

## **Impact of Financial Knowledge, Socio-Demographics, and Debt on Financial Satisfaction of Kediri People**

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**Abstract:** Financial satisfaction is a major factor in determining someone's life satisfaction. This financial satisfaction can be obtained with high income so that someone has a good financial condition, so there is no financial anxiety that can trigger a decrease in individual financial satisfaction. Kediri City is a city with the highest national economic progress and the highest national per capita income. With the highest income per capita, it is expected that people will have high financial satisfaction. The population in this study is the people of Kediri City. Samples were taken using a random sampling technique. Determination of the number of samples for multiple line arregression analysis using the formula so that determined 155. The results of this study indicate that education and financial knowledge have asignificant positive effect on financial satisfaction.

**Keywords:** Kepuasan Keuangan, Pengetahuan Keuangan, Faktor Sociodemografi, Hutang, Perilaku Keuangan

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### **I. INTRODUCTION**

Money is a fundamental aspect of human life throughout the world. People spend most of their time working, making money and spending money on the happiness of life. To achieve the happiness of life for individuals is the achievement of the desired financial level symbolized by financial satisfaction. That is why satisfaction is an important measure of the desired level of happiness (Parmitasari, 2018). However, even though a person has spent most of his time working to make money, income is not a major factor affecting the financial satisfaction of every individual (Hansen et al, 2008; Joo& Grable 2004).

In Indonesia, with uneven income conditions, it is possible to have different financial satisfaction. The minimum wage for workers will follow the minimum wage in force in the region. Labor intensive areas will have relatively high incomes. Based on data from the East Java BPS 2017 in East Java the area with the highest income per capita is Kediri City. Beat the City of Surabaya as the Capital of East Java. This does not mean that Surabaya City has a low income, Surabaya City income is also relatively high. Although Surabaya City has a high-income Surabaya City has a large population. Whereas Kediri City has a high income with a low population, thus placing Kediri City in the first position.

The first factor tested on financial satisfaction is financial knowledge. Financial knowledge is the ability to understand financial concepts. Financial knowledge is positively related to financial practices related to cash flow management, credit management, savings, and investment (Robb &Woodyard, 2011). Because individuals understand financial concepts better, decision making and financial behavior improve. Financial knowledge includes not only the ability to understand financial concepts but also the awareness to seek advice related to important finance. Financial knowledge is a critical basic factor in financial decision making.

The second factor tested for financial satisfaction is sociodemographic factors. Sociodemographic factors consist of gender, age, education level, marital status, ethnicity, and income (Hasibuan & Lubis, 2017). However, this research only focuses on gender, age, education, marital status, and income. Gender is the division of roles and tasks between men and women determined by the community based on the nature of women and men deemed appropriate and following community norms, customs, beliefs or customs (Hasibuan & Lubis, 2017). Age is the limit or level of life-size that affects a person's physical condition (Garrett & James, 2013). Education is the learning of knowledge, skills, and habits of a group of people who are passed down from one generation to the next through teaching, training, or research (Hasibuan & Lubis, 2017). Marriage is a social bond or interpersonal legal agreement that forms a kinship relationship and which is an institution in the local culture that formalizes interpersonal relationships (Garrett & James, 2013). Personal income is a good indicator of future consumer demand, even though it is not a perfect indicator (Plagnol, 2011).

The third factor tested on financial satisfaction is debt. Debt is one of the external funding sources used to fund activities. According to Aboagye & Jung (2018) debt is all financial obligations to other parties that have not been fulfilled, where this debt is a source of funds or capital that comes from creditors. Debt is a sacrifice of future economic benefits that may arise from current obligations. Conditions where the onset of financial anxiety thus decreases financial satisfaction in the present which may have an impact in the future.

## II. LITERATURE REVIEW

### 2.1 Theory Planned Behavior

This research is based on the theory of planned behavior or the Theory of Planned Behavior (TPB). According to Ajzen (1991), this theory helps us to understand how we can change someone's behavior. The theory of Planned Behavior is a theory that predicts planned behavior. Attitude is defined as a positive or negative response to certain behaviors. Subjective norms are one's perceptions of other people's thoughts that will support or not support them in doing something. While the perception of behavioral control refers to a person's perception of the ease or difficulty in performing a behavior that is of interest (Kautsar & Asandimitra, 2019).

### 2.2 Financial Knowledge

Financial knowledge is the ability to understand financial concepts. Financial knowledge is positively related to financial practices related to cash flow management, credit management, savings, and investment (Robb & Woodyard, 2011). There are several indicators used in this financial knowledge variable that refers to Kholilah and Iramani (2013), including 1) knowledge of interest and credit, 2) knowledge related to financial budget preparation, 3) knowledge of investment in deposits, 4) knowledge of investment shares, 5) knowledge of how to invest in property, 6) knowledge of investing in mutual funds, and 7) knowledge of insurance..

### 2.3 Socio-Demographic Factors

Sociodemographic factors consist of gender, age, education level, marital status, ethnicity, and income (Hasibuan & Lubis, 2017). However, this research only focuses on gender, age, education, marital status, and income. Gender is the division of roles and tasks between men and women determined by the community based on the nature of women and men deemed appropriate and following community norms, customs, beliefs or customs (Hasibuan & Lubis, 2017). Age is the limit or level of life-size that affects a person's physical condition (Garrett & James, 2013). Education is the learning of knowledge, skills, and habits of a group of people who are passed down from one generation to the next through teaching, training, or research (Hasibuan & Lubis, 2017). Marriage is a social bond or interpersonal legal agreement that forms a kinship relationship and which is an institution in the local culture that formalizes interpersonal relationships (Garrett & James, 2013). Personal income is a good indicator of future consumer demand, even though it is not a perfect indicator (Plagnol, 2011).

### 2.4 Debt

Debt is one of the external funding sources used to fund activities. According to Munawir (2004) debt is all financial obligations to other parties that have not been fulfilled, where this debt is a source of funds or capital that comes from creditors.

### 2.5 Financial Satisfaction

Joo and Grable (2004) state that financial satisfaction includes satisfaction with the material (objective) and non-material (subjective) financial situation in general. In their latest study, Ali et al. (2015) also described financial satisfaction as "one's perception of his current financial situation". Morgan's single item "how satisfied are you with your financial situation?" Has been called a global assessment of financial satisfaction by researchers.

## III. METHOD

This type of research is quantitative research with a causal nature. The location chosen in this study is the people of Kediri City, East Java Province. The population in this study were all residents of Kediri city who met the criteria 1) domiciled in Kediri City, 2) including the age of the workforce, 3) had received an education bench, 4) had income, with a total sample of 155 respondents using the random sampling method. Data analysis using SPSS with multiple linear regression with the following equation:

$$\text{Financial Satisfaction} = \alpha + \beta_1\text{Gender} + \beta_2\text{Ages} + \beta_3\text{Education} + \beta_4\text{Marital\_Status} + \beta_5\text{Income} + \beta_6\text{Debt} + \beta_7\text{Fin\_Knowledge} + e$$

## IV. RESULT

Table 1 shows that the corrected item total correlation results for each statement item are above the number 0.300. Then the answers given by respondents in each item statement declared valid. Based on the table also shows the results of Cronbach's alpha of above 0.700. Then it can be concluded that the variables are in a reliable condition.

**Tabel 1. Validity and Reliability Test**

Item	Validity Test	Reliability Test
X7.1	0.735	0,891
X7.2	0.470	
X7.3	0.789	
X7.4	0.761	
X7.5	0.709	
X7.6	0.801	
X7.7	0.557	

While the statistical test in this study uses the non-parametric statistical test Kolmogorov-Smirnov (KS) to find out whether the data distribution in this study is normal or not, and the results show a significant level of  $0.050 < 0.997$ , so that it can be assessed that the data is normal. For multicollinearity test shows two dependent variables have a VIF value smaller than 10 and a tolerance value greater than 0, 1 so it can be concluded that there is no multicollinearity. Based on the scatterplot diagram shows the distribution of points occurred in all parts of the X-axis and Y-axis. This shows that the regression model is feasible to use to predict financial satisfaction based on financial knowledge variables, socio-demographic factors, and debt.

**Tabel 2. t-test dan f-test**

Variable	Unstandardized Coefficients	t	sig
(Constant)	-0.302	-0.696	0.487
Gender	0.063	0.521	0.603
Ages	-0.096	-1.298	0.196
Education	0.268	2.382	0.018
Marital Status	0.018	0.110	0.913
Income	-0.013	-0.146	0.884
Debt	-0.014	-0.213	0.832
Fin_Know	0.765	8.598	0.000
F-test		27.084	0.000
Adjusted R square	0.542		

Based on table 2 shows that the independent variables of education and financial knowledge obtained by the equation of the multiple linear regression model, namely:

$$\text{Financial Satisfaction} = -0,302 + 0,268 \text{ Education} + 0,765 \text{ financial knowledge} + e$$

Based on table 2 shows the f test, the significant value of 0,000 based on determining the significance value of 5% or 0.05; then the regression model can be used to predict the variables of education and financial knowledge together to influence financial satisfaction. The magnitude of the two independent variables affects the dependent variable was 54, 2 %, the remaining 45.8% influenced by other variables.

Education variables with a significance value of 0.018 less than 0.05 and t count 2.382, it can be concluded that education affects financial satisfaction. These results are supported by research results from Kirbiš et al (2016), Arifin (2018) and Xiao & Porto (2017) which state that financial knowledge influences financial satisfaction. This shows that the people of Kediri have good financial knowledge.

Financial knowledge variable with a significance value of 0,000 smaller than 0.05 and t count 8.598, it can be concluded that financial knowledge affects financial satisfaction. These results are in line with the research of Hasibuan & Lubis (2017) which states that education influences financial satisfaction, while gender, income, marital status, and age do not affect financial satisfaction.

## V. CONCLUSION

The results showed that education and financial knowledge had a significant positive effect on the financial satisfaction of the people of Kediri. The implication for the community is expected to maintain the stability of personal and family finances. Besides increasing financial knowledge is also needed along with increasing economic progress, especially in the financial section which increasingly offers many things to facilitate life but still be at risk. For further researchers can test the research variables on other objects and with a greater amount of data. With the limitations of this study, it is expected to be refined in further research.

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