Analysis of the Difference of Financial Literacy between Men and Women

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Abstract

Financial literacy is important in human life. Not only for adult who have income but also for student. Student is one of the components of society that are considerable in number, who has the ability and academic achievement so that they are considered capable of reasoning an economic problem appropriately. Male and female students is influenced by intrinsic and extrinsic factors that have different behaviors in looking at each of the financial problems being faced. This research aims to analyze whether there are differences in the level of understanding of financial literacy in the form of general knowledge, savings, insurance and investment between male and female students of Faculty of Economics of 2013 at Universitas Negeri Malang. Data processing of this research using a test independent sample T-test with the number of samples 314 respondents. The result of data processing shows that gender is not a differentiating factor the level of financial literacy in the form of general knowledge, but the differentiating factor the level of financial literacy in the form of savings, insurance, and investments.

Keywords: Financial Literacy, Knowledge, Saving, Insurance, Investment, Gender.

Introduction

Financial literacy is a series of processes or activities to improve knowlegde, skill, and confidence of the customers and society so that they capable to manage their personal finances better (Otoritas Jasa Keuangan, 2014). Furthermore, Sina (2012) stated that in principle financial literacy is a useful tool to change the behavior of students to be smart financially, such as how to utilize revenues for saving, investing, protection, and satisfy their needs. Today, financial literacy is especially important for students because student is one of the components of society are considerable in number, who have the ability and academic achievement so that they are considered capable of reasoning an economic problem appropriately, who would later give leave his role in economic activities to boost economic growth.

At the time of the lecture, the students experienced a very crucial period while researching at the university because they have to learn to be financially independent and responsible for the decisions they make. Students in transition from dependence to independence financially and the student must make a plan that will affect the well-being and future success (Nababan and Isdahlia, 2010). In the transitional period, the students tend to spend is not because they need it but their desire to spend it, so that if there are not careful in managing their finances, it would increase debt (Yulis, 2010). The desire appear to follow fashions and trends are growing to support their appearance to be accepted in the herd which causes them to spend money on things that are not necessary. As a result of their monthly allowance runs out prematurely and had to ask for extra money on his parents. This is a vital issue that is often experienced by students during the lecture.

Male dan female students have different behaviors in looking at every problem including the financial problems being faced. According to Lim and Teo (1997), it can be affected by intrinsic and extrinsic factors. Intrinsic factor is a factor that is inherent in a person such as gender whereas extrinsic factors are outside factors that affect a person such as financial difficulties being faced. The difference behavior, then there are differences in the level of financial literacy among male and female students. Here is some empirical evidence on the existence of differences in the level of financial literacy by gender were found by Lusardi and Mitchell (2009) found that there is a difference between men and women in making financial decisions, and men better because it has the financial knowledge higher. Similar results were also found by Ibrahim, Harun and Isa (2009), namely that the majority of female students in Malaysia has the financial knowledge (financial literacy) are less high, and this can lead to not properly aligned when making financial decisions every day. Danes and Hira (1987) and Chen and Volpe (1998) also found that the level of financial literacy female students lower than male students. Meanwhile, Krishna, Sari, and Rofaida (2010) found different findings that male students have the financial literacy levels lower than female students, especially with regard to knowledge investment, credit, and insurance. Almost similar findings found by Septiani and Rita (2013) that the female students has the financial literacy level higher than male students in the general knowledge section, savings and loans, and investment. However in terms of insurance, the male students is still higher than the sophomores.

Based on the findings above, its known that financial literacy can improve the accuracy of personal money management, but based on empirical evidence above shows that between men and women have a level of understanding of financial literacy inconsistent on any research results. The difference of these results according to Lim and Teo (1997) is caused by differences in the object of research, differences in economic conditions, and social and cultural differences, the different outcomes can be demonstrated in previous studies. Therefore, in this

research intends to examine whether there are differences between gender factors related financial literacy in the form of general knowledge, savings, insurance and investment with the use of students of the Faculty of Economics of 2013 at Universitas Negeri Malang as a research object.

Research Method

The type of research is descriptive quantitative that is a form of research aimed to describe the existing phenomenon, whether a natural phenomenon or made phenomenon (Sukmadinata, 2006). The results of this research will be described in a systematic and objective. Furthermore, this research use a quantitative approach means the research use a lot of numbers, ranging from data collection, interpretation of these data, as well as the appearance of the results.

The data used are primary data on the results of questionnaires to the students of the Faculty of Economics force 2013 at Universitas Negeri Malang as the sample of population. For the selection of the sample using Accidental Sampling method is the technique of sampling or data source do with as they pleased, the selection of sample members only at the moment or a particular time or sampling is done by selecting those who currently do on-site research study. This technique is done because of time, effort, and funds that cannot take a large sample and distant. The advantage of this technique lies in the accuracy of researchers selected data source according to the variables studied (Arikunto, 2002). In the sampling, the important thing is to avoid sample size is too small to cause the research cannot describe the actual conditions of the population and sampling that are too large can lead to wastage of research costs. To avoid two mistakes are then used one method of determining the number of samples by using the Slovin formula (Sevilla et. al., 1960), as follows:

$$n = \frac{N}{1 + Ne^2}$$

n : number of samples

N : size of the population (population)

E : boundary fault tolerance is stated with a small, the percentage of fault tolerance, the more accurate the sample illustrates the of the population (2%, 5% and 10%)

Its known that the amount of the student population Faculty of Economics Universitas Negeri Malang of 2013 is 1,474 students. With Slovin formula, the obtained number of samples that will be the respondent a total of 314 students with a tolerance limit or standard error of 5%.

The research instrument was a questionnaire adapted from Chen and Volpe (1998) that a number of 20 questions. Financial literacy is divided into four parts, namely the aspects or general knowledge, savings, insurance, and investments. In each section consists of five financial literacy questions grains containing several indicators, as follows.

Financial Literacy Aspect	Indicator
General Knowledge	The benefits of personal financial literacy knowledge
	Knowledge of personal financial planning
	The liquidity of an asset
	Knowledge of asset net
	Knowledge about expenses and income
Savings	1. The interest rate calculation is
	2. Knowledge of the time deposit
	3. Knowledge of credit card
	4. Knowledge of financial institutions
Insurance	1. General knowledge about insurance
	2. Knowledge of motor vehicle insurance premiums
	3. Knowledge about health insurance
	4. Knowledge about life insurance
Investment	1. General knowledge about asset investment
	2. Knowledge about interest rates and prices of bonds
	3. Knowledge of mutual funds
	4. Knowledge regarding the selection of risk investment

Table of indicators in every aspect of Financial Literacy

Well: Mendari dan Kewal, 2013.

The collection of data from the questionnaires will be processed using SPSS Version 21:00. In this research using data analysis test independent sample T-test (Hypothesis Testing). Test independent sample T-test is a test done to see if there are differences in the two samples were not related or mate with one another. In this study, researchers will examine whether there are differences in the average of two samples consisted of men and women in relation to the level of financial literacy owned by FE UM students force in 2013. Before performing the test independent sample T-test there requirements that must be met (Sundayana, 2014) are as follows.

a.   Data is tested quantitative data (interval data or ratio data).

b.   The data should be normally distributed, to know the data is normally distributed, it can be done with the Kolmogorov-Smirnov normality test with SPSS version 21.00.

c.   Data already distributed normally be tested Variants homogeneity. If the data is homogeneous then followed by t test, but if the data is not homogeneous then continued with test of t '.

To test the hypothesis, its the decision to use two basic as follows.

a.   Base Decision I

1)   If the significance or value of Sig. (2-tailed) > 0.05 then H_0 is accepted and H_a rejected.

2)   If the significance or value of Sig. (2-tailed) <0.05 then H_0 rejected and H_a accepted.

b.   Base Decision II

1)   If $t_{arithmetic} < t_{table}$ then H_0 is accepted and H_a rejected.

2)   If $t_{arithmetic} > t_{table}$ then H_0 is accepted and H_a rejected.

Furthermore, if at the time of data processing is known that the data results of questionnaires are not normal then the next step is using the Mann-Whitney test. And for the hypothesis test, Mann-Whitney test also uses two basic decisions is as follows.

a.   Base Decision I

1)   If the value Asymp. Sig. (2-tailed) > 0.05, then there is no difference significant (H_a rejected).

2)   If the value Asymp. Sig. (2-tailed) < 0.05, then there is a difference significant (H_0 rejected).

b.   Base Decision II

1)   If $Z_{arithmetic} < Z_{table}$ then there is no significant difference (H_a rejected).

2)   If $Z_{arithmetic} > Z_{table}$ then there is no significant difference (H_0 rejected).

Result and Discussion

Experiment result of Normalitas Data test as follow.

Financial Literacy	Gender	Kolmogorov-Smirnov Value	Sig.	Description
Part I	Male	2,440	0,000	Not Gaussian
	Female	2,279	0,000	Not Gaussian
Part II	Male	2,237	0,000	Not Gaussian
	Female	2,967	0,000	Not Gaussian
Part III	Male	2,453	0,000	Not Gaussian
	Female	2,515	0,000	Not Gaussian
Part IV	Male	2,304	0,000	Not Gaussian
	Female	2,626	0,000	Not Gaussian
Combined	Male	1,875	0,002	Not Gaussian
	Female	1,531	0,018	Not Gaussian

Source: Primary data processing, 2015

Normality Test from the test results, the data obtained will have a normal distribution so as to further hypothesis testing using the Mann-Whitney test. The following is a summary of the results of the processing of the Mann-Whitney test.

Part of	Gender	Mean ± SD	Z score	Sig	Description
I	Male	67,01 ± 19,46	-0,197	0,843	Does Not Differ Significantly
	Female	67,26 ± 22,21			
II	Male	63,82 ± 20,65	-5,601	0,000	Differ Significantly
	Female	76,94 ± 17,85			
III	Male	63,06 ± 20,65	-4,397	0,000	Differ Significantly
	Female	74,01 ± 20,31			
IV	Male	59,87 ± 21,66	-6,878	0,000	Differ Significantly
	Female	77,20 ± 18,60			
Combined	Male	63,44 ± 12,17	-7,916	0,000	Differ Significantly
	Female	73,86 ± 10,90			

Source: Primary data processing, 2015

Based on the above table its known that there was no significant difference in the form of financial literacy of general knowledge among students of both male and female. In this research male students of the Faculty of Economics of Universitas Negeri Malang relative has the understanding of the basics of general knowledge about personal finance and financial management so that they only need to be improved other capabilities related to managing financial resources with appropriate private owned. Male students still can distinguish between primary and tertiary requirement for a student. Male students can divide the financial resources held to prioritize the needs

of his life in priorities such as food. Likewise, female students, in terms of basic knowledge of finance female students also did not differ much from the male students, although female students are more diligent in making notes every day, so in spending money, female students are more controlled. However, this does not provide a significant impact on the financial literacy level differences between male students and female in the form of general knowledge. They have the same knowledge as they are in the same class and the same field in the Faculty.

Furthermore, financial literacy in the form of savings are significant differences between men and women. Female students are more aware of the importance of making financial records for any expenses that they do. The notes were made in detail for spending the slightest, because women are more diligent in making each of her writings. With a lifestyle like this, female students more control over all its expenditures so that they do not make expenditures beyond the budget they create so that female students be able to save rather than male students. Male students tend to assume that making a record spending and budget for each of their needs is troublesome. Male students are classified as belonging to the type of financial literacy in the form of low savings tend to have a poor financial management, there are no details of the expenditure and only limited in imagination that makes the respondent cannot control its finances. It tends to be wasteful because it does not have a clear financial plan in addition to the lifestyle that always follow the trend to make more respondents cannot control its finances.

For financial literacy in the form of insurance, data processing results show a significant difference between men and women. This is because women are more careful about his future so as to guard the assets owned, more women have regarding the readiness of emergency funds. Women are more worried about his future so that a woman would be more careful in selecting the type of insurance in accordance with their needs. In using the services of insurance, a woman can find out what he needed in the future. Insurance education is one type of insurance that is promising for the future in which when a person is experiencing financial difficulties, it is not to be confused thinking about the cost of education to a higher level for their insurance. In contrast to men, who tend to be indifferent towards condition, men living patterns tend to go with the flow rather than a precaution. Male students have a low degree of caution. This is because the average respondents do not know the main purpose in buying insurance.

Lastly, the data processing showed that there were significant differences in the form of investments of financial literacy among male and female students. Investment required tenacity and patience to overcome the ups and downs of stock prices in order to get a higher return. Men tend to have less patience properties in terms of waiting especially for things that are uncertain as stock prices rise and fall so that the possibility of return earned higher or many women than men. Besides lack of patience, male students tend to be lazy to learn something new. In otherhand, many guidebooks written by brokers, investors, and economists. Starting from the local to the foreign language about market movements. How can predict the stock prices rise and fall. Everything will go well if we understand it properly.

Conclusion

This research aims to determine whether the level of understanding of the difference between male and female students of Faculty of Economics of 2013 at Universitas Negeri Malang. This study used a sample of 314 undergraduate students FE UM of consisting of 157 samples of male students and 157 female students. Based on the description in Data Analysis, Results, and Discussion before, it can be concluded that there is no difference of financial literacy in the form of general knowledge, between male students and female. This is because the students, both male and female have to understand the basics of general knowledge about personal finance and financial management so that they only need to be improved other capabilities related to managing financial resources with appropriate private owned. They can differentiate between primary and tertiary requirement for a student, where the student can prioritize the needs of his life in priorities such as food, textbooks, photocopying and print tasks.

In the form of savings, there are significant differences between male students and female students where women have high levels of financial literacy is higher than male students. This is because female students are more diligent in keeping records of expenditure and budgeted every requirement with care and caution. In contrast men who do not bother to record every expenditure although male students know the importance of making a record of expenditure. Male students tend to rely on submissions from parents when the quota per month disappeared in contrast to female students who are trying to downsize and find part-time jobs to support their needs.

Then, for the level of financial literacy in the form of insurance there are also differences that female students was higher than male students. Male students tend to think that they are still a student that does not have income so they will not have to take out insurance to protect their assets. This means that male students are not prepared to confront the events are not unexpected in the future. Unlike the female students, they are more careful and cautious in managing life in the upcoming period. More female students to know the real meaning of an insurance so that they know exactly what insurance will be taken according to their needs.

And finally, the level of financial literacy in the form of investment, have the same result that the financial literacy of female is higher than male students. The reason is because the female students tend to be curious so they want to learn more about the science of investing and the science of market movements. And female students

are also not afraid to lose because they realize that investing is a business that there will be a profit and loss. In contrast, male students tend to want to learn, but they still do not learn about science, fear of loss, and has no money left so there is no capital for investment. Overall of the four forms of financial literacy shows that financial literacy of undergraduate of 2013 in middle category.

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