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The Analysis of Financial Planning Awareness at A Productive Age in Jakarta City

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***Abstract*—This study analyzes the influence of financial planning knowledge, income, and lifestyle on the awareness of productive age people in Jakarta city in preparing personal financial planning. A deficient financial planning knowledge will affect the lifestyle, the amount of someone's desire to meet their needs by the level of income earned. This study uses quantitative methods with a type of descriptive-causality research. Sampling is done by the non-probability sampling method, which is convenience sampling, with a total number of 179 respondents. The data analysis techniques used are descriptive analysis and path analysis. Meanwhile, to test the hypothesis using the t-test, F test, and determination coefficient test. The results showed that financial planning knowledge, income, and lifestyle directly affected the awareness of productive age in Jakarta in preparing personal financial planning. On the other hand, the financial planning knowledge and lifestyle did not directly affect the financial planning awareness of productive age people in Jakarta city through income. The results of this study can be helpful for the government to make policies regarding financial planning so that people of productive age want to plan their finances for a better life from youngster up to retired life.**

Keywords—Financial Planning, Financial Planning Awareness, Financial Planning Knowledge, Income, Lifestyle

INTRODUCTION

Jakarta is the capital of and the largest city in Indonesia. The number of people with productive age (15-64 years) in Indonesia, especially the capital city of Jakarta, is more considerable 70,47% compared to those with non-productive age (children and elderly), which is 29,53% of the total population. A survey done by IDN *Research Institute* in collaboration with *Alvara Research Center* in 2019 for Jakarta people showed that productive age tends to save only 10.7% of their income while 51.1% is spent on monthly needs and lifestyle. As a result, the productive age will face more significant financial risks in the future due to poor financial management. Additionally, the increasingly consumptive lifestyle, inflation that makes the needs of life more expensive in the future makes the importance of financial planning for people in productive age. If they do not have better financial planning means they will not have a better life.

People with knowledge of financial planning will be more aware of planning their finances. As in [1] stated that success in personal financial planning is strongly influenced by how much income is earned. The greater one's income will be, the greater one's needs and desires, so there is a need for financial planning. People who have better financial planning knowledge will save some of their income before spending it on consumption. The savings funds owned can be used when in an urgent condition. By allocating such income, it can prevent individuals from consumptive lifestyles as well as wasteful. This study focuses on greater coverage on productive age in Jakarta who are already working and have a fixed income than [4] research which only examines college students where income is still dominant from parents or guardians.

As in [2] showed the individual was affected by external factors and individualistic, such as financial literacy, financial awareness, saving habits, etc., that can be changed to have a better-retired life. The abundant number of productive age in Jakarta city is important to understand their awareness of financial planning from their lifestyle, income, and financial knowledge to have a better life from youngster up to retired life. This study aims to analyze the awareness of productive age about their financial planning in Jakarta city.

LITERATURE REVIEW

Every person has their own goal in life. Happiness and success are the most common goals anyone can say, while each person might have their way to achieve them. In finance, success and happiness can be reached with financial freedom. As in [3], Financial planning is one of the essential things to support one's future. With the planning, the community can take into account its financial needs in the future early on. Before planning their finances, people need to understand sound financial practices. As in [4], the extent of knowledge and implementation of a person or society in managing finance is often known as financial literacy.

Financial planning knowledge, according to [5] is the ability to understand, analyze, and manage finances to make the right financial decisions to avoid financial problems. Financial planning knowledge is essential. Financial planning knowledge not only helps individuals manage finance wisely but also benefits the economy. A person's income can be defined as the number of earnings assessed by the currency units a person or a nation can generate in a given period. The higher a person's income, the more they will try to understand better how to use finance through financial planning knowledge. Lifestyle, in principle, is how a person spends his time and money. The formation of a person's lifestyle is influenced by their situations, social class, social groups, family, and personal characteristics. Everyone's lifestyle leads to conditions, life experiences, values, attitudes, and expectations.

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According to [5], people with financial planning knowledge will use their income for saving before spending for consumption. While according to [4], the higher the amount of income, a person will try to understand how to make better use of finance through financial planning knowledge. According to [6], consumptive lifestyles are not according to the ability of their income and conditions, causing income-expenditure to swell. This causes the lack of funds available for saving and emergency needs. Meanwhile, [1] stated that the greater a person's income, the more significant that person's lifestyle. High or low spending on lifestyle depends heavily on a person's ability to manage their income. Modern lifestyles can positively or negatively impact a person's financial planning management behavior, depending on everyone's financial planning. It has a positive impact because an individual can take advantage of existing technological advances and negatively impact if the individual only follows the development of trends and spends all their income on happiness for a moment without setting aside his money for future needs.

People with knowledge of financial planning will be more aware of planning their finances. Financial knowledge is necessary to financial skills and learns to use financial tools. [1] One's success in personal financial planning is strongly influenced by how much income is earned; the greater one's income will be, the greater one's needs and desires, so there is a need for financial planning. People who have better financial planning knowledge will use their income to save before spending on consumption. The savings funds owned can be used when in an urgent condition. By allocating such income, it can prevent individuals from consumptive lifestyles as well as wasteful.

According to [5], people with financial planning knowledge will use their income for saving before spending for consumption. While according to [4], the higher the amount of income, a person will try to understand how to make better use of finance through financial planning knowledge. As in [6], a consumptive lifestyle that is not following their income and conditions, causing income-expenditure to swell. This causes the lack of funds available for saving and emergency needs. Meanwhile, [1] stated that the greater a person's income, the more significant that person's lifestyle. High or low spending on lifestyle depends heavily on a person's ability to manage their income. As in [4] had research that showed a relationship between financial planning knowledge, income, and lifestyle that affected financial planning awareness for college students at the Faculty of Economics and Islamic Business, UIN Sunan Kalijaga Yogyakarta.

METHODOLOGY

This research uses a quantitative method with a descriptive-causality research type. Sampling was conducted by a non-probability sampling, with a total sample size of 179 respondents is considered for the research. The dissemination of questionnaires is conducted online with google form through social media and personal chats.

The data analysis techniques used are descriptive analysis and path analysis. This study used path analysis because it is a powerful technique to test not only the casual relationships between a set of independent variables, which is financial planning knowledge, income, and lifestyle, and the dependent variable (financial planning awareness) but also the relationships between the independent variables [7]. The scale used the Likert scale. The limitation was used to assume that analysis came from actual respondents' information and did not expose their exact income amount. The results of the questionnaire were distributed to 30 respondents, with 23 statements disseminated. This study's validity test results showed that the overall research variable item has r count each item > 0.361, meaning all statements are declared valid and worth using to measure the studied variables. This study's reliability test results showed Cronbach's Alpha on financial planning knowledge is 0.843, lifestyle is 0.840, and financial planning awareness is 0.920. Cronbach's Alpha value > 0.60 so that all statement items in this research questionnaire are reliable.

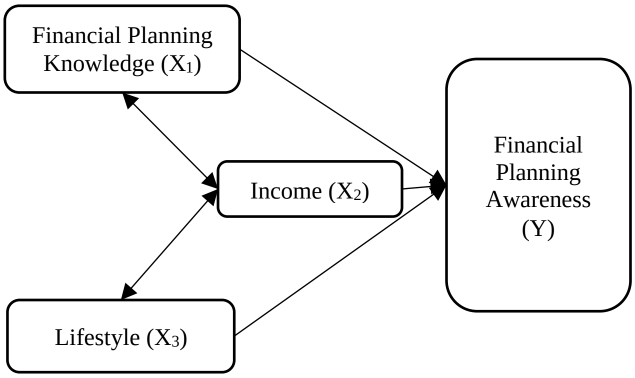

Fig. 1. Research Framework

Source: Kurnia Dwi Astuti (2018)

As in [8] in the previous research, showed that the respondents in their study did not have sufficient awareness about the overall personal financial planning. A person's financial well-being depends on their financial behavior, which in turn depends on one's attitude towards personal financial planning and financial literacy. A survey done by IDN *Research Institute* in collaboration with *Alvara Research Center* in 2019 for Jakarta people showed that productive age tends to save only 10.7% of their income while 51.1% is spent on monthly needs and lifestyle. As a result, the productive age will face more significant financial risks in the future due to poor financial management. Therefore, further research is needed to determine the level of awareness of the productive age in Jakarta city in preparing personal financial planning based on knowledge of financial planning, income, and lifestyle.

Direct Influence:

Hypothesis 1: There is a direct mutual influence between financial planning knowledge and income.

Hypothesis 2: There is a direct mutual influence between lifestyle and income.

Hypothesis 3: There is a direct influence between income and financial planning awareness in productive age.

Hypothesis 4: There is a direct influence between financial planning knowledge and financial planning awareness in productive age.

Hypothesis 5: There is a direct influence between lifestyle and financial planning awareness in productive age.

Indirect Influence:

Hypothesis 6: There is an indirect influence between financial planning knowledge and financial planning awareness in productive age through income.

Hypothesis 7: There is an indirect influence between lifestyles and financial planning awareness in productive age through income.

RESULTS

A. Respondent's Profile

Based on the questionnaire that has been distributed, respondent data is obtained as follows:

TABLE I. RESPONDENT'S PROFILE

Respondent's Profile	Total (Person)	Percentage
Gender		
Female	103	58%
Male	76	42%
Age		
16 – 25 years old	53	30%
26 – 35 years old	126	70%
Job		
Work	148	83%
Study and Work	31	17%
Made PFP		
Yes	146	82%
No	33	18%

Table I above shows that the most dominant respondents in this study based on gender were women, and the most predominant age was 26 – 35 years old. Most of them have a job or company's employee and said they already had personal financial planning.

B. Hypothesis Results

Direct Influence:

Hypothesis 1: There is a direct mutual influence between financial planning knowledge and income. Based on the results of the t-test, hypothesis 1 is acceptable.

Hypothesis 2: There is a direct mutual influence between lifestyle and income. Based on the results of the t-test, hypothesis 2 is acceptable.

Hypothesis 3: There is a direct influence between income and financial planning awareness in productive age. Based on the results of the t-test, hypothesis 3 is acceptable.

Hypothesis 4: There is a direct influence between financial planning knowledge and financial planning awareness in productive age. Based on the results of the t-test, hypothesis 4 is acceptable.

Hypothesis 5: There is a direct influence between lifestyle and financial planning awareness in productive age. Based on the result of the t-test, hypothesis 5 is acceptable.

Indirect Influence:

Hypothesis 6: There is an indirect influence between financial planning knowledge and financial planning awareness in productive age through income. Based on the results of path analysis, hypothesis 6 is rejected.

Hypothesis 7: There is an indirect influence between lifestyles and financial planning awareness in productive age through income. Based on the results of path analysis, hypothesis 7 is rejected.

C. Simultaneous Test (F-Test)

The F test or regression coefficient is jointly used to answer whether independent variables (financial planning knowledge, income, and lifestyle) together have a significant influence on a dependent variable (financial planning awareness).

TABLE II. SIMULTANEOUS TEST RESULTS (F TEST) MODEL 1

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	1356.190	3	452.063	28.825	.000[b]
	Residual	2744.536	175	15.683		
	Total	4100.726	178			

a. Dependent Variable: tY

b. Predictors: (Constant), tX3, tX1, tX2

The ANOVA or F test from table II above shows that the F value is 28,825 with a signification rate of 0.000. Since the probability is significantly smaller than 0.05, then independent variables (financial planning knowledge, income, and lifestyle) together significantly influence dependent variables (financial planning awareness).

TABLE III. SIMULTANEOUS TEST RESULTS (F TEST) MODEL 2

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	27.074	2	13.537	12.016	.000[b]

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ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Residual	198.278	176	1.127		
	Total	225.352	178			

a. Dependent Variable: tX2

b. Predictors: (Constant), tX3, tX1

The ANOVA test or F test from table III above shows F value is 12,016 with a signification rate of 0.000 because the probability is significantly less than 0.05. The financial planning knowledge variable and lifestyle variable together have a significant influence on to income variable.

D. Partial Test (t-Test)

A partial test (t-test) shows how much each independent variable affects the dependent variable. Partial test results can be seen in the following table:

TABLE IV. PARTIAL TEST RESULTS (T-TEST) MODEL 1

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig.
		B	Std. Error			
1	(Constant)	2.334	3.693		.632	.528
	tX1	.423	.087	.317	4.855	.000
	tX2	1.952	.281	.458	6.942	.000
	tX3	.319	.078	.258	4.109	.000

a. Dependent Variable: tY

Table IV above shows that the significant value of financial planning knowledge, income, and lifestyle is 0.000 < 0.05. This suggests hypotheses 3: There is a direct influence between income and financial planning awareness, is acceptable, hypotheses 4: There is a direct influence between financial planning knowledge and financial planning awareness, is acceptable and hypothesis 5: There is a direct influence between lifestyle and financial planning awareness, is acceptable. Then for the results of the calculation of the percentage of Relative Donations are as follows:

TABLE V. SUMMARY OF ANALYSIS RESULTS MODEL 1

Variables	Standardized Coefficients (Beta)	Correlation Coefficient (r)	Relative Contributions	R Square
X_1	.317	.187	17,8%	.331
X_2	.458	.401	55,6%	
X_3	.258	.341	26,6%	

The percentage of relative contributions of financial planning knowledge variable (X_1) to financial planning awareness (Y) is 17.8%. The relative contribution of income variable (X_2) to financial planning awareness (Y) is 55.6% as the highest contributor, and the relative contribution of lifestyle variable (X_3) to financial planning awareness (Y) is 26.6%.

TABLE VI. PARTIAL TEST RESULTS (T-TEST) MODEL 2

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig.
		B	Std. Error			
1	(Constant)	6.385	.865		7.383	.000
	tX1	-.097	.022	-.311	-4.394	.000
	tX3	.048	.021	.166	2.341	.020

a. Dependent Variable: tX2

Table VI above showed that the significant value of financial planning knowledge is 0.000 < 0.05, and the significant value of lifestyle is 0.020 < 0.05. This suggests hypotheses 1: There is a direct mutual influence between financial planning knowledge and income, which is acceptable, and hypotheses 2: There is a direct mutual influence between lifestyle and income. Then for the results of the calculation of the percentage of Relative Contributions are as follows:

TABLE VII. SUMMARY OF ANALYSIS RESULTS MODEL 2

Variables	Standardized Coefficients (Beta)	Correlation Coefficient (r)	Relative Contributions	R Square
X_1	-.311	-.305	79,2%	.120
X_3	.166	.154	20,8%	

The percentage of relative contributions of financial planning knowledge variable (X_1) to income (X_2) is 79.2%, and relative contributions of lifestyle variable (X_3) to income (X_2) is 20.8%.

E. Coefficient of Determination

TABLE VIII. R^2 TEST RESULTS MODEL 1

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.575[a]	.331	.319	3.96019

a. Predictors: (Constant), tX3, tX1, tX2

b. Dependent Variable: tY

Table VIII above shows the summary model for the value of R^2 is 0.331 = 33,1% of the influence of variables X_1 (Financial Planning Knowledge), X_2 (Income), and X_3 (Lifestyle) simultaneously on variables Y (Financial Planning Awareness) and 66.9% influenced by other variables outside this study for productive age in Jakarta. This result is not much different from [4] research which only has a result of 19%, for university students, which means that there are still other variables that are considered more able to explain the variables that contribute to influence financial planning awareness in productive age, and this could be further research topic.

TABLE IX. R^2 TEST RESULTS MODEL 2

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.347[a]	.120	.110	1.06140

a. Predictors: (Constant), tX3, tX1

b. Dependent Variable: tX2

Table IX above shows the summary model for the value of R^2 is 0.120 = 12% of the influence of variables X_1 (Financial Planning Knowledge) and X_3 (Lifestyle) simultaneously on variables X_2 (Income) and 88% influenced by other variables outside this study.

F. Path Analysis

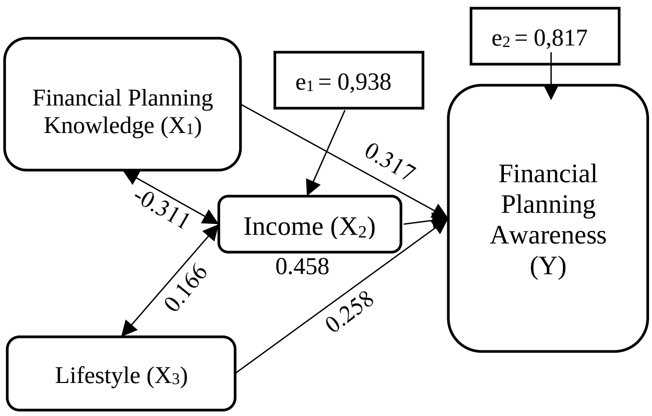

Fig. 2. Path Analysis Flow Chart

Source: The authors.

The influence of Financial Planning Knowledge on Financial Planning Awareness:
Direct Influence = 0.317
Indirect Influence = (-0.311) * (0.458) = -0.142
Based on the results of path analysis shows the indirect influence of financial planning knowledge (X_1) on financial planning awareness (Y) through income (X_2) is -0.142 < the direct influence of financial planning knowledge (X_1) on financial planning awareness in productive age (Y) is 0.317. Thus, hypothesis 6 is rejected.

The influence of Lifestyle to Financial Planning Awareness:
Direct Influence = 0.258
Indirect Influence = (0.166) * (0.458) = 0.076
Based on the results of path analysis shows the indirect influence of lifestyle (X_3) on financial planning awareness (Y) through income (X_2) is 0.076 < the direct influence of lifestyle (X_3) on financial planning awareness (Y) is 0.258. Thus, hypothesis 7 is rejected.

So, it can be concluded that income does not become an intervening variable between financial planning knowledge and financial planning awareness in productive age, lifestyle, and financial planning awareness in productive age.

DISCUSSION

Financial Planning Knowledge has a direct positive effect on financial planning awareness in productive age in Jakarta City. This result is reinforced by previous research conducted by [9], which stated that a person needs to have adequate financial planning knowledge to plan their finances well. This study explains that people with knowledge of financial planning will be more aware of planning their finances. Financial Planning Knowledge has a direct mutual effect on Income. The relative contribution of financial planning knowledge to income is 79,2%.

Financial Planning Knowledge has no indirect effect on financial planning awareness in productive age in Jakarta City through income. This is because the direct influence of financial planning knowledge on financial planning awareness in productive age is greater than the value of indirect influence between financial planning knowledge to financial planning awareness in productive age through income.

Income directly affects financial planning awareness in productive age. This result is reinforced by previous research conducted by [1], which explained that the greater a person's income, the greater the needs and desires of a person, so that awareness of financial planning is also higher. Conversely, the lower a person's income, the lower the awareness level of financial planning.

Lifestyle has a positive effect directly on financial planning awareness in productive age in Jakarta City. This result is reinforced by previous research conducted by [6], which stated that frugal behavior would have a high awareness of personal financial planning. Conversely, for a wasteful and consumptive person, awareness of his financial planning will be low. Lifestyle has a direct mutual effect on Income. The relative contribution of lifestyle to income is 20,8%.

Lifestyle has no indirect effect on financial planning awareness in productive age in Jakarta City through income. This is because the value of the direct influence of lifestyle to financial planning awareness in productive age in Jakarta City is greater than the indirect influence between lifestyles to financial planning awareness in productive age in Jakarta City through income.

The influence of Financial Planning Knowledge, Income, and Lifestyle simultaneously on Financial Planning Awareness is 33,1% and 66.9% influenced by other variables outside this study. This result is not much different from [4] research which only has a result of 19%, which means that there are still other variables that are considered more able to explain the variables that contribute to influence financial planning awareness in productive age, and this could be the next research topic.

CONCLUSION

This study surveys only cover less than 1% of Jakarta's total productive age population who are already working, and most respondents come from East Jakarta. The study showed that financial planning knowledge, income, and lifestyle directly affect financial planning awareness in productive age in Jakarta City. This indicates that one needs to have adequate financial planning knowledge to plan personal finances well. The greater one's income, the greater one's needs and desires, the more financial planning is needed. The abundant number of productive age in Jakarta city is essential to understand their awareness of financial planning from their lifestyle, income, and financial knowledge to have a better life. The results of this study can be helpful for the government to make policies regarding financial planning so that people of productive age want to plan their finances for a better life in the future.

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