

The Importance of Personal Financial Management Literacy for Overseas Students in Planning Their Budgets

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ABSTRAK: Basis pengetahuan yang sistematis tentang manajemen keuangan digunakan untuk mencapai tujuan keuangan pribadi melalui proses manajemen keuangan pribadi. Ada beberapa alasan mengapa mahasiswa tidak dapat memaksimalkan kemampuan pengelolaan keuangan mereka. Pertama, kurangnya pemahaman tentang keuangan. Kedua, cara berpikir mahasiswa yang hanya berfokus pada satu tujuan. Ketiga, kondisi psikologis siswa. Keempat, ketidakmampuan untuk menerima pertanggungjawaban atas penggunaan uang. Faktor-faktor ini menyebabkan kelemahan keuangan siswa. Lingkungan sekolah adalah elemen lain yang berkontribusi terhadap kemampuan manajemen keuangan pribadi siswa yang buruk. Literasi manajemen keuangan pribadi juga membantu mahasiswa dalam memahami konsep keuangan. Dengan literasi manajemen keuangan pribadi, mahasiswa dapat membantu diri mereka dalam menjaga keuangan yang kuat dan memastikan bahwa mereka dapat memenuhi kebutuhan mereka dalam masa depan. Sebagian besar penelitian terfokus pada manajemen keuangan pribadi secara umum tanpa mempertimbangkan pentingnya literasi keuangan dalam mengelola keuangan yang akan berdampak pada manajemen keuangan pribadi. Kesenjangan ini menciptakan ruang untuk penelitian yang lebih mendalam tentang pentingnya literasi manajemen keuangan pribadi bagi mahasiswa rantau. Metode yang digunakan dalam penelitian ini yaitu metode penelitian kualitatif. Tujuan yang akan dicapai dalam penelitian ini yaitu mengetahui dan menganalisis pentingnya literasi manajemen keuangan pribadi bagi mahasiswa rantau dalam merencanakan anggarannya. Penelitian ini memberikan wawasan mendalam tentang manajemen keuangan pribadi mahasiswa. Dengan memahami penelitian ini, mahasiswa dapat membuat keputusan yang lebih baik dalam mengelola keuangan pribadi mereka.

Kata kunci: Keuangan, Manajemen, Mahasiswa

ABSTRACT: A systematic knowledge base on financial management is used to achieve personal financial goals through the process of personal financial management. There are several reasons why students cannot maximize their financial management capabilities. First, there is a lack of understanding about finance. Second, the way of thinking of students who only focus on one goal. Third, the psychological condition of students. Fourth, the inability to accept responsibility for the use of money. These factors lead to students' financial weakness. The school environment is another element that contributes to students' poor personal financial management skills. Personal financial management literacy also helps students in understanding financial concepts. With personal financial management literacy, students can help themselves in maintaining strong finances and ensure that they can fulfill their needs in the future. Most studies focus on personal financial management in general without considering the importance of financial literacy in managing finances that will impact personal financial management. This gap creates room for more in-depth research on the importance of personal financial management literacy for overseas students. The method used in this research is a qualitative research method. The purpose to be achieved in this study is to determine and analyze the importance of personal financial management literacy for overseas students in planning their budget. This research provides an

in-depth insight into students' personal financial management. By understanding this research, students can make better decisions in managing their personal finances.

Keywords: Finance, Management, Student

1. INTRODUCTION

Everyone, including university students, should practice personal financial management as it is crucial to achieving a good financial life. Research shows that fintech payments, self-efficacy, and financial literacy influence college students' personal financial management (Rahma & Susanti, 2022).

A systematic knowledge base on financial management is used to achieve personal financial goals through the process of personal financial management. Education is one of the means used to acquire the basis for developing this behavior. Therefore, students who choose education as a career should be able to manage their finances well (Albertus et al., 2020).

Students should have sufficient information on how to manage their personal finances (Rosa & Listiadi, 2020). There are several reasons why students cannot maximize their money management skills. First, there is a lack of understanding about finance. Second, students' way of thinking that only focuses on one goal. Third, the psychological condition of students. Fourth, the inability to accept responsibility for the use of money. These factors lead to students' financial weakness. Therefore, many of them find it difficult to manage their money (Albertus et al., 2020).

There are several factors that affect a person's weak ability to manage their finances. This factor is financial literacy. According to (Laily, 2013), students' behavior in managing their own funds is influenced by their financial literacy. (Yushita, 2017) added that financial literacy is a fundamental need for everyone to avoid shortages. For this reason, financial literacy is very important to organize or manage one's finances. However, due to the limitations of one's literacy, literacy has little effect on managing financial investments. The different points of view among several experts become a reference for academics who research financial literacy to determine whether financial literacy affects personal financial management or not.

The campus environment also has an impact on students' personal financial management skills. (Vhalery et al., 2019) suggested that the social environment can affect how well students manage their finances and can help them to concentrate more on something. In fact, in this environment, one can also improve their skills by observing their peers. Therefore, one's financial management can be influenced by various circumstances, including the campus environment (Albertus et al., 2020).

Most studies focus on personal financial management in general without considering the importance of financial literacy in managing finances that will have an impact on personal financial management. This gap creates room for more in-depth research on the importance of personal financial management literacy for overseas students.

Students' ability to understand, evaluate and take action in personal financial management is greatly influenced by financial education. Higher education-based learning experiences can serve as a resource for students, allowing them to use it to help them deal with future financial difficulties. Financial literacy is an additional characteristic that can serve as a key catalyst to determine how students manage their finances (Prihatiningsih, 2021).

According to (Warsono, 2011) having a solid understanding of all aspects of personal financial management does not make it more difficult or less likely to enjoy life. On the contrary, by utilizing financial resources wisely to achieve personal financial

management, people and families can truly enjoy life. Even with low financial capability, having good financial knowledge will undoubtedly make it easier for a person to balance their spending and achieve their life goals.

The objectives in this study are to determine and analyze the importance of personal financial management literacy for overseas students in planning their budget.

This research provides in-depth insight into students' personal financial management. By understanding this research, students can make better decisions in managing their personal finances.

2. METHOD

This research method uses qualitative research methods because the research was conducted by interviewing overseas students from outside Pekalongan and those from Pekalongan itself to other cities. According to Creswell in (Ahmadi, 2014) Researchers chose to conduct descriptive research because it allows them to explain, in more detail, the facts or symptoms that arise. Researchers also use descriptive research to describe the data that has been collected.

This research is used to find out how overseas students are far from the importance of personal financial management literacy. The data collection techniques used are reading, recording, recording and literature study techniques.

Data collection techniques used:

- 1) Reading techniques, this research uses reading techniques, namely books and journals related to the importance of personal financial management literacy for overseas students in planning their budgets. So that it can find the things needed in this research.
- 2) Note technique, researchers use note technique to record data that has been collected from the results of reading techniques and interviews with students.
- 3) Recording techniques, in addition to using recording techniques, researchers also use recording techniques in the interview process. The recording technique serves to record interview communication. The recording technique itself is carried out on
- 4) Literature review, The researcher used a literature review to gather information to compare between field practice and theory. This strategy collected data from various sources, including reading various books, conducting online searches, and reading the results of previous research studies.

3. RESULT AND DISCUSSION

3.1 Theoretical Basic

1. Definition of Budget

(Nafarin, 2004) states, "A budget is a written plan regarding the activities of an organization which is expressed quantitatively for a certain period of time and is generally expressed in units of money."

Meanwhile, according to (Rudianto, 2009) in his book entitled Budgeting, "The budget is an organization's future work plan which is realized in quantitative, formal and systematic form."

From the several definitions put forward above, the author concludes that the Budget is a plan implemented by an organization for the future within a certain period of time and is expressed in units of money.

2. Definition of Management

- a. According to (Afandi, 2018) Management is the process of cooperation between employees to achieve organizational goals in accordance with the implementation of the functions of planning, organizing, personnel, directing, leadership, and supervision. This process can determine the achievement of predetermined goals by utilizing human resources and other resources to achieve more efficient and effective results.
- b. Definition of Management according to (Manullang, 2018) defines that management is the art and science of planning, organizing, preparing, directing and supervising human resources to achieve goals that have been set in advance. Based on the definition of the previous description, it can be concluded that management is the process of organizing, managing, managing human resources, up to controlling in order to achieve the objectives of an activity.
- c. Financial Management
According to (Alexandri, 2009) the definition of financial management is the overall activity concerned with efforts to obtain funds and use and allocate these funds.

3.2 Study Previous

Similar previous research discusses one example as well as for comparison of researchers in creating a study so that it can help research recognize other research points of view in applying a discussion similar to other studies. The number of previous studies related to the same title, where researchers must be observant to see mistakes from other research results. To avoid plagiarism and repetition of words.

Previous research can also serve as a source of creativity that can later help researchers in conducting a study. Previous research will make it easier for us to determine systematic steps to compile a study in terms of theories and concepts. The results of previous research are one of the basic references when carrying out a study. Because previous research has a function to expand and understand the theory that will be used in a research study to be carried out. Based on the results of previous studies, researchers found several significant previous studies with this study.

1. Research conducted by (Albertus et al., 2020), has in common with this study is the same as using qualitative research methods and discussing student personal financial management literacy.
2. Research conducted by (Rahma & Susanti, 2022) has similarities with this study, which uses the same qualitative research methods and explains important things about student personal financial management.

3.3 DISCUSSION

1. Students' Awareness of the Importance of Financial Management

Students who migrate often have to manage their own finances. From the results of interviews with several overseas students, it shows that students have a tendency to travel because at the beginning of their careers the younger generation is likely to travel more because income and finances are growing. And today's young generation measures happiness from experiences and shows off to people around them and social media. The student financial planning process is an important part that must be

understood by students, individual financial planning can be done by determining the current financial condition.

So it is necessary to make individual financial goals such as thinking about conditions for the long term because students now have financial goals only for the present or short term, make several choices to meet individual financial goals, evaluate each choice that has been made, implement a financial planning program. The activity of managing finances in an organized and systematic manner is the process of an individual in meeting the needs of this life is the definition of financial management which is part of personal financial management. The ability to make a judgment and make investments in the future is part of financial experience. To achieve peace and comfort in life, it is necessary to plan and manage correct and good investments.

The importance of money in human life, especially students, is not only the amount of money owned, but also how to utilize the money earned to achieve prosperity. So students' awareness of the importance of financial management has not been fully realized properly.

2. The Effect of Social Environment on Student Financial Management

The social environment is where there are various interactions between humans and their environment. Students always buy goods because they have seen their friends use them and students also always ask for opinions from their friends if they want to buy an item. This is a factor in causing student financial behavior to be disrupted because students buy something that is not a need but a desire just to get satisfaction.

The social environment, especially the family, has tried to accustom students to regulate their consumption behavior by setting a fixed monthly allowance in the hope that students can manage their expenses according to the budget but some students have a tendency to behave irrationally consumption. This condition can also be influenced by social media.

Basically, the social environment will improve thinking patterns and ways of making good and appropriate decisions, especially for financial management, with an increase in the social environment, student financial behavior will increase.

3. Student Strategies in Financial Management

Financial management strategies are steps taken to manage and organize finances properly. This strategy includes plans, procedures or techniques used to ensure financial stability, avoid waste, and manage financial risk.

Based on the results of interviews with several overseas students, it is found that students have strategies in managing their finances, including (1) Making Budget Planning, students must make estimates of their monthly expenses, including tuition fees, boarding fees, transportation, and other needs. Knowing the amount of money available and how it is distributed will help students avoid waste and ensure they live within their budget. (2) setting aside monthly money or saving money, saving money is not easy for some students, but they must set aside their money to deal with emergencies. (3) managing personal finances well, overseas students must be able to balance between daily expenses and savings.

In general, financial management strategies must be owned by students, especially overseas students, because they are required to be independent.

4. The Importance of Financial Literacy for Overseas Students

During college, most students start handling their own money for the first time without parental supervision. (Sakinah, 2018). In addition to being

responsible for their choices, students must also be able to manage their own money responsibly. The illogical consumptive mentality among students arises as a result of issues related to financial difficulties among students, namely the attitude of being easily influenced by the surrounding environment and the rise of social media in the fashion and culinary industries.

Low financial awareness can lead to poor financial decision-making (Margaretha & Pambudhi, 2015). Based on the interview results, it is known that having financial literacy and knowledge will help students in managing their personal financial planning, so that they can maximize the time value of money and obtain greater benefits in improving their living standards. To prevent financial difficulties, everyone needs to have knowledge about finance. Financial problems can occur if financial management is done incorrectly.

This is in line with research by (Muttaqin, 2018) by understanding how to improve financial well-being through financial improvements to reduce the effects of excessive money is provided by financial management, which comes from financial literacy. In addition, financial literacy can improve a person's understanding of financial ideas, communication skills regarding finance, ability to manage personal finances, decision-making skills, and confidence in creating future financial goals. Therefore, personal financial management requires financial knowledge.

4. CONCLUSION

Personal financial management literacy is an important competency for overseas students in budget planning. With personal financial management literacy, students can develop the ability to handle finances efficiently and effectively. This allows students to understand and manage personal budgets, maintain operational costs, and manage money for investment or financing. Personal financial management literacy also helps students in understanding financial concepts. With personal financial management literacy, students can help themselves maintain strong finances and ensure that they can meet their needs in the future.

Overseas students can learn about personal financial management by reading books, attending courses or workshops, or using personal finance applications to organize budgets and manage costs. Knowing about personal financial management also helps students understand the concept of savings, such as bank savings, credit savings, and online savings. By understanding these concepts, students can choose the savings that are right for them.

The results of this study show that the perceptions of some overseas students in managing their personal finances are by planning a budget for the future, setting aside money and balancing expenses and savings.

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