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The Influence of Islamic Financial Literacy, Income, and Lifestyle on Financial Management among Housewives

Hanifa Qotrunnada Hayyi[1], Aminah Nuriyah[2*]

[1,2]Institut Agama Islam Tazkia, Indonesia

*Corresponding author: anaminuri@tazkia.ac.id
Contributing authors: nadha.hayyi@gmail.com, anaminuri@tazkia.ac.id

Abstract

This research discusses the influence of Islamic financial literacy, income, and lifestyle on financial management among housewives (a case study in Jabodetabek). The research adopts a quantitative approach using Multiple Linear Regression method, focusing on a case study in Jabodetabek. The data for this study were collected through questionnaires distributed to respondents who are Muslim housewives with income. The findings of this research are as follows: 1) Islamic financial literacy does not have a significant influence on financial management among housewives. 2) Income has a significant influence on financial management among housewives. 3) Lifestyle has a significant influence on financial management among housewives. 4) Islamic financial literacy, income, and lifestyle collectively have an influence on financial management among housewives.
Keywords: *Islamic financial literacy, financial management, financial planning.*

Introduction

Economic factors are one of the main causes of divorce in Indonesia. According to a survey conducted by the National Commission for Child Protection and Women's Empowerment, there were 113,343 divorce cases caused by economic factors. These economic factors are influenced by differences in income, different perspectives on happiness, lack of good communication between partners, and the prevalence of hedonistic behavior (Nasution & Dumenggan, 2019). Followers of hedonism believe that pleasure and material enjoyment are the goals of life (Dewojati, 2010), and happiness is measured in terms of pleasure and luxury (Azizah & Indrawati, 2015). Hedonism is a form of expression or behavior that prioritizes pleasure over positive actions.

Lifestyle is believed to be an indication of one's social status, where daily activities follow the latest trends and are even more important than fulfilling basic needs (Pulungan & Febriyati, 2018). Hedonistic attitudes can be observed in daily life through lavish spending, leisure activities, and purchasing branded goods (Azizah, 2020). Financial planning can be employed as a preventive measure to reduce hedonistic behavior.

Effective financial planning and management are part of financial literacy. The survey conducted by the Financial Services Authority (OJK) in 2019 revealed that the financial literacy index in Indonesia was 38.09%, while the Islamic financial literacy index was 8.93% during the same year (Addury et al., 2020). Islamic financial literacy is an extension of financial literacy, where Islamic principles serve as the basic preference for decision-making. The OJK survey is consistent with the research by Dewi and Darma (2021), which states that good and proper financial management is supported by good financial literacy. This implies that better financial management leads to better financial outcomes, while poor financial management has negative implications for one's finances.

Good financial management can meet the financial needs of both individuals and families. Effective and proper financial management begins with managing income according to current and future needs. One element of financial management involves organizing income and expenditures each month. Income can be derived from fixed income, additional or supplementary income, with the largest component usually being salary or wages. Expenditures typically include both regular and non-regular expenses. The magnitude of income does not necessarily determine well-structured financial management, but it is highly likely that larger incomes contribute to better financial responsibility. Consistent with the research conducted by Hilgert et al. (2003), respondents with lower incomes tend to be less efficient in meeting their financial responsibilities.

A family has its own finance minister responsible for managing the budget and income distribution. The role of a wife or homemaker extends beyond taking care of the husband and children; she also plays a role in managing the family's economic and financial aspects, preparing for the future (Wulandari & Utami, 2020). Effective financial management is crucial; as stated by Marzuki (2015), a family's well-being is achieved when financial management is well-structured.

In general, a homemaker has greater freedom to make decisions regarding the family's finances (Niswi, 2020, cited in Very and Andrianingsih & Asih, 2022). However, the level of responsibility of a homemaker in managing finances is not necessarily supported by education that aligns with it. The results of the 2019 National Financial Literacy and Inclusion Survey indicate that, based on gender, the financial literacy and inclusion index for women is 36.13% and 75.15%, respectively, which is still lower than the index for men, which is 39.94% and 77.24%, respectively.

Literature Review

Financial management, according to Ayoeb and Hazeline (2018), is the process of planning finances, which includes preparing financial conditions and targets. One framework in financial management is personal financial management, which involves planning and controlling individual and family finances.

Structured and well-managed financial management is crucial for one's financial situation. To achieve sound financial management, individuals must keep their finances confidential from others. Britt and Mentzer (2011) suggest that individuals who keep their finances confidential from others are more likely to develop good financial behavior, which will have positive impacts on their own finances in the future.

Literacy refers to an individual's ability to process and understand information when reading or writing. Another definition of literacy, according to the Education Development Center (EDC), is an individual's ability to utilize all the potentials and skills provided in their life, not just reading and writing. Financial literacy, according to Lusardi et al. (2010), is the ability to make informed judgments and effective decisions regarding the use and management of money. Financial literacy is fundamental for both individuals and families, as it prevents mistakes in financial planning and management.

According to the Financial Services Authority (OJK), financial literacy is the level of understanding among society regarding financial aspects, including products, services, and financial principles. According to Addury et al. (2020), the definition of Islamic financial literacy is an extension of financial literacy, where Islamic principles become the underlying preference. Therefore, decision-making in fund management is based on *shariah* principles (Shobah, 2017).

The scope of Islamic financial literacy includes money and asset management, financial planning aspects (such as retirement funds, investments, and insurance), and social assistance aspects (such as *zakat*, *infaq*, *sedekah*, and *wakaf*). Providing education on these aspects is one of the efforts to strengthen Islamic financial literacy education in Indonesia by the Financial Services Authority (OJK) under the National Strategy for Financial Literacy in Indonesia (SNLKI) 2021-2025. Improving financial literacy is expected to contribute to the stability of Indonesia's financial system

According to Andrew and Linawati (2014), personal income refers to the total annual gross income earned from salary, wages, or investment profits. Income has various meanings. It is the additional wealth acquired by an individual from a clear and regular source. Income can be both material and non-material. Material income can be in the form of land, while non-material income can come from work or both. Income is divided into earnings, salary or wages, and profits.

According to Sumarwan in Listyorini (2012), lifestyle is a representation of an individual's overall interaction with their environment. Lifestyle also refers to a person's way of life, including their interests, activities, and spending habits when using their money and managing their time. In modern times, many people exhibit consumeristic behavior, which is the behavior of using money to buy things that are not basic needs. Many individuals or families spend their money on things by following the latest trends. According to Azizah (2020), there is a phenomenon of lifestyle in the financial behavior of millennials, which impacts their current lifestyle choices and hedonism. Hedonism is the attitude of indulging in luxury behavior. This lifestyle is not limited to millennials only but is also experienced by workers, employees, and income-earning housewives.

In society, hedonism can be observed in everyday life, such as excessive spending on travel, buying expensive branded goods, purchasing the latest gadgets, shopping at offline or online stores, gathering with friends, and posting on social media platforms like Instagram, Facebook, and others. With sufficient financial means, people strive to follow the latest lifestyle trends by dressing in current styles, owning branded items, and using the latest skincare and makeup products, all to create an image of being classy.

Research Method

This research was conducted in the Jakarta, Bogor, Depok, Tangerang, and Bekasi areas for a period of one month (July to August 2022). The population chosen for this study consists of households in the Greater Jakarta area (Jabodetabek) due to its functional characteristics of interrelatedness, heterogeneity, and interdependence. This is in line with the statement by the Indonesian Coordinating Minister for Economic Affairs in 2018, Darmin, that "Jabodetabek is the largest metropolitan area in Indonesia and serves as the center of economic activities." This study adopts a quantitative approach. Quantitative method is a research method based on positivist philosophy, which is used to test specific populations and samples. Data collection in this method uses research instruments, quantitative or statistical data, with the aim of testing predetermined hypotheses (Sugiyono, 2013). For the purpose of this research, primary data is required. The definition of primary data according to (Ajayi, 2017) is as follows:

Primary data is data collected by the researcher to answer the research problem because previous data is not available, so the researcher needs to collect data according to the research needs. In this study, primary data can take the form of qualitative data (variations in respondents' perceptions) and quantitative data (numeric data). The instrument used for this type of data is the result of interviews or online questionnaires distributed to all respondents who are Muslim housewives and have income in the Jabodetabek area.

The population in this study consists of Muslim housewives with income residing in the Jabodetabek area. The criteria for respondents in this study are Muslim housewives residing in Jabodetabek with income. According to BPS data, the total population of households in Jabodetabek is approximately 2.9 million. The sample is a representation of the population being studied (Furchan, 2004). The sampling technique used in this study is purposive sampling. Purposive sampling is a sampling technique based on specific considerations, where samples are selected from the population based on certain criteria defined by the researcher (Sugiyono, 2013).

Data Analysis Technique

The method used in this study is multiple linear regression analysis. Regression analysis is a study that examines the relationship between a dependent variable and one or more independent variables. In this study, Microsoft Excel will be used to process the respondents' answer forms and calculate the final scores for each variable. Then, the researcher will use SPSS to analyze the overall data and draw insights about the correlation between variables based on Spearman/Pearson correlation analysis.

Result and Discussion

The total number of respondents in this study is 115, consisting of Muslim housewives residing in Jabodetabek. The profile of the respondents in this study includes age, domicile, highest education level, occupation, source of income, monthly income, and monthly expenses.

This study is predominantly comprised of housewives aged 19-24, accounting for 38.3% of the respondents. Among the domicile characteristics, Jakarta has the highest number of respondents, accounting for 27.8%, while Depok has the fewest respondents, accounting for 6.1%. The most common highest education level among the respondents is a Bachelor's degree (S1), with a percentage of 47%. The occupation characteristic was not mentioned in the questionnaire, which dominates this characteristic with a percentage of 33%. Salary is the main source of income, accounting for 45.2%. The majority of respondents in this study have a monthly income and expenses below Rp. 4,000,000.

T-Test Results

The t-test is used to determine whether there is a partial influence given by the independent variable (X) on the dependent variable (Y). The t-table value in this study is 1.981. The following are the results of the partial t-test in this study:

Table 1. T-Test Results

Coefficients[a]			
Model		t	Sig.
1	(Constant)	0,207	0,836
	X1	0,135	0,893
	X2	3,702	0,000
	X3	4,227	0,000

Based on the data obtained, the results of the T-test are as follows:

The significance value for the variable Shariah Financial Literacy (X1) is 0.893 > 0.05, and the calculated t-value is 0.135 < the t-table value of 1.981. This means that the Shariah Financial Literacy variable does not have a significant effect on household financial management. Therefore, H1 is rejected. The significance value for the income variable (X2) is 0.000 < 0.05, and the calculated t-value is 3.702 > the t-table value of 1.981. This indicates that the income variable has a significant effect on household financial management. Therefore, H2 is accepted. The significance value for the lifestyle variable (X3) is 0.000 < 0.05, and the calculated t-value is 4.227 > the t-table value of 1.981. This means that the lifestyle variable has a significant effect on household financial management. Therefore, H3 is accepted.

Discussion

This study aims to examine the financial management of households influenced by Sharia financial literacy, income, and lifestyle. The following is a discussion related to problem-solving and hypothesis testing results from this study. The Influence of Sharia Financial Literacy on Financial Management of Households: The analysis results of this study indicate that Sharia financial literacy does not have a significant effect on the financial management of households, with a calculated t-value of 0.135, which is smaller than the t-table value of 1.981, and a significance value of 0.893, which is larger than 0.05. The multiple linear regression coefficient value for X1 is 0.016. This means that assuming other variables remain constant, a 1% increase in Sharia financial literacy will lead to a 0.016 increase in financial management of households. Thus, the first hypothesis stating that Sharia financial literacy has an effect on the financial management of households is rejected.

This study is in line with research conducted by (Kusnandar & Kurniawan, 2018), which shows that financial literacy does not have an effect on the financial behavior of households in Tasikmalaya. Similarly, research conducted by (Anggraini, 2021) shows that financial literacy does not have a significant effect on financial management behavior. In contrast, research conducted by (Andrianingsih & Asih, 2022) shows that basic financial literacy and financial behavior have a positive and significant effect on the financial management of households. The low level of Sharia financial literacy in Indonesia is one of the main factors (Firdausi & Kasri, 2022) because the financial literacy among women is still low. According to the results of the 2019 National Financial Literacy and Inclusion Survey, the literacy and financial inclusion index for women is 36.13% and 75.15%, respectively, which is lower than the index for men, which is 39.94% and 77.24%, respectively.

Based on the index of respondents' answers in this study, it can be concluded that housewives here are aware of and understand Islamic financial literacy. The respondents believe that Islamic financial institutions or banks are free from usury (*riba*), uncertainty (*gharar*), and gambling (*maysir*). However, the respondents have not yet or do not currently utilize the services of Islamic financial institutions in managing their household finances.

The Influence of Income on Financial Management among Housewives

According to (Izza, 2020), generally, individuals with higher income tend to exhibit good and responsible financial behavior. With the funds they have, they can act responsibly, such as saving, investing, purchasing insurance, and setting aside funds for emergency situations. In this study, results indicate an influence of income on financial management among housewives. Referring to the index of respondents answers in this research, it is evident that the regular income received by respondents, whether from salaries, spouse's support, or business profits, can affect household financial management. Regular income encourages individuals to manage their finances well and responsibly, as observed in previous studies. Therefore, it can be concluded that a high and regular income has an impact on financial management among housewives.

The Influence of Lifestyle on Financial Management among Housewives

One indicator influencing an individual's behavior is lifestyle (Wati, 2020). Lifestyle can be defined as a person's way of life in the world and is expressed through activities, interests, and opinions (Parmitasari et al., 2018). However, contrary to the findings of a study conducted by Yusril (2020), which indicates that lifestyle does not significantly affect financial management behavior. In this research, results suggest an influence of lifestyle on financial management among housewives. Referring to the index of respondents' answers in this study, it can be concluded that the higher an individual's lifestyle, characterized by not buying branded items, replacing gadgets as needed, and shopping according to necessities, the more likely they are to manage their finances well. This is because, to sustain their high lifestyle, they must effectively and correctly manage their finances.

Conclusion

Sharia financial literacy does not have a significant influence on financial management among housewives. Income significantly influences financial management among housewives. Lifestyle significantly influences financial management among housewives. Sharia financial literacy, income, and lifestyle collectively have a significant influence on financial management among housewives.

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