNFI all support the validity of the model and indicate that this model is acceptable as a valid representation of the relationships between the variables under study.

 SEM Hypothesis Test

Hypothesis tests in this structural model are carried out to test the relationship between existing variables. Based on the estimated results, all the tested paths showed significant results, with a p-value of less than 0.05.

HYPOTHESIS TEST							
	Variable		**Estimate**	**S.E**	**C.R**	***P***	**Label**
X1	→	**Y1**	1,474	0,252	5,854	***	par_48
Y1	→	**Y2**	0,113	0,11	1,025	***	par_49

X1	**➔**	**Y2**	1,196	0,277	4,324	***	par_50

= <0.05 (Significant) / 0.01

Table 1.6 SEM Hypothesis Test

First, the relationship between X1 (financial literacy) and Y1 (financial planning) showed an estimated value of 1.474 with a standard error (S.E.) of 0.252 and a C.R. value of 5.854. A p value of less than 0.01 (p < 0.05) indicates that this relationship is very significant, which means that financial literacy has a positive effect on financial planning.

Second, the relationship between Y1 (financial planning) and Y2 (financial management) showed an estimate of 0.113 with an S.E. of 0.11 and a C.R. of 1.025. Although the C.R. value was lower than the previous line, a p smaller than 0.05 still indicated that this relationship was significant, albeit with a smaller degree of influence compared to the first line.

Third, the direct relationship between X1 (financial literacy) and Y2 (financial management) showed an estimate of 1.196 with an S.E. of 0.277 and a C.R. of 4.324. A very small p-value (p < 0.01) indicates that financial literacy also has a significant positive influence on financial management.

Path Analysis

The results of the direct influence path analysis showed that the relationship between variables in this study was significant. Based on the path estimation, there is a strong direct influence of the independent variables (X and Y1) on the dependent variables (Y2).

Figure 1.3 Path Analysis (Direct Effect)
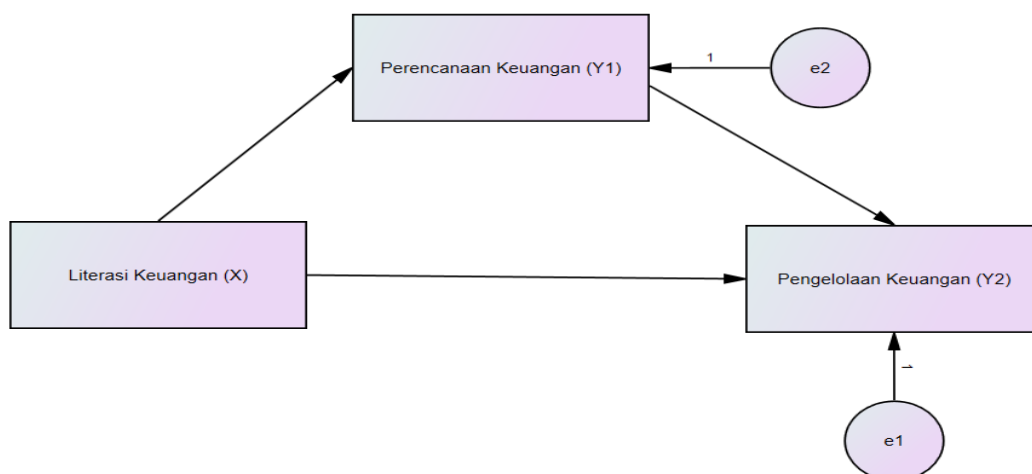
Path Analysis (Direct Effect)					
Path	Direct Effect (E)	S.E	*T-value*	*P-Value*	Label
X → Y1	0,480	0,028	17,048	***	Significant
X → Y2	0,580	0,062	9,330	***	Significant
Y1→ Y2	0,525	0,099	5,314	***	Significant
= <0.001 (Significant)					

Table 1.7 Direct Effect Path Analysis

First, Financial Literacy (X) has a significant positive influence on Financial Planning (Y1) with an estimated value of 0.480, *standard error* (S.E) of 0.028, and a *t-value* of 17.048 with a p < 0.001. This shows that the higher the level of financial literacy a person, the better the individual's ability to plan for finances. Good financial planning reflects a better understanding of personal and family financial management, making financial decisions more structured and effective.

Furthermore, Financial Literacy (X) also has a positive and significant influence on Financial Management (Y2) with an estimated value of 0.580, S.E 0.062, *T-value* 9.330, and p < 0.001. These results indicate that individuals with higher levels of financial literacy tend to be better able to manage their finances efficiently. These capabilities include managing the bylaws, managing debts, and making smarter financial decisions, thereby increasing financial stability.

Finally, Financial Planning (Y1) was also proven to have a positive and significant effect on financial management (Y2), with an estimated value of 0.525, S.E 0.099, *T-value* 5.314, and p < 0.001. These findings reinforce the hypothesis that good financial planning is an important factor in supporting the effectiveness of financial management. Individuals who have a clear and systematic financial plan are more likely to allocate financial resources efficiently as well as minimize unexpected financial risks.

The results of this analysis show that financial literacy plays a crucial role in forming healthy financial habits, both in terms of planning and financial management. Thus, increasing financial literacy needs to be a major concern in efforts to improve the economic welfare of the community, especially among housewives who have a central role in managing family finances.

Inderect Effect Analyst

Path	Inderect Effect	S.E	*T-value*	*P-value*	Label

X←Y1←Y2	0,252	0,028	9.00	***	Significant

= <0.001 (Significant)

Table 1.8 Inderect Effect Path Analysis

From the results of the above analysis, it can be concluded that financial literacy (X) affects financial management (Y2) through financial planning (Y1) with an indirect effect of 0.252. This effect is significant with a T-value of 9.00 and a P-value of <0.001 (Indicated by *), which means that the relationship is statistically strong. In other words, financial planning plays a significant mediator in the relationship between financial literacy and family financial management.

DISCUSSION

The Influence of Financial Literacy on Financial Planning

The results of the study show that financial literacy has a positive and significant effect on family financial planning. This is evidenced by an estimated value of 0.480, a T-value of 17.048, and a p-value of < 0.001. These findings indicate that the higher the level of financial literacy of housewives, the better their ability to systematically organize and plan family finances. Housewives who understand basic financial concepts, such as income management, savings, investments, and risk management, tend to be better able to plan household expenses, prepare emergency funds, and design budgets for future needs. These results are in line with research (Bonang et al., 2019) and (Saputri & Iramani, 2019) which states that financial literacy has a significant influence on financial planning because financial knowledge can increase individual awareness in managing and allocating resources appropriately to achieve economic prosperity.

Financial Planning and Financial Management

Good financial planning has been proven to have a positive and significant influence on family financial management, with an estimated value of 0.525, a T-value of 5.314, and a p-value of < 0.001. This shows that financial planning is an important basis for decision-making related to spending, debt control, and the management of daily needs. This research supports the findings (Kohar, 2022) which states that individuals with careful financial planning are better able to manage long-term finances systematically and efficiently. Similarly (Stefani Marina, 2023) reveals that financial planning assists individuals in allocating resources well, prioritizing needs, and managing expenses in a controlled manner. With clear planning, housewives can avoid waste, estimate unexpected expenses, and maintain family financial balance.

The Influence of Financial Literacy on Financial Management

In addition to financial planning, financial literacy has also been proven to have a direct influence on financial management with an estimated value of 0.580, T-value of 9.330, and p-value of < 0.001. This shows that housewives who have a good financial understanding are better able to manage household finances effectively, including in terms of budgeting, financial recording, and spending decision-making. These findings support research (Novitasari, 2022) and (Pradinaningsih Ayu Novia & Wafiroh Novi Lailiyul, 2022) which confirms that high financial literacy encourages wiser financial management behavior. Knowledge of financial products, investment risks, and the

importance of saving allows housewives to avoid unnecessary expenses and make optimal use of resources.

Relevance to the Life Cycle Hypothesis (LCH)

The results of this study are overall in line with the Life Cycle Hypothesis framework which states that individuals plan their consumption and savings according to the stages of life. Housewives who have high financial literacy will be better prepared to adjust financial strategies in every phase of life, starting from the early days of fostering a family, the productive phase, to retirement. By understanding the principles of LCH, housewives can manage their finances based on short- and long-term priorities and needs. This supports efforts to create sustainable financial stability for families, as well as avoid future financial risks. Financial literacy is the main provision in supporting the financial management cycle throughout an individual's life.

CONCLUSION

Based on the results of this study, it can be concluded that financial literacy has a significant influence on family financial planning and management among housewives. High financial literacy allows housewives to better plan family finances, set spending priorities, and make more informed financial decisions. This creates a strong foundation for more structured financial planning, which in turn facilitates more effective financial management in daily life.

While financial planning plays an important role in financial management, successful management also depends on the ability to cope with practical challenges, cope with unexpected expenses, and adapt to changing economic conditions. Therefore, while financial planning is a crucial first step, good management requires discipline, deep understanding, and flexibility in dealing with existing dynamics.

Furthermore, financial literacy not only plays a role in financial planning, but also directly improves the ability of housewives to manage family finances effectively. The knowledge gained through financial literacy allows housewives to manage budgets, monitor expenses, and make wise financial decisions, resulting in a better and sustainable family financial balance.

Overall, improving financial literacy among housewives is proving to be crucial for creating better financial planning and management, which in turn can improve the overall economic well-being of the family. Therefore, financial literacy education and training programs need to be strengthened and expanded so that housewives can have better financial skills, which is beneficial for healthier and more sustainable household financial management.

Suggestion

For the next researcher, it is recommended to develop this study by expanding the scope of respondents, considering other variables that affect family financial planning and management, such as psychological or cultural factors in household finances.

For practitioners and policy makers, it is recommended to consider policies that support the improvement of financial literacy, such as good and structured financial training or counseling programs.

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