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BUILDING FINANCIAL BEHAVIOR THROUGH PARENTAL FINANCIAL TEACHING

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Abstract: This research was conducted to explore the impact of financial teaching given by parents on financial attitudes and financial behavior in the younger generation living in Pekanbaru. This research used a sample of 100 young respondents in Pekanbaru. Apart from that, this research also uses the PLS-SEM approach which is used to evaluate the research hypothesis. According to the outcomes of this quantitative research, parental financial teaching affects children's financial behavior. In addition, parental financial teaching also has a significant impact on children's financial attitudes. It was also found that children's financial behavior was influenced by the child's financial attitudes. Then, it was found that children's financial attitudes were able to mediate the influence of parents' financial teaching on children's financial behavior.

Keywords: *parental financial teaching, attitude, behavior, knowledge*

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1. Introduction

Parental financial teaching (PFT) is generally recognized to have a strong relationship with how children behave in managing and regulating finances well. According to a study conducted by Noh (2022), revealed that parents financial teaching has a positive influence on children's financial behavior both directly and indirectly. In addition, the financial experience of parents also has a positive impact on their children's financial knowledge and a positive financial attitude (FA) also influences the financial behavior (FB) of their children. According to Zhu (2020), parental financial teaching also correlates positively with healthy financial attitudes and financial behavior. Based on this, parental financial teaching is one of the forms of teaching parents to their children in managing their finances.

Based on previous research that has been conducted, it is generally known that financial teaching given by parents to children has a strong relationship to children's behavior in planning and managing finances well. Noh (2022) conducted a study with results where parents' relevant financial teaching had a positive impact on children's financial behavior. The effect on children's financial behavior can be direct or indirect. Apart from that, it can also be seen that the financial experience of parents also has a positive impact on their children's financial knowledge. Of course, this will have a positive impact on children's financial knowledge if there is open communication with children. Parents who often share good financial experiences and behavior with their children will broaden their child's financial insight and then develop a positive financial attitude which will ultimately influence their child's financial behavior. This is also proven by research conducted by Zhu (2020), where it can be seen that parental financial teaching is able to provide positive results on financial attitudes and healthy financial behavior in young people. So based on this, the financial education given by parents to children is one of the provisions and forms of financial attitudes and financial behavior of children which is really needed from an early age to help them manage their finances now or in the future.

Some forms of financial teaching that can be implemented by parents, one of which is conducting financial outreach to children. Financial outreach can be done by providing financial case studies or asking for solutions to financial problems that occur. Apart from that, one simple thing that parents can do is to encourage their children to have financial goals or targets that they want to achieve in the future. Then, financial teaching can also be done by parents by providing a model of financial behavior that can help children achieve their financial goals. Therefore, based on some of the data that has been presented, it can be seen that parents are the main agents who have a major contribution in shaping their children's financial attitudes. Based on the results of research conducted by Bapat (2020), financial attitude is a preference and character that a person has in dealing with financial problems that occur. The financial attitudes that have been formed will then become a habit which can be called financial behavior (Hamastuti & Widianto, 2022).

Financial behavior is an action that has become a person's habit in planning, managing and controlling their finances, both in the short and long term. Financial behavior can also be seen from how humans act in managing their finances. This behavior can consist of several implementations, such as using cash, savings, investments, insurance and credit cards. This financial behavior also directly correlates with how an individual is able to manage his income and expenses optimally and is able to save and manage his overall finances optimally. Therefore, it is important to have high awareness and responsible behavior in managing finances. This is because a person's financial behavior can have positive and negative effects on children. Where responsible financial behavior will have a positive impact, while financial behavior that is too risky and irresponsible will certainly have a negative impact on individual finances.

Apart from that, financial behavior can also be said to be good if it is followed by wise and consistent financial management. This is supported by data obtained from the Financial Services Authority (OJK) in 2019, where the financial literacy index obtained was 38.03% with the percentage of public financial inclusion in Indonesia known to be 76.19%. The low level of financial literacy in Indonesian society can also be a factor in the low financial behavior of people in Indonesia. This is because there is still a lack of financial knowledge so that many people in Indonesia have irresponsible financial behavior. One example of irresponsible financial behavior that can be seen is the large number of fraudulent investment fraud cases circulating. This is of course very detrimental to the Indonesian people and state, so there is a need for good financial teaching, especially from parents from an early age and can also be supported by financial teaching in schools. Some examples of responsible financial behavior include checking credit and savings regularly, using good financial management, and avoiding excessive spending (Antoni, 2023).

According to Cahyani & Rochmawati (2021), there are several factors that can influence children's financial behavior. Some of these factors include competent decision making with careful consideration based on existing data and facts. This will shape children's smart and wise financial behavior so that it will improve children's financial well-being. Apart from that, another factor is the existence of alternatives to reduce impulsive and unconscious financial

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behavior. Therefore, it is very important to implement good financial behavior so that it can support someone to manage their finances optimally. So, based on some of the data presented above, further research is needed to study more about the causes and effects of parental financial teaching on children's financial attitudes and financial behavior.

Based on the background above, this study has four hypotheses:

H1: Parental Financial Teaching has an impact on Financial Behavior

H2: Parental Financial Teaching has an impact on Financial Attitude

H3: Financial Attitude has an impact on Financial Behavior

H4: Financial Attitude mediates the impact of Parental Financial Teaching on Financial Behavior

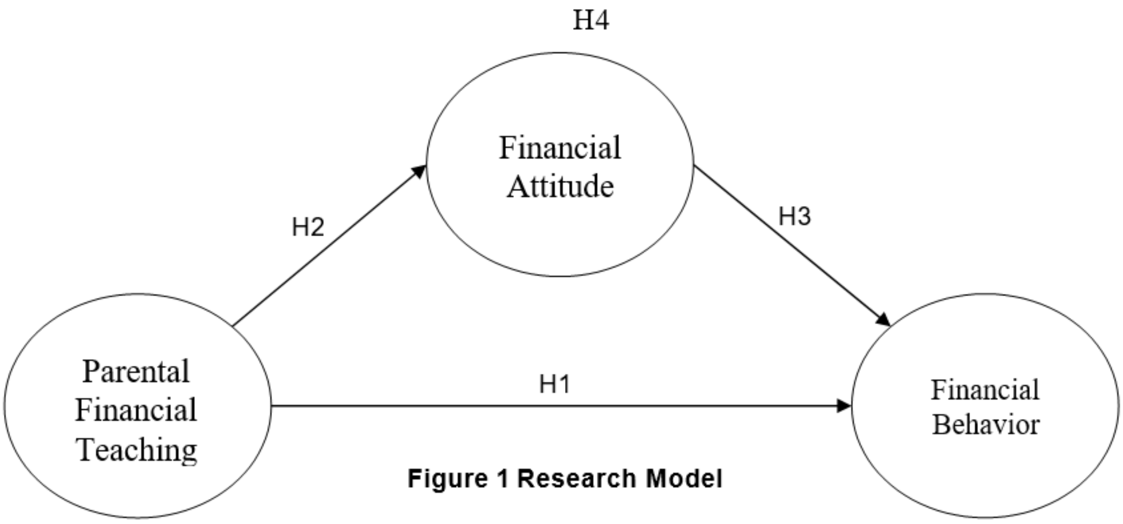

Figure 1 Research Model

2. Research Method

This study used quantitative methods. The population consists of young people from Pekanbaru. In this study, 100 participants were used as samples. The researcher used primary data in this study, whereby the sample group received a request to fill out a questionnaire. PLS-SEM was employed for analyzing the data in order to validate the study's model. Additional experiment were performed to assess the relationship among the model's variables and their relevance. The SmartPLS program is used in order to do the calculation and analysis.

3. Results and Discussion

3.1. Results

The number of participants for this research was 100 people. The subjects of this research involve young individuals from Pekanbaru. The gender of the young individuals in this study can be seen in Table 1

Table 1. Gender

Gender	Total
Male	43
Female	57

According to Table 1, the study's sample included 43 male participants and 57 female participants. Furthermore, the scale items presented in Table 2 were applied in the current study. As illustrated in Table 2, the arrangement of Likert-type scale components for each variable employed in this research are shown

Table 2. Scale Items

Items	Wording
Parental Financial Teaching	
PT1	My parents taught me how to use credit cards properly
PT2	My parents discussed how to finance my education
PT3	My parents discussed family financial problems with me
PT4	My parents taught me how to manage finances
PT5	My parents encouraged me to save regularly
PT6	My parents encouraged me to prepare an emergency fund
PT7	My parents encourage me to save every month for the future
PT8	My parents taught me how to invest
PT9	My parents taught me how to create a personal budget
Financial Attitude	
FA1	It is important for me to develop a regular saving pattern
FA2	I keep records of financial matters
FA3	I am planning financially for retirement
FA4	I understand that insurance has benefits for dealing with risks
FA5	I have clear financial goals to prioritize spending
FA6	I believe financial planning for the next 5 or 10 years is critical to financialsuccess
FA7	I am interested in reading financial books
FA8	I have a money-saving attitude
FA9	I dare to manage personal money
FA10	I spend money according to budget
FA11	I keep track of my own finances
Financial Behavior	
FB1	I compare prices when purchasing products or services
FB2	I pay my bills on time
FB3	I record my monthly expenses
FB4	My expenses are in accordance with the budget or spending plan
FB5	I pay my credit card balance in full every month
FB6	I compare prices when purchasing products or services
FB7	I repay loans on time if I borrow from friends
FB8	I have an emergency savings fund
FB9	I set aside my income
FB10	I save for long-term goals, like cell phone, car, education, house, etc.

After the acquisition of data from the respondents, more examinations are conducted. The analyst performed tests of validity and reliability to put the hypothesis to the test. Table 3 displays the outcomes of the validity and reliability tests that were conducted

Table 3. Validity & Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Financial Attitude	0.887	0.892	0.529
Financial Behavior	0.866	0.868	0.517
Parental Financial Teaching	0.889	0.921	0.539

The AVE (Average Variance Extracted) value predicts the effectiveness of the data. If the AVE value is greater than 0.5, the data can be considered valid. The results are shown in Table 3. The average variance (AVE) of the three variables is above 0.5, confirming that the hypothesis is valid. To assess the reliability of the data, Cronbach's alpha and composite reliability were applied. The Cronbach alpha values of the three variables in Table 3 are all higher than 0.6, indicating that the data are reliable. This is evidenced by the composite reliability values, which are all above 0.7.

Table 4. Hypothesis Testing

	Hypothesis	P Values	Result
H1	PFT -> FB	0.233	Not Accepted
H2	PFT -> FA	0.000	Accepted
H3	FA -> FB	0.000	Accepted
H4	PFT -> FA -> FB	0.000	Accepted

Table 4 shows the results of hypothesis evaluation using PLS-SEM. If the significance level (p-value) is below 0.05, the hypothesis is clearly confirmed. The statistics provided indicate that parental financial education has no impact on financial behavior with a significance level (p-value) above 0.05. Similarly, parents' financial education affects financial attitudes with a p-value less than 0.05, which is the same as 0.000. As shown in the table above, financial attitudes determine financial behavior. In addition, the p-value of the fourth hypothesis is less than 0.05, which means that financial attitudes can moderate the impact of parental financial education on financial behavior.

3.2. Discussion

The Impact of Parental Financial Teaching on Financial Behavior

According to the research of young people in Pekanbaru, it can be seen that Parental Financial Teaching has no impact on children's financial behavior. This contrasts with the findings conducted by Ndou & Ngwenya (2022), Parental financial Teaching has a direct impact on financial behavior. According to research conducted by Zhu (2020), parental financial teaching has a crucial part in adolescents' financial management role, it represents a form of children's financial behavior. This is also confirmed by research carried out by Noh (2022), with the presence of good parental financial teaching from parents can help children avoid bad financial behavior such as impulsive buying behaviors to increase self-esteem. Parental financial teaching can influence financial behavior but must be mediated by financial attitudes and ultimately influence individual financial behavior as a whole (Yong et al, 2018). According to Antoni (2023), parents can apply parental financial teaching by modeling good financial behavior to their children so that they can observe, imitate, and apply good financial conduct. However, in this study, young respondents may have limited time with their parents so they can't imitate their parents' financial behavior even though they've received good parental financial teaching.

The Impact of Parental Financial Teaching on Financial Attitude

According to Noh (2022), parental financial teaching plays an important role and has a positive impact on children's economic attitudes. Sabri et al (2020), found that children generally tend to maintain family values, attitudes, and behaviors until they develop new attitudes, skills, and patterns of financial behavior. Therefore, it is important to apply a good financial attitude early through parental financial teaching. One example is that when parents apply a good financial attitude by securing their monthly money for emergencies, then this will be a positive foundation and boost for the child. With a positive modeling of the parents, the child will implement a good economic attitude especially when still at an age that is easily influenced (Ndou & Ngwenya, 2022). The financial attitude of young people today is the result of the formation of parental financial teaching at home.

The Impact of Financial Attitude on Financial Behavior

Based on the study of Yong et al (2018), can find that there is an affirmative relation among fiscal attitudes and monetary behaviors. Further research has been conducted, proving that if individuals have improved their financial attitudes then a year later they will also experience improvements in their financial behavior. However, financial habits are only accepted if the meaning of the behavior has been experienced by him which is meaningful depending on his attitude and control. According to Bapat (2020), financial attitudes can directly influence financial behavior where bad financial attitude leads to bad financial behavior. Furthermore, according to a study conducted by Mien & Thao (2015), it can be seen that financial attitude has a indicative impact on financial behavior and has a positive impact. So, in order to shape a child's financial behavior, it is necessary to raise a child's financial attitude first.

Financial attitude as a mediating effect of parents' financial education on financial behavior

There has been much recent research on the relationship between parents' financial education and children's financial attitudes and behaviors. According to a study conducted by Noh (2022), parents' financial education has a great impact on the development of children's financial attitudes through parental relationships and interactions. Have a positive impact on children's economic attitudes. When good financial attitudes are formed, children automatically exhibit good financial behavior because of the values, standards, and norms they received from their parents at an early age. In the end, good financial behavior can boost the child's financial well-being. Furthermore, Yong et al (2018) say that a longitudinal study provides evidence that financial knowledge that can be acquired from parental financial teaching is capable for influencing financial attitudes and eventually affecting individual financial behavior as a whole. On the contrary, if the poor financial attitude and behavior of the child is also directly related to parental financial teaching acquired at home. This is because parents are regarded as the main force in educating their children financially (Agnew, 2018). Therefore, the role of parents in providing parental financial education is critical in shaping children's financial attitudes and behaviors.

4. Conclusion

Therefore, cultivating healthful financial attitudes and behaviors through parental financial teaching is a necessary base for forthcoming responsible financial behavior, allowing adolescent people to develop strategies to avoid financial force during adulthood, thus developing their total aspect of life. Earlier investigation shows that affirmative financial attitudes and behaviors developed at a young age through parent-child interactions around financial management can persist throughout life. This study found four results. First, parents' financial education does not affect financial behavior. Secondly, parents' financial education directly affects financial attitudes. This shows that a good financial attitude is achieved through good financial education of parents in the family. In addition, financial attitudes have also been found to have an impact on financial behavior. Financial Attitude was significantly positively correlated and has a substantial influence on financial behavior. Lastly, financial attitude mediates the effect of parental financial teaching on financial behavior

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