THE INFLUENCE OF FINANCIAL KNOWLEDGE AND RELIGIOSITY TOWARDS FINANCIAL MANAGEMENT BEHAVIOR WITH FINANCIAL ATTITUDE AS A MODERATION VARIABLE

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Abstract

Indonesia is one of the countries with a primarily small and medium-sized enterprise (SME) based economy. Cooperatives are a vital component of Indonesia's economic landscape, and their development is not limited to conventional cooperatives initiated by the community. It also extends to cooperative groups associated with Islamic boarding schools. These boarding schools serve not only as religious and social education institutions but also as agents of societal development and social change. Despite their potential for economic empowerment, the progress of cooperative boarding schools tends to be slower compared to conventional cooperatives. This research aims to examine the influence of financial knowledge and religiosity on financial management behavior, with financial attitude as a moderating variable. The study employs a quantitative approach and targets Kopontren administrators in the Regency of Blitar, using Confirmatory Factor Analysis (CFA) tests and the Structural Equation Modeling (SEM) method. The research findings indicate that financial attitude and religiosity have an impact, with financial attitude serving as a moderator in the relationship between financial knowledge and financial management behavior. However, religiosity does not have a significant influence on financial management behavior. The results of this research are expected to provide a foundation for developing a model of financial management behavior for Kopontren administrators and government initiatives aimed at empowering Kopontren institutions.

Keywords: *Financial Knowledge, Religiosity, Financial Management Behavior, Financial Attitude, Kopontren*

1. INTRODUCTION

Islamic boarding schools are a type of traditional Islamic educational institution in Indonesia that can exist in a modern context with unique and distinctive subcultures. Islamic boarding schools have experienced various internal developments that have enabled Islamic boarding schools to act as agents of development. Islamic boarding schools are religious institutions that cannot be separated from society, because Islamic boarding schools grow and develop from and for society. Islamic boarding schools have a very strategic role, namely as centers for the development of religion, education, social culture, and as an economic power. Even though they have the potential for economic empowerment, the development of Islamic boarding school cooperatives tends to be slow compared to conventional cooperatives outside Islamic boarding schools.

Most corporations do not make mistakes in managing management, membership, finances, and business unit development because of the quality of human resources (HR).

Management's low understanding of management, especially in the financial sector, will ultimately lead to poor financial decision-making and be detrimental. Financial knowledge can help individuals make financial plans based on the knowledge they have and adjust personal financial behavior to avoid financial problems. Financial knowledge also has a big influence on individual financial decision-making. Financial knowledge can be measured through basic knowledge of finance, savings and loans, insurance, and investment (Chong et al., 2021). This is to the theory of planned behavior which states that implementing good financial behavior requires good self-control (Ajzen & Fishbein, 2000).

Iriani, Rahayu, & Rahmawati (2021) explained in their research, that financial behavior is an individual's ability to organize things such as planning, budgeting, describing, managing, controlling, searching for, and saving daily finances to meet their daily needs. Healthy financial behavior is demonstrated by good planning, organizing, and controlling activities. According to Bapat (2020) financial management behavior includes domains, cash, savings, credit, and investment management. Each of these domains is important and has certain consequences. The main activity in financial management is the budgeting process which aims to fulfill financial obligations promptly using income received in the same period. One way to improve financial behavior is to teach good behavior from childhood, one of which includes financial attitude

Bapat (2020) describes financial knowledge as the possession and understanding of information about financial matters. Financial knowledge has an important role in understanding financial concepts and products. Asrifah & Rapini (2022) and Bapat (2020) states that financial knowledge is divided into two components. First, is subjective knowledge, this knowledge is about trust and refers to consumer judgment. Second, knowledge objective, this knowledge relates to accurate information. Kim, Anderson, & Seay (2019) believe that knowledge of finance owns more relationships stronger than objective knowledge of behavioral finance period short.

Apart from personal, cultural, and institutional factors, religion is also an important determining factor in individual financial behavior regarding their investment choices (Mansour & Jlassi, 2014). (Lusardi & Mitchell, 2011) explain that certain aspects of religion influence a person's rationality in making financial decisions. Religious aspects through spiritual wisdom can strengthen the relationship between personal abilities and personal financial management (Yuliana, 2019). However, various empirical results show that religiosity does not have a significant influence on personal financial management (Ayranci, 2011; Sina & Noya, 2012). Unpredictable behavior in managing personal finances, from working age to retirement, can be caused by a lack of financial perspective and knowledge. A person's financial attitude will help determine financial attitudes and behavior, both in terms of financial management, financial budgeting or investment decisions to be taken (Lianto & Megawati Elizabeth, 2017). People with better financial knowledge have good financial behavior, such as paying all bills on time, recording expenses every month, and having an emergency fund. Increasing financial knowledge will improve financial behavior (Silvy & Yulianti, 2013).

Based on the theoretical and empirical construction above, increasing the human resource capacity of co-content managers is closely related to increasing financial knowledge which leads to the quality of key financial management behavior. This is reinforced by the financial literacy level of the Indonesian people which is still low (49.68%) compared to Thailand which reaches 78%, Malaysia 81%, and Singapore 96% of the total population (Gultom & Safrida, 2020). Apart from that, the religious aspect is

interesting to study because the subjects used in this research are boarding school administrators who have a high level of spirituality. Ultimately, this research aims to find out how financial knowledge and religion influence financial management behavior, with financial attitudes as a moderating variable. Based on the description above, studying financial management behavior is very important to increase the competitiveness of human resources for market management. This research used quantitative methods aimed at the Blitar Regent Kopontren Management.

2. RESEARCH METHOD

This type of research uses quantitative methods. Sugiyono (2019) Quantitative research aims to show relationships between variables, test existing theories, and look for generalizations that have predictive value, carried out through structured questionnaires, observations, and interviews. Quantitative research is prepared systematically, planned, structured, clear, and not influenced by conditions in the field (Hardani et al., 2020). This research aims to test the influence of financial knowledge and Religiousness of Financial Management Behavior with Financial Attitude as a Moderating Variable with research models and research frameworks as follows.
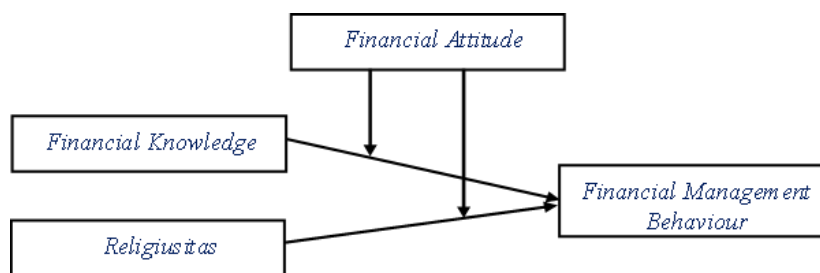
Figure 1. Research Design

The research uses the Moderation Regression Analysis test. One method for analyzing moderating variables is moderation regression. Moderated regression analysis is a regression analysis that involves moderating variables in building a relationship model. Moderating variables act as variables that can strengthen or weaken the relationship between the dependent variable (independent) and the independent variable (dependent). In moderated regression analysis, all assumptions of regression analysis apply, meaning that the assumptions in moderated regression analysis are the same as the assumptions in regression analysis.

Moderated Regression Analysis Model Regression Equation.

$$Y = a + b_1 X_1 + b_3 X_1 Z + b_2 X_2 + b_4 X_2 Z + e$$

Information:
Y = Dependent variable (financial management behavior)
Z = Moderating variable (financial attitude)
b_0 = Constant
b_1 = Coefficient of the independent variable financial knowledge

b 2   = Independent variable coefficient religiosity

b 3   = Coefficient of the moderating variable for financial attitude factors towards style financial knowledge

b 4   = Coefficient of the moderating variable financial attitude factor towards religiosity

e   = Other factors outside the design study

2.1. Data Collection

The primary data collection method involves using structured questionnaires. The questionnaires would contain items related to financial knowledge, religiousness, financial management behavior, and financial attitude. Respondents would provide their responses on a Likert scale, for example, where they rate their agreement with statements on each of these constructs. The observations could involve systematically recording specific behaviors related to financial management or the expression of religiousness. The data collected through observations might be quantitative, such as counting the frequency of certain behaviors or categorizing them. Interviews could be conducted to gather qualitative data related to financial knowledge, religiousness, financial management behavior, and financial attitude. Open-ended questions might be used to allow respondents to provide detailed explanations of their thoughts and behaviors.

2.2. Data Analysis

- R-Square: R-Square was used to assess the extent to which variations in financial management behavior can be explained by the exogenous and endogenous variables in the research model. The R-Square value of 0.545 indicates a moderate influence, suggesting that the model explains a substantial portion of the variance in financial management behavior.
- SRMR: Structural Equation Modeling (SEM) was employed to evaluate the model fit using the SRMR statistic. The SRMR value of 0.174 suggests that the estimated model fits the data well, as it is below the threshold of 0.08. This indicates an acceptable model fit.
- Inner VIF (Variance Inflated Factor): Collinearity between variables was assessed using the VIF. The results, with VIF values below 5, indicate no significant collinearity issues among the variables in the model.
- Confidence Interval: The 95% confidence intervals for path coefficients were used to assess the range of influence between variables. These intervals provide insight into the potential minimum and maximum effects of the relationships between variables.
- F-Square: The F-Square statistic was used to evaluate the influence of variables at the structural level. The results indicate that financial attitude has a high influence on financial management behavior, while financial knowledge has a moderate influence. Additionally, financial attitude was found to moderate the influence of financial knowledge on financial management behavior.

In short, this study thoroughly assessed the relationships between financial knowledge, financial attitude, religiousness, and financial management behavior. The results provide valuable insights into how these variables influence each other.

3. RESULTS AND DISCUSSION
3.1. Result
3.1.1. R-Square

R square describes the magnitude of variation in endogenous variables that can be explained by other exogenous/endogenous variables in the model. According to Sarstedt, Ringle, & Hair (2021), the qualitative interpretation R values are 0.25 (low influence), 0.50 (medium influence), and 0.75 (high influence).

Table 1. Result of R-Square

	R-square	R-square adjusted
FMB	0.545	0.454

The results of SmartPLS processing show that variations in endogenous variables that can be explained by other exogenous/endogenous variables in the model have a moderate influence.

3.1.2. SRMR

SRMR is a measure of model fit, namely the difference between the data correlation matrix and the estimated model correlation matrix. Sarstedt, Ringle, & Hair (2021) state that SRMR values below 0.08 indicate a fit model. However, according to Karin Schmeller et al (2003), SRMR values between 0.08 – 0.10 are still acceptable fit.

Table 2. Result of SRMR

	Saturated models	Estimated model
SUMMER	0.174	0.174
d_ULS	17,049	17,078
d_G	n/a	n/a
Chi-square	infinite	infinite
NFI	n/a	n/a

The results of SmartPLS processing found that the model was not acceptable because it had a value > 0.1.
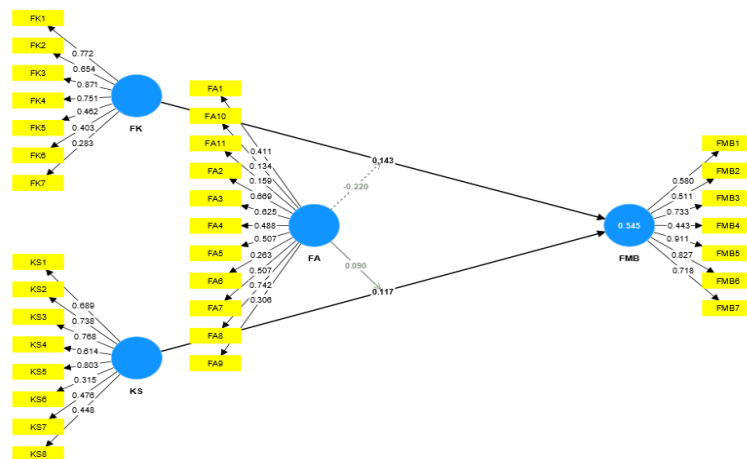
Figure 2. Model fit

Information:
FMB: Financial management behavior
FK: Financial knowledge
FA: Financial Attitude
KS: Religiousness

3.1.3. Inner VIF (Variance Inflated Factor)

The results of SmartPLS processing indicate that there is no collinearity among the variables. As recommended by Sarstedt, Ringle, & Hair (2021), below is VIF value 5 (no collinearity):

Table 3. Result of VIF

	VIF
FA -> FMB	2,915
FK -> FMB	1,101
KS -> FMB	2,611
FA x FK -> FMB	2,428
FA x KS -> FMB	2,308

3.1.4. Confidence Interval

A measure or value that explains the interval or confidence interval of the magnitude of the influence (path coefficient) between variables in the 95% confidence interval. This value is related to the extent to which the minimum or maximum value of influence between variables is produced.

Table 4. Result of Confidence Interval

	Original sample (O)	Sample mean (M)	2.5%	97.5%
FA -> FMB	0.599	0.448	-0.472	0.960
FK -> FMB	0.143	0.215	-0.306	0.634
KS -> FMB	0.117	0.251	-0.216	0.871
FA x FK -> FMB	-0.220	-0.124	-0.633	0.351

| FA x KS -> FMB | 0.090 | -0.004 | -0.396 | 0.428 |

3.1.5. F-Square

F Square explains the influence of variables at the structural level. In the interpretation of the Sarstedt et al. (2021). F Square value, it is low influence (F Square = 0.02), medium influence (F Square = 0.05), and high influence (F Square = 0.35). Based on the statistical tests above, it is known that the SmartPLS results found that:

a. Financial attitude has a high influence on financial management behavior variables
b. Financial knowledge has a moderate influence on the financial management behavior variable
c. Financial attitude moderates the influence of financial knowledge on financial management behavior variables
d. Financial attitude does not moderate the influence of religiosity on the financial management behavior variable

3.2. Discussion

3.2.1. Connection between Financial Knowledge and Financial Management Behavior

Based on the results of the statistical tests that have been described, it is found that financial knowledge has a positive and significant influence on financial management behavior. This shows that the more financial knowledge Kopontren administrators have, the better their financial behavior will be. On the other hand, the less financial knowledge Kopontren administrators have, the worse their financial behavior will be. The financial knowledge variables used in this research are explained in several reports, including those related to basic financial knowledge, saving, lending, insurance, and investment. The most widely accepted element is the concept of saving, with the statement "I will try to set aside money (save) from every income I receive." This statement shows that the Kopontren management understands the importance of saving as a crucial aspect of financial literacy. In this research, financial management behavior variables are described through several indicators, namely cash management, credit management, savings, and investment. The best-perceived indicator is related to credit management with the statement "If I have debt, I have to pay it on time." From the results of this research, respondents realized that good financial behavior is synonymous with being responsible for debt.

3.2.2. Connection between Religiosity and Financial Management Behavior

Based on the results of the statistical tests that have been explained, it was found that religiosity has an influence on behavioral variables in financial management. The results of this study explain that people with strong religiosity have good financial management skills, while people with weak religiosity tend to have poor financial management skills. The religiosity variable used in this research is described through four indicators, including high awareness, self-awareness, challenge, and holistic vision. The item with the highest average value is the one that indicates higher awareness, with the statement "To deal with everyday problems, I take a broad view or holistic perspective." These findings are in line with the concept of the theory of planned behavior, which describes how a person tends to act based on figures who have significant influence in

their life (Rahayu & Wardana, 2021). The results of this research are relevant because the study focuses on Kopontren administrators, who have a high level of confidence in Allah. The administrators believe in following the divine guidance in operating a management cooperative. They also hold the belief that Kopontren serves as a means to achieve their primary objectives. This understanding provides a broader perspective on managing Kopontren. This research reinforces previous studies, which have emphasized that financial literacy, along with factors such as religion and religiosity, is essential for achieving desired financial goals. Other factors, including financial knowledge, lifestyle, financial attitudes, education level, and income, play crucial roles in financial management (Endi, Fanggidae, & Ndoen, 2022).

3.2.3. Financial Attitude Moderates the Influence of Financial Knowledge on Financial Management Behavior Variables

Based on the results of the statistical tests that have been explained, it was found that financial attitude moderates the influence of religiosity on financial management behavior variables. The results of this study align with attribution theory, which explains individual behavior. Al Balushi, Locke, & Boulanouar (2018) expanded the attribution theory, stating that a person's behavior is influenced by internal and external forces. In the case of Kopontren administrators, they have a high level of confidence in Allah and are committed to following divine guidance in operating a management cooperative. Attribution theory holds that a person's decision-making attitude is influenced by both internal factors originating from within the individual and external factors originating from the external environment (Bapat, 2020). The theory highlights that an individual's behavior can vary under the influence of external and internal forces, influencing their decision-making attitudes. In this context, the research indicates that a person can make a positive or negative assessment of their attitude (financial attitude), which serves as the basis for their behavior.

3.2.4. Financial Attitude Does Not Moderate the Influence of Religiosity on Financial Management Behavior Variables

Based on the results of the statistical tests that have been explained, it was found that financial attitude does not moderate the influence of religiosity on financial management behavior variables. These findings do not align with the theory of planned behavior, which posits that general attitudes are a fundamental factor influencing a person's behavioral intentions (Ajzen & Fishbein, 2000). Financial attitudes can shape a person's ability to save, accumulate, spend, or invest money (Mokhlis, 2009). Parmitasari, Alwi, & Sunarti (2018) suggests that each individual has a unique perspective on finances, including how to respond to financial matters. Personal thoughts, opinions, and assessments of personal finances determine the actions individuals take. The phenomenon observed among Kopontren administrators in Blitar Regency is that they can effectively manage their finances despite differing views on financial matters. These varying viewpoints do not necessarily result in poor financial management among administrators with negative financial attitudes. The inclination of Kopontren administrators in Blitar Regency to implement sound financial management behavior is not solely dependent on improvements in their financial attitudes. Other factors, such as the environment, locus of control, impulsive behavior, life satisfaction, and stress, also play significant roles in shaping financial behavior.

4. CONCLUSION

Based on the results and discussions presented in the preceding section, the following conclusions can be drawn. Firstly, it is evident that financial attitude exerts a significant influence on various financial management behavior variables. Secondly, financial knowledge also plays a role in influencing these financial management behaviors, albeit to a moderate degree. Moreover, financial attitude acts as a moderator, shaping the impact of financial knowledge on financial management behavior variables. However, it is important to note that financial attitude does not moderate the influence of religiosity on financial management behavior.

The implications of this discussion highlight the critical importance of financial literacy and education, particularly in instilling basic financial knowledge such as budgeting, saving, insurance, and investment strategies, for administrators at Kopontren. Furthermore, these research findings suggest that Kopontren possesses the potential to harness their human resources for future cooperative development, as they hold authorized capital. Additionally, collaboration with government agencies like the Cooperative and MSME Service in Blitar could further optimize the contribution of Kopontren in maximizing the resources of Islamic boarding schools.

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