

Financial Knowledge, Attitudes and Behavior Towards Risk-Taking Propensity as a Mediating Variable

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Abstract. The Uncommon Locale of Yogyakarta (DIY) is one of the foremost well known visitor goals in Indonesia, both locally and globally. The development of tourism and the imaginative economy is considered a potential angle of national advancement based on a people's economy that organizes devout and social values, natural conservation, national solidarity, and worldwide fellowship. In this manner, the advancement of tourism and the inventive economy must be carried out methodically, arranged, comprehensively, and coordinates over divisions and disciplines to expand benefits for the partners included. This study aims to analyse the effect of Financial Knowledge and Financial Attitude on Risk-Taking Propensity through Financial Behaviour as a Mediating Variable for students in Yogyakarta with a sample size of 200 respondents. The analysis tool uses PLS-SEM. The test results show that all hypotheses proposed are supported.

Keywords: financial knowledge; financial attitude; risk-taking propensity; financial

1 Introduction

Yogyakarta is one of the most recognised tourist destinations in Indonesia, both domestically and internationally. The growth of the tourism and creative economy sector is one of the potentials for national development based on the people's economy, with a focus on religious values, culture, environmental preservation, national unity, and international relations. Therefore, the development of the tourism sector and creative economy needs to be carried out in a systematic, planned, comprehensive, and coordinated manner between sectors and disciplines in order to maximise benefits for all parties involved [1].

In recent decades, financial literacy has attracted great attention at the international level, both among public administrators, researchers, professionals, and the general public, as it has a significant effect on financial decision-making. [2,3] and thus not only affect the financial well-being of individuals [3], [4], however, it also has a positive impact on the financial system and the economy as a whole. [5], [6], [7]. In fact, more and more countries and international organisations are interested in understanding and improving the financial

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literacy of their citizens and how it affects their financial decisions. [8], [9] as this can support global financial and economic stability [4], [10]. This concept has become increasingly this is particularly important in the context of COVID-19, which has exacerbated the challenges faced by communities, especially those who are financially vulnerable. [11].

Previous literature has focused on the role of financial literacy in financial aspects such as retirement planning [12], [13], debt [3], [13], savings [13], [14], or participation in the stock market [1], [15]. D.I. Yogyakarta is a student city with students from various parts of Indonesia. The researcher is interested in the study because firstly, various studies show that young people have lower levels of financial literacy among other citizens [6], [16], thus increasing their awareness of financial risks [17]. Secondly, university students start living independent lives at a younger age, facing new responsibilities in managing their finances and expenses, such as organising income and expenses, paying bills, or budgeting [18]. Thirdly, they are faced with an increasingly complex financial system and more sophisticated services and products [18], [19], [20] which require making financial decisions with higher levels of risk.

2 Literature review

2.1 Financial literacy

Financial literacy plays an important role at both micro and macro levels, especially for households, the financial system, the national economy and monetary policy. Financial literacy helps individuals as well as households to plan budgets, save, manage assets and debts well, and use savings wisely in financial markets. Increased financial inclusion will expand liquidity, trading volume, and variety of financial products in the market, which in turn supports the development of the financial system. Finance [21]. Meanwhile, [22] state that financial literacy occurs when an individual has a set of skills and abilities that make that person able to utilise existing resources to achieve the expected goals.

2.2 Financial knowledge, financial attitude and financial behavior

Financial knowledge is the extent to which individuals understand personal finance concepts or principles, which are necessary as a basis for making decisions in effective financial management. It is a key element in financial literacy. Individuals with a high level of financial knowledge can analyse financial problems more easily, have better training to make the right decisions regarding financial matters, and better understand and assess risks [23]. As a result, students become more confident in taking risks and making decisions. In this regard, previous studies have shown mostly significant positive effects of financial knowledge on risk-taking tendencies [23], [24], [25]. The financial behaviours learned by university students during this period will most likely impact the decisions they make in the future.

H1: Financial knowledge has a positive effect on undergraduates' risk-taking propensity.

H2: Financial attitude has a positive effect on undergraduates' risk-taking propensity.

H3: Financial behavior has a positive effect on undergraduates' risk-taking propensity.

2.3 Risk-Taking Propensity

Chance penchant can be characterized as a person's introduction to require dangers. The more budgetary involvement people have, the more prominent their competence and ability in monetary things and the more likely they are to create more hazardous choices. In reality, past investigate has appeared that positive encounter in decision-making advances more prominent chance resilience [26], which leads individuals to develop greater confidence to invest in riskier financial stocks. By engaging in the right financial behaviours on a regular basis, an individual will have experience in financial matters and their possible consequences, and thus will have increased confidence in being able to deal with them safely. The more financial experience individuals have, the greater their competence and expertise in financial matters and the more likely they are to make riskier decisions [27].

H4: Financial behaviour mediates the relationship between financial knowledge and risk-taking propensity

H5: Financial behaviour mediates the relationship between financial attitude and risk-taking propensity.

2.4 Theory of Planned Behavior

Theory of planned behaviour could be a theory that examines the relationship between demeanor and conduct. In spite of the fact that this theory started from the consider of social psychology, and was born by teachers within the field of social brain research, this hypothesis is exceptionally conceivable to be connected and or utilized as a hypothetical premise for conducting investigate in different areas counting within the field of monetary conduct. This theory is based on the suspicion that people are levelheaded creatures and utilize the data they get and feel conceivable for them methodically. It underlines the soundness of human behaviour and the conviction that behavioral targets are beneath the control of human awareness. Conduct isn't as it were subordinate on the deliberate or crave of an person, but too depends on other components that are not beneath the control of an person, such as the accessibility of assets and openings to perform the conduct.

3 Research method

This sort of investigate is expressive investigate with a quantitative approach. The populace of this consider is understudies who live within the Extraordinary Locale of Yogyakarta (DIY) Area, whose correct number is obscure. Analysts utilized 150 respondents in this ponder with Information investigation was carried out utilizing the Halfway Slightest Squares Auxiliary Condition Modeling (PLS-SEM) strategy with the assistance of the SmartPLS 3.0 instrument.

3.1 Validity and reliability test

Validity testing will be conducted using two approaches: convergent validity testing and discriminant validity testing. Convergent validity assesses if instruments measuring the same or similar constructs do so consistently. [28]. Convergent validity will be seen from the loading value, which will be said to be convergent valid if it has a value of 0.7 with a significance of $p < 0.05$. Based on Table 2, it is known that there are instruments in the financial behavior construct that are not convergently valid because the value is less than 0.7.

Therefore, the instrument is not used further. The loading factor results of financial attitude, financial knowledge, and risk-taking propensity valid results show that the value is above 0.7.

Discriminant validity is used to see the extent to which the instrument can distinguish between constructs that should be different [29]. A minimum AVE (Average Variance Extracted) threshold of 0.5 will be utilized for this discriminant test. Table 1 shows that the financial attitude construct has an AVE value of 0.873, this indicates that the financial attitude construct is discriminant valid. The financial behavior value construct has an AVE value of 0.764. From this AVE value, it shows that the financial behaviour construct has also been discriminant valid. The financial knowledge construct obtained an AVE value of 0.863, it can be said that the purchase intention construct is valid. Likewise, the risk-taking propensity value construct is 0.885, this shows that the construct is discriminant valid.

Table 1. Average Results of Extracted Variance of 30 Respondents

	AVE	Composite Reliability	Cronbach's Alpha
Financial Attitude	0.873	0.989	0.988
Financial Behavior	0.764	0.957	0.947
Financial Knowledge	0.863	0.986	0.984
Risk-taking Propensity	0.885	0.959	0.935

3.2 Hypotesis test

The whole theory in this think about was tried utilizing the coordinate impact testing strategy by looking at the *tstatistik* esteem additionally the likelihood esteem. The *tstatistik* esteem and likelihood esteem are gotten by conducting the Savvy PLS bootstrapping test. So the criteria for accepting/rejecting the theory is *Ha* acknowledged when *tstatistik* > 1.96. that way, to acknowledge the speculation utilizing likelihood, *Ha* is acknowledged on the off chance that the p-value is < 0.05. This think about too employments a intervention impact, the relationship between exogenous and endogenous factors through interfacing factors. This implies that the impact of exogenous factors on endogenous factors in this ponder is in a roundabout way through interfacing factors. The comes about of speculation testing can be seen in Table.

Table 2. Path Coefficient

	O	M	STDEV	T Statistics	P Values
FK → RTP	-0,058	-0,028	0,119	0,486	0,627
FA → RTP	0,259	0,264	0,109	2,365	0,018
FB → RTP	0,539	0,519	0,130	4,142	0,000
FK → FB → RTP	0,152	0,162	0,078	1,965	0,050
FA → FB → RTP	0,182	0,181	0,067	2,723	0,007

Table 3 appears that the relationship between the factors analyzed in part appears a critical relationship with a T-statistic of > 1.96 and a p-value < 0> 0.05, specifically Budgetary information emphatically impacts undergraduates' risk-taking propensity .

5 Discussion

Monetary proficiency is an critical point to think about among all ages, particularly millennials. Firstly, the impact of money related information on students' risk-taking affinity isn't bolstered. Obtained by some authors showing that risk-taking propensity does not depend on the level of financial knowledge [30] or, if it does, it negatively affects it [31]. Students who have deeper financial knowledge will have a better ability to understand and evaluate various risks that may be faced. With a more comprehensive understanding of financial risks, they will be better able to assess the potential losses and benefits associated with making financial decisions. This in turn makes them more risk-tolerant, as they are able to weigh such risks more sensibly and on an informed basis.

Moment, financial state of mind emphatically impacts undergraduates' risk-taking affinity is upheld. Earlier investigate has affirmed that people with long-term skylines, which suggests less inclinations within the show utilization, embrace higher chance in their venture choices [26] or save for retirement [32]. The third hypothesis that financial behaviour has a positive effect on students' propensity to take risks is supported. When students improve their financial behaviours, such as by making careful budgets, saving regularly, and understanding basic investment principles, they build a stronger financial foundation. This foundation gives them confidence and comfort in dealing with risky financial situations. Our study is thus in line with previous research [33]

The results of mediation testing, namely hypotheses 5 and 6, show that there is an effect of the mediation test is supported. Our budgetary financial monetary money related budgetary Synonyms state of mind finding is in line with earlier investigate and recognizes its impact on undergraduates' risk-taking affinity through money related conduct. That affirms the interceding part of budgetary conduct within the money related attitude-risktaking affinity relationship. Our investigate bolsters the thought that money related state of mind goes before monetary conduct [7], [34] since a long-term skyline (related to money related demeanor), leads students to set money related activities (related to money related conduct) expanding their risk-taking propensity [26].

In terms of instructive suggestions, in arrange to viably impact risk-taking propensities among understudies - and eventually accomplish the objective of way better well-being, wellbeing and life fulfillment - monetary proficiency programs for understudies ought to be outlined in a comprehensive way. That's , they ought to not as it were center on giving essential budgetary information through conventional approaches, but too pay consideration to creating positive money related demeanors and practices. These states of mind and practices are pivotal measurements that can impact the relationship between monetary education and risk-taking propensity.

In conclusion, these discoveries are of tall significance to analysts and policymakers as they give a unused viewpoint in understanding the complex component of how monetary proficiency influences risk-taking affinity among college understudies, particularly given the multidimensional nature of money related proficiency. This incorporates the capacity to form educated choices related to cash administration, venture, and evasion of superfluous obligation, eventually contributing to their budgetary well-being. Subsequently, it is basic for future considers to proceed to investigate and create this range of investigate more broadly.

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