



## THE EFFECT OF FINANCIAL LITERACY AND FINANCIAL BEHAVIOR ON STUDENTS' FINANCIAL PLANNING AT THE SANTITHAM FOUNDATION MUSLIM SCHOOL

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**Abstract:** This study is to determine the influence of financial literacy and financial behavior on students' financial planning at Muslim Santitham Foundation School. Using a quantitative approach and questionnaire as primary data collection instruments, this study involved 100 matthayom level 4-6 students as a purposively selected sample. The analysis results show that financial literacy has a positive and significant influence on student's ability to plan financially. Conversely, although financial behavior also indicates a positive impact, it is not significant on students' financial planning. Although financial literacy is not explicitly integrated into the school curriculum, respondents demonstrate an adequate understanding of the basic principles of personal financial management. This research fills a gap in understanding how financial literacy can shape financial planning among students, especially in a cultural context where talking about finance is still considered a new thing.

**Keywords:** Financial Literacy; Financial Planning; Financial Education

**Abstrak:** Penelitian ini untuk mengetahui pengaruh literasi keuangan dan perilaku keuangan terhadap perencanaan keuangan siswa di Muslim Santitham Foundation School. Menggunakan pendekatan kuantitatif dan kuesioner sebagai instrumen pengumpulan data primer, penelitian ini melibatkan 100 siswa matthayom level 4-6 sebagai sampel yang dipilih secara purposif. Hasil analisis menunjukkan bahwa literasi keuangan memiliki pengaruh positif dan signifikan terhadap kemampuan siswa dalam merencanakan keuangan. Sebaliknya, meskipun perilaku keuangan juga menunjukkan pengaruh positif, pengaruh tersebut tidak signifikan terhadap perencanaan keuangan siswa. Meskipun literasi keuangan tidak secara eksplisit diintegrasikan ke dalam kurikulum sekolah, responden menunjukkan pemahaman yang memadai tentang prinsip-prinsip dasar pengelolaan keuangan pribadi. Penelitian ini mengisi kesenjangan dalam memahami bagaimana literasi keuangan dapat membentuk perencanaan keuangan di kalangan pelajar, terutama dalam konteks budaya di mana membicarakan keuangan masih dianggap hal yang baru.

**Kata Kunci:** Literasi Keuangan; Perencanaan Keuangan; Edukasi Keuangan



## Introduction

In today's complex globalized world, having financial literacy is crucial for making informed financial decisions. Financial literacy encompasses not only knowledge but also skills and attitudes that empower individuals to effectively plan their finances amid rapid change.<sup>1</sup> A study on financial skills in Thailand in 2023 revealed that suboptimal financial literacy can affect financial planning amid global dynamics. The financial skills survey by Jiraporn Phaengraphan and the TDRI team showed that although the average financial skills score of Thais reached 62.8% —almost in line with the average score of 62.9% in OECD countries in 2015— financial knowledge remains a weak point, with a score of only 56.7%.<sup>2</sup> It is evident that despite growing awareness, numerous Thai people still struggle to implement this knowledge in their everyday lives.

Several studies indicate that financial literacy plays a crucial role in enhancing an individual's capacity to manage finances effectively. It has been shown that financial literacy aids in understanding financial management, ultimately leading to improved financial performance in the future.<sup>3</sup> Financial literacy encompasses the ability to understand and manage finances well, which is essential for avoiding financial difficulties.<sup>4</sup> It covers various important aspects, such as budgeting, savings, investment, debt management, understanding of financial products and services, and risk and profitability assessment. Financial literacy is often divided into indicators like knowledge, skills, attitudes, and subjective literacy, all of which significantly affect how a person plans their finances. However, a common challenge is the lack of understanding of financial planning, which can lead to consumer behavior and impulsive spending.<sup>5</sup>

Although financial literacy is proven to be important, the role of financial behavior in financial planning cannot be ignored. Studies have found a close relationship between financial literacy and financial behavior in financial planning, highlighting that financial literacy significantly contributes to shaping positive financial behavior. However, it has also been noted that while the connection between financial literacy and financial behavior is emphasized, there is often a lack of explanation on how financial behavior specifically impacts financial planning. Financial behavior is defined as encompassing various actions and decisions individuals take in managing their finances.<sup>6</sup> Financial behavior encompasses how individuals or groups manage and make decisions regarding their money and financial resources. Key indicators of financial behavior include the ability and habits of saving, managing consumption by distinguishing needs from wants, involvement in investment and

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<sup>1</sup> Oscar A. Stolper And Andreas Walter, "Financial Literacy, Financial Advice, And Financial Behavior," *Journal Of Business Economics* 87, no. 5 (2017): 620.

<sup>2</sup> Sathit Bowornsantisut, "How Much Financial Knowledge Do We Have?," <https://www.set.or.th/th/about/setsourc/insights/article/387-financial-literacy>, (11 August 2024).

<sup>3</sup> Liya Ermawati, "The Effect Of Financial Literation On Financial Performance In Cooperatives Of State Employees In Bandar Lampung," *FINANSIA : Jurnal Akuntansi dan Perbankan Syariah* 2, no. 1 (2019): 73.

<sup>4</sup> Nujmatul Laily, "Pengaruh Literasi Keuangan Terhadap Perilaku Mahasiswa Dalam Mengelola Keuangan," *Journal Of Accounting And Business Education* 1, no. 4 (2016): 18.

<sup>5</sup> Marlia Puspita Sari And Efa Irdhayanti, "Pengaruh Pengetahuan Perencanaan Keuangan Dan Sikap Keuangan Terhadap Perencanaan Keuangan Pada Mahasiswa," *Jurnal Economina* 1, no. 3 (2022): 439.

<sup>6</sup> Oscar A. Stolper And Andreas Walter, "Financial Literacy, Financial...", 633.

long-term financial planning, and controlling spending to ensure it does not exceed income.<sup>7</sup> Studies have highlighted that the main aspects of financial behavior, such as spending, borrowing, and saving, reflect how individuals, including students, manage their income.<sup>8</sup> In the context of students, financial behavior involves additional aspects like saving, spending, borrowing, and investing, all of which play an important role in planning their finances.

Financial planning is a crucial strategic process for students in managing the financial aspects of individuals, families, or organizations to achieve short-term and long-term goals. For Muslim students in Thailand, this planning includes identifying financial goals, assessing and managing assets and liabilities, setting budgets, investing, managing risks, and periodically monitoring and adjusting plans.<sup>9</sup> Financial planning involves implementing strategies to achieve long-term goals and emphasizes the importance of effective money management to avoid financial problems and meet long-term needs.<sup>10</sup> Encouraging financial planning from a young age helps students establish clear financial goals and develop strategies to achieve them. Mastering budgeting, investing, and risk management through financial planning can promote prudent financial decision-making.<sup>11</sup> Financial planning typically includes five systematic steps: assessing financial resources, setting goals, developing plans, implementing, and monitoring results. These steps underscore the importance of taking concrete actions and continuous monitoring in student financial planning.<sup>12</sup> This approach is particularly relevant for Muslim students in Thailand, helping them cope with financial challenges and achieve economic stability in the future.

There is a research gap as not all studies suggest that financial literacy and financial behavior always positively impact financial planning. While higher financial literacy generally leads to wiser financial behavior, it does not necessarily guarantee immediate improvements in financial planning quality. Some findings emphasize the importance of awareness and education in fostering wise financial behavior but also reveal that individuals may still invest without adequate diversification, compromising financial stability.<sup>13</sup> Even with high financial literacy, inappropriate financial behavior can negatively affect financial planning. Other research underscores the role of financial literacy in making well-informed decisions about financial planning, promoting positive financial habits, and

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<sup>7</sup> Yola Yolanda, "Pengaruh Financial Literacy, Financial Experience Dan Income Terhadap Financial Behavior Siswa SMA N 1 Batusangkar," *Equilibria Pendidikan: Jurnal Ilmiah Pendidikan Ekonomi* 6, no. 2 (2021): 43.

<sup>8</sup> Stella Winarta And Ary Satria Pamungkas, "The Role Of Financial Behavior, Financial Attitude, Financial Strain, And Risk Tolerance In Explaining Financial Satisfaction," *Proceedings Of The Ninth International Conference On Entrepreneurship And Business Management (ICEBM 2020)* 174, (2021): 520.

<sup>9</sup> Suchada, Personal Interview, (13 August 2023).

<sup>10</sup> Surendar Gade And Subramanya Sarma, "Does Financial Literacy Influence Financial Planning? A Study Among Rural And Urban Households," *Presented At RSU International Research Conference*, July 2018: 499.

<sup>11</sup> Mirza Hedismarlina Yuneline, Usdi Suryana, And Iim Hilman, "Perencanaan Keuangan Untuk Menumbuhkan Awareness Literasi Keuangan Pada Siswa SMA PMB Bandung," *Warta LPM* 24, no. 2 (2021): 234.

<sup>12</sup> Laura Parker, "What Are The 5 Steps In The Financial Planning Process?," <https://beslick.com/what-are-the-5-steps-in-the-financial-planning-process/>, (18, August 2024).

<sup>13</sup> V. R. Sudindra And Gajendra Naidu, "Financial Behaviour And Decision-Making," *International Journal Of Creative Research Thoughts (IJCRT)* 6, no. 1 (2018): 2771.

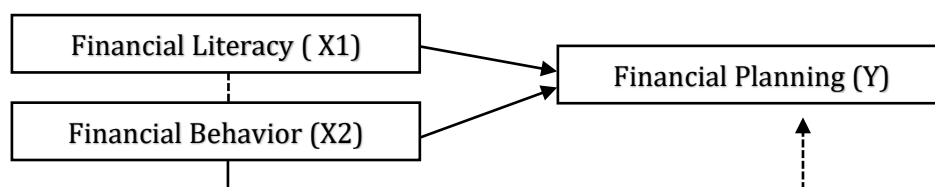
enhancing financial resilience and overall well-being.<sup>14</sup> Financial literacy also significantly influences financial well-being by aiding better decision-making, reducing susceptibility to framing effects, and improving understanding of complex financial products.<sup>15</sup> However, increasing financial knowledge and attitudes through financial literacy does not always directly impact actual financial behavior,<sup>16</sup> highlighting the need for a more comprehensive educational approach to ensure the practical application of financial knowledge in daily behavior. It is evident that despite growing awareness, numerous Thai people still struggle to implement this knowledge in their everyday lives. Financial literacy, as indicated by several studies, plays a crucial role in enhancing an individual's capacity to effectively manage finances. Financial literacy has been shown to aid in developing an understanding of financial management, ultimately leading to improved financial performance in the future.<sup>17</sup> This study not only explores how financial literacy is developed in an environment that respects privacy but also reveals the influence of financial literacy and financial behavior on students' financial planning abilities. Thus, Based on the problems, research gaps, and phenomena that have been explained previously, the hypotheses in this study are as follows:

H1: Financial literacy has a positive and significant effect on the financial planning of Muslim students at Santitham Foundation School.

H2: Financial behavior has a positive and significant effect on the financial planning of Muslim students at Santitham Foundation School.

H3: Financial literacy and financial behavior have a simultaneous effect on the financial planning of Muslim students at Santitham Foundation School.

Figure 1. Research Model



## Methods

This study uses a quantitative approach and associative research type to explore the relationship between financial literacy and financial behavior toward students' financial planning at the Santitham Foundation Muslim School. The research instrument involved a questionnaire with closed questions designed to collect quantitative data on financial literacy and financial planning, as well as interviews to gain in-depth insights from students

<sup>14</sup> Muktar Hossain, "The Impact Of Financial Literacy On Individuals Financial Behavior And Outcomes: A Systematic Review Of International And National Studies," *Journal Of Emerging Technologies And Innovative Research* 10, no. 3 (2023): 790.

<sup>15</sup> Annamaria Lusardi And Flore-Anne Messy, "The Importance Of Financial Literacy And Its Impact On Financial Wellbeing," *Journal Of Financial Literacy And Wellbeing* 1, no. 1 (2023): 9.

<sup>16</sup> Aisa Amagir, "A Review Of Financial-Literacy Education Programs For Children And Adolescents," *Citizenship, Social And Economics Education* 17, no. 1 (2018): 73.

<sup>17</sup> Liezel Alsemgeest, "Talking About Money Is Taboo: Perceptions Of Financial Planning Students And Implications For The Financial Planning Industry," *Industry And Higher Education* 30, no. 6 (2016): 398.

on the influence of financial literacy on their financial planning. The research sample consisted of 100 students selected through a purposive sampling technique with the following criteria:

Table 1. Research sample

Criteria	Total
The population of students enrolled in Santitham Foundation School	1.125
Students enrolled in Prathom level of education (equivalent to primary school)	(577)
Students enrolled in Matthayom level 1-3 (equivalent to junior high school)	(335)
Students of Matthayom level 4-6 (equivalent to senior high school)	(113)
Students taught by the researcher who also became research respondents	100

Data were collected using a questionnaire with a Likert scale. Then analyzed using descriptive analysis techniques, classical assumption testing, instrument testing, and hypothesis testing, testing was carried out using the t-test with degrees of freedom = nk, which was 97 people. The level of significance ( $\alpha$ ) was set at 5%. The analysis in this study used SPSS for Windows 29

## Result And Discussion

This study aims to analyze the influence of financial literacy on students' financial planning at the Muslim Santitham Foundation School located in Nakhon Si Thammarat Province, Southern Thailand. First, the characteristics of the respondents will be explained to provide an overview of the situation that has been collected through the research questionnaire. Primary data was taken through direct distribution of Google Forms to students of Muslim Santitham Mathayom 4-6 School totaling 100 respondents. Based on the data that has been collected, 2 characteristics of respondents will be explained as follows:

Table 2. Respondent Demographics

Demographics	Classification	Number of Respondents	Percentage
Gender	Man	63	63%
	Woman	47	47%
Department of Studies	Sci-math	30	30%
	Math-eng	28	28%
	Eng-Malay	42	42%

**Source:** Data Processed, 2024

The table above shows that the majority of respondents are male, consisting of 63 people or 63%, while the remaining 47 people or 47% are female. This shows that the samples taken for this study were mostly male. In addition, respondents from the eng-Malay department were more dominant, namely 42 people or 42%, while respondents from the math-eng department were 30%, and the sci-math department was 28%.

### Validity Test

The validity test is done by comparing the r-count value with the r-table. The number of samples (n) in this study is 100 so that the degree of freedom is  $100 - 3 = 97$ , with a significance level of 5 percent so that  $r\text{-table} = 0.196$ . The results of the validity test of the financial literacy instrument (X1) have an r-count between 0.652 to 0.763, the financial behavior instrument (X2) has an r-count between 0.299 to 0.469, while financial planning (Y) has an r-count between 0.548 to 0.758. This shows that the r-count value of all statement items regarding the variables of financial literacy, financial behavior, and financial planning is greater than the r-table value, which is 0.1966. Based on this, it can be concluded that all statement items contained in the questionnaire are declared "valid".

### Reliability Test

Reliability testing in this study was conducted using Cronbach's alpha technique involving 100 students as respondents. According to Siregar, a research instrument is said to be reliable if Cronbach's alpha value is  $> 0.6$ . The results of the reliability test show that the financial literacy instrument has a Cronbach's alpha value of  $0.907 > 0.60$ . For the financial behavior instrument, Cronbach's alpha value is  $0.645 > 0.60$  and for financial planning, it is  $0.929 > 0.60$ . Based on these results, the statements regarding the dependent and independent variables are declared "reliable."

### Normality Test

Information	Standardized residual values	
Asym Sig (2-tailed)	Regresi linear	alpha
	,200	0,05

Source: Data Processed, 2024

The normality test indicates a significance value of 0.200, which is greater than 0.05, suggesting that the residual data meets the normality assumption.

### Heteroscedasticity Test

	Unstandardized	Coefficient	Standardized		
	B	Std. Error	Coefficient	t	Sig
			Beta		
(Constant)	-.008	3.300		-.002	.998
Financial literacy	.001	.047	.002	.025	.980
Financial Behavior	.090	.056	.162	1.613	.110

Source: Data Processed, 2024

Based on the table above, it can be concluded that the variables tested by the researcher do not exhibit heteroscedasticity. This conclusion is supported by the significance value (sig) being greater than 5% or 0.05, which indicates that the regression model is not affected by heteroscedasticity issues.

## Multiple Linear Regression

This analysis aims to determine the effect of independent variables (X) on dependent variables (Y). In this study, the technique used is multiple linear regression to see the effect of financial literacy, and financial behavior, on financial planning toward students' financial decisions at the Muslim Santitham Foundation School, Southern Thailand. With a simple linear regression confidence level set at 95% or a significance level of 0.05 ( $\alpha$  0.05). Based on the analysis with the SPSS version 29 program, the regression results are obtained in the following table:

Table 5. Regression Test Results

	Unstandardized B	Coefficient Std. Error	Standardized Coefficient Beta	t	Sig
(Constant)	7.940	5.041		1.575	.119
Financial literacy	1.284	.072	.877	17.923	<.001
Financial Behaviour	.019	.085	.011	.219	.827

Source: Data Processed, 2024

Based on Table 5, the multiple regression equation can be described as follows:  $Y = \alpha + \beta_1X_1 + \beta_2X_2 + e$

From the multiple linear regression equation above, it can be explained as follows: The constant value ( $\alpha$ ) has a positive value of 7.940. The positive sign indicates a unidirectional influence between the independent variable and the dependent variable. If all independent variables including financial literacy (X1) and financial behavior (X2) have a value of 0 or do not change, then the financial planning value (Y) is 7.940.

The regression coefficient value for the financial literacy variable (X1) is 1.284. This value indicates a positive (unidirectional) influence between financial literacy and financial planning. This means that if financial literacy increases by 1%, financial planning will increase by 1.284 assuming that other variables are considered constant.

The regression coefficient value for the financial behavior variable (X2) is 0.019. This value also shows a positive influence between financial behavior and financial planning. This means that if financial behavior increases by 1%, then financial planning will increase by 0.019, assuming other variables are held constant.

## The Effect of Financial Literacy on Financial Planning of Muslim Students at Santitham Foundation School

The results of the T-test calculation show that partially the financial literacy variable has a positive and significant effect on student financial planning, as evidenced by the t-test value between financial literacy and financial planning of 17.923 with sig. <0.01. The t-test's significance value being smaller than  $\alpha = 0.05$  means that H1 is accepted, indicating that Financial Literacy has a positive effect on Student Financial Planning. Respondents' knowledge of basic financial management principles serves as a reference in personal financial management. Despite not being part of the school curriculum, they have an understanding of financial science beyond the school environment. These findings align with research emphasizing the significant role of financial literacy in enhancing financial

well-being, especially among students. A solid understanding of financial concepts allows individuals to make smarter financial decisions, reduce the likelihood of financial mistakes, and increase the ability to achieve long-term financial goals, such as financial stability and readiness for the future.<sup>18</sup>

Financial literacy and financial planning are closely linked, as financial literacy equips individuals with the knowledge and skills needed to make informed decisions about their finances, including budgeting, setting financial goals, and making investment decisions. With financial literacy, individuals are better prepared to plan for their financial future and make sound financial decisions. Conversely, a lack of financial literacy can lead to poor financial planning and decision-making, resulting in issues such as debt and ineffective problem-solving.<sup>19</sup> Research also suggests that students with good financial literacy find it easier to make financial decisions, and applying financial literacy to personal financial management enables students to handle their finances more wisely.<sup>20</sup> It is widely agreed that promoting inclusive financial literacy is crucial, and there are suggestions that financial education should start early in schools, with curricula tailored to local needs. Identifying students' special talents, needs, and aspirations, along with considering factors like the education system, culture, religion, and the approach used to introduce financial literacy in schools, is also important.<sup>21</sup>

### **The Effect of Financial Behavior on Financial Planning of Muslim Students at Santitham Foundation School**

According to the T-test calculation results, it is evident that the behavioral variable only partially affects students' financial planning. This is supported by a t-count value of 2.19, which is smaller than the t-table value, and a significance value of 0.827, which is greater than 0.05, leading to the rejection of H2. These results indicate that financial behavior has a positive, but insignificant, effect on students' financial planning. The results of this study are consistent with research indicating that financial behavior has a positive but insignificant effect on financial planning for children's education funds. Several reasons were identified for this lack of significance: first, subjective norms that are expected to influence financial behavior do not play a role in shaping financial planning. This suggests that even with positive attitudes toward financial behavior, individuals may not necessarily apply these behaviors in financial planning. Second, financial behavior often does not translate into real actions in financial planning, possibly due to a lack of awareness or understanding of how to convert financial behavior into an effective planning strategy. Third, external factors such as economic conditions, personal situations, or limited access to resources and financial education can hinder an individual's ability to engage in effective

<sup>18</sup> Annamaria Lusardi, "Financial Literacy And The Need For Financial Education," *Swiss Journal Of Economics And Statistics* 155, no. 1 (2019): 7.

<sup>19</sup> Natchaya Thongrak, Surachai Chancharat, And Ploypailin Kijkasiwat, "Financial Literacy: Does It Improve Well-Being? A Case Study of Farmers in Khon Kaen, Thailand," *International Symposia in Economic Theory and Econometrics* 29, (2021).

<sup>20</sup> Ila Rosa And Agung Listiadi, "Pengaruh Literasi Keuangan, Edukasi Keuangan Pada Keluarga, Teman Sebaya, Dan Pengendalian Diri Terhadap Pengelolaan Keuangan Pribadi," 12, no. 2 (2020): 244.

<sup>21</sup> HS, Sahat Renol, And Mintasih Indriayu, "Kajian Literasi Keuangan Pada Siswa Menengah Atas (SMA): Sebuah Pemikiran," *Prosiding Seminar Pendidikan Ekonomi Dan Bisnis*, (2017): 7.



financial planning.<sup>22</sup> This study suggests that, within this specific population, factors other than individual financial behavior may have a more substantial impact on financial planning. These findings highlight the need for further research to examine additional factors that could affect effective financial planning and to explore how other variables may interact with financial behavior in various contexts. Previous studies have demonstrated that the relationship between financial behavior and financial planning is often mediated or moderated by other factors. For example, while positive financial behavior, such as effective budget management and saving, can enhance financial satisfaction, it does not always have a significant direct impact on financial planning.<sup>23</sup> Research also shows that while financial behavior plays a crucial role in determining financial satisfaction, its influence on financial planning is not always significant. Financial behaviors, such as budgeting and saving, contribute to positive financial outcomes and satisfaction but do not directly impact the effectiveness of financial planning. Additionally, findings suggest that financial behavior significantly influences investment decisions but does not necessarily translate to long-term financial planning.<sup>24</sup>

Research has found that financial behavior significantly influences investment decisions but does not necessarily impact long-term financial planning.<sup>25</sup> The research confirms that financial behavior has a more significant impact on budget management and investment decisions than on long-term financial planning. While good financial behavior can significantly influence investment decisions, the study did not find a direct and significant impact on long-term financial planning. This suggests that factors such as financial education and family support may play a greater role in determining the success of financial planning than financial behavior alone. Therefore, the results of this study support the idea that the influence of financial behavior may not always be consistent across all contexts or populations.

### **The Effect of Financial Literacy and Financial Behavior on Financial Planning of Muslim Students at Santitham Foundation School**

To assess the impact of financial literacy and behavior on student financial planning at the Santitham Foundation Muslim School, an analysis can be conducted using the F Test:

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<sup>22</sup> Bayu Tri Cahya, Ika Erlita, And Ibnu Muttaqin, "The Impact Of Financial Literacy, Financial Behavior, And Income On Financial Planning For Children's Education Funds," *SETARA: Jurnal Studi Gender Dan Anak* 5, no. 1 (2023): 11.

<sup>23</sup> Stella Winarta And Ary Satria Pamungkas, "The Role Of Financial Behavior...", 522.

<sup>24</sup> Clinton G. Gudmunson And Sharon M. Danes, "Family Financial Socialization: Theory And Critical Review," *Journal Of Family And Economic Issues* 32, no. 4 (2011): 644.

<sup>25</sup> Ni Putu Suciyawati And Ni Kadek Sinarwati, "Pengaruh Perilaku Keuangan Terhadap Keputusan Investasi," *Jurnal Manajemen* 13, no. 4 (2021): 797.

Table 6. F Test

	Sum of Squares	Df	Mean square	F	Sig
Regression	10080,066	2	5040,033	160,696	<,001 <sup>b</sup>
residuals	3042,294	97	31,364		
total	13122,360	99			

**Source:** Data Processed, 2024

F-count is used to test whether the proposed equation model  $Y = \alpha + \beta_1X_1 + \beta_2X_2 + e$  is acceptable or not. From the table above, the F count value is 160.966, while  $F_{table}$  can be seen at  $\alpha$  0.05 with degrees of freedom of the numerator =  $(k-1) = 3-1 = 2$ , degrees of denominator =  $(nk) = 100-3 = 97$ . Then  $F_{table} = 3.09$ . Where  $k$  is the number of research variables,  $n$  is the number of respondents. So it can be concluded that this research model is correct if  $F\text{-count} > F\text{-table}$  or  $160.696 > 3.09$ . Then  $H_3$  is accepted, indicating that financial literacy and financial planning both have a positive and significant impact on financial planning. These results are consistent with studies that highlight the crucial role of financial literacy and behavior in effective financial planning. Financial literacy provides individuals with the knowledge and skills to understand financial concepts, make informed decisions, and manage their finances effectively. This knowledge, in turn, shapes financial behavior, including habits related to saving, spending, borrowing, and investing.<sup>26</sup> Individuals with high financial literacy are more likely to exhibit positive financial behaviors such as budget planning, prudent investment, and strategic savings, ultimately strengthening their financial planning abilities. Conversely, a lack of financial literacy can lead to poor financial behaviors, inadequate financial planning, and increased vulnerability to financial challenges.

### Coefficient of Determination Test

To find out how much contribution financial literacy and financial behavior have to financial planning, a determination coefficient analysis is needed. The results of the determination coefficient test are shown in the following table:

Table 7. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. The Error Of The Estimate
1	.876	.768	.763	5,60034

**Source:** Data Proceed, 2024

Based on Table 7, the coefficient of determination taken through the Adjusted  $R^2$  value shows a figure of 0.763 or 76.3%. In other words, 76.3% of the variability in financial planning of Muslim students at Santitham Foundation School is influenced by financial literacy and financial behavior. The remaining 23.7% is influenced by other variables outside this study. This issue reflects the challenges related to financial literacy in Thailand.

<sup>26</sup> V. R. Sudindra And Gajendra Naidu, "Financial Behaviour And Decision-Making...", 2880.

Both financial literacy and financial behavior are vital components of financial knowledge and management. The presence of a strong consumer culture and rapid technological advancements has led to uncertainty in making sound financial decisions. Furthermore, the absence of subjects dedicated to teaching financial literacy and financial behavior in the curriculum exacerbates this issue. Fundamental concepts such as distinguishing between needs and wants, the importance of having emergency funds, understanding insurance, and investment principles have not been given adequate emphasis in formal education. As a result, students lack the necessary understanding to effectively plan and manage their finances.

The taboo surrounding discussions about finance is acknowledged to exist in school culture and society in southern Thailand, as mentioned earlier. This was confirmed in interviews with three individuals: Pimparewa Tohlee, Waranya Salae, and Ranchana, all of whom expressed discomfort in discussing their financial situations. This discomfort not only indicates a lack of financial literacy but also suggests ineffective financial habits among students. Waranya Salae, a student majoring in science and mathematics, revealed that she had never received education or information on how to manage money wisely, which led to suboptimal financial behavior such as a lack of control over spending and no saving habits.<sup>27</sup> Pimparewa Tohlee, one of the mathematics students, added that they rarely hear discussions or seminars about financial literacy in their school environment, which in turn has an impact on financial behavior such as the tendency to delay making important financial decisions.<sup>28</sup> Ranchana, a language study program student, said that in their culture, discussing personal financial matters is considered taboo and avoided, which has the potential to lead to closed and unfocused financial management behavior.<sup>29</sup> Money is often considered a taboo topic due to associated feelings of shame, guilt, and judgment. Many individuals feel uncomfortable discussing their finances, including income, debt, and savings, out of fear of being judged or labeled by others. This discomfort is further compounded by cultural norms where money is not openly discussed within households, leading to a broader societal tendency to avoid conversations about financial matters. Consequently, even discussions about money with friends and family can be challenging due to these ingrained taboos.<sup>30</sup>

This observation suggests that students are hesitant to discuss their financial situation due to inadequate socialization, lack of support and understanding from schools, and poor financial behavior practices. This underscores the importance of integrating financial literacy into the curriculum, promoting socialization around finance, and fostering healthier financial behavior. Understanding students' perspectives more deeply can lead to concrete steps to enhance financial literacy, improve financial behavior, and reduce the stigma associated with discussing personal finance among students. The study demonstrates that financial literacy and behavior significantly impact students' financial planning. Respondents with a better grasp of financial management principles are more

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<sup>27</sup> Waranya Salae, Personal Interview, (13 Agustus 2023).

<sup>28</sup> Pimparewa Tohlee, Personal Interview, (18 Agustus 2023).

<sup>29</sup> Ranchana, Personal Interview, (15 Agustus 2023).

<sup>30</sup> Liezel Alsemgeest, "Talking About Money Is Taboo: Perceptions Of Financial Planning Students And Implications For The Financial Planning Industry," *Industry And Higher Education* 30, no. 6 (2016): 397.

adept at applying this knowledge in practical situations. While this knowledge is often acquired outside of the school curriculum, understanding financial literacy and behavior enables students to make better and wiser financial decisions in managing their finances.

Further findings suggest that students with strong financial literacy and behavior are better equipped to make sound financial decisions and manage their finances effectively.<sup>31</sup> To promote inclusive financial literacy and responsible financial behavior, it is important to introduce financial education early in the school environment. This education should be tailored to local circumstances and include identifying students' talents, needs, aspirations, and existing gaps while considering the local education system, culture, and religion.<sup>32</sup> Integrating financial literacy and financial behavior into the curriculum will help students develop the skills needed to plan and manage their finances in the future.

## **Conclusion**

The study's explanation and findings suggest that financial literacy positively impacts financial planning by providing the knowledge and skills needed to make sound financial decisions. However, the influence of financial behavior on students' financial planning was found to be insignificant. This could be influenced by other factors such as the quality of formal education, social influence from family and friends, and family economic conditions. The study implies the necessity of developing integrated and comprehensive financial education interventions, encompassing not only financial literacy but also other factors influencing students' financial behavior. This approach should involve various aspects of the educational environment and students' daily lives to better prepare them for future financial challenges and help them make wiser financial decisions.

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## **Author Contributions Statement**

PS and HS were responsible for writing the manuscript and analyzing the data. NH served as the translator and provided valuable input throughout the research process. SS granted permission and supported the research by facilitating access to necessary information. All authors contributed to the study and approved the final manuscript.

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<sup>31</sup> Ila Rosa And Agung Listiadi, "Pengaruh Literasi Keuangan...", 244.

<sup>32</sup> HS, Sahat Renol, And Mintasih Indriayu, "Kajian Literasi Keuangan...", 8.

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