

The Role Of Financial Ability As A Mediator Of Financial Education And Financial Satisfaction Case Study At Productive In Makassar City

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Abstract

The people of Makassar City regarding financial education are currently still relatively low. financial education has great benefits as a key to achieving public financial prosperity. When financial education in people of productive age is classified as low, the role of financial capacity as a mediator of financial education and financial satisfaction needs to get attention in this study. The independent variable consists of financial education, the intervening variable consists of financial ability, while the dependent variable in this study is financial satisfaction. The sampling technique used in this study was purposive sampling. The data analysis method used in this study was Structural Equation Modeling(SEM) and was analyzed using SmartPLS.

Keywords: Financial Education, Financial Satisfaction, Financial Capability, Productive Age

1. INTRODUCTION

From the first day of birth until old age comes, there is not a single human being who does not go through the cycle of life without having direct contact with the financial sector in an effort to meet his needs. According to Mendari and Kewal (2013), the importance of a knowledge of financial literacy should be given as early as possible to adolescents so that teenagers can apply wisely to their daily lives. The Financial Services Authority (OJK) shares information in the form of the results of a national survey on the level of financial literacy, the results of the financial literacy index in Indonesia in 2016 reached 29.66%, this is an increase compared to 2013, which was 21.84%.

Based on data from the Financial Services Authority (OJK), the financial index level in Makassar City, which is part of the South Sulawesi region, has a financial literacy index of 28.36%, this means that it is in

second place for Sulawesi Province after Manado City at 28.73%. For this reason, the financial literacy index level of Makassar City is lower, this shows that the awareness of the people of Makassar City is still low.

Productive age can have an allowance in the form of social security for workers because they are able to carry out a job. The results of the survey show that the total population according to age and sex groups in Makassar City, grouping age and sex, is 8,851,240 people, while the productive age population of Makassar City is 3,332,339. Based on these data, the number of labor force based on gender and age grouping, working productive age in Makassar City has the largest number of vulnerable people aged 25-40 years (Makassar City Statistics Agency).

Based on the data above, the writer states that there is a need for research on the role of financial capacity as a mediator of financial education and study financial satisfaction at productive age in Indonesia, especially in Makassar City as one of the urban areas in Sulawesi as the research object. This is due to the fact that many productive ages receive high financial education but it is not balanced with their financial capacity and financial satisfaction. For this reason, researchers in this case will conduct a study entitled "The Role of Financial Capability as a Mediator of Financial Education and Financial Satisfaction Case Studies of Productive Age in Makassar City"

1.1 Objectives

The objectives of this study are as follows:

1. To see and analyze whether education has an influence on financial ability
2. To see and analyze whether the ability has an influence on financial satisfaction
3. To find out and analyze the effect of education on finance when it is mediated by financial capability when compared to financial capability.

2. LITERATUR REVIEW

According to (Xiao and Porto, 2017) financial education is any form of education that is given in various settings such as high schools, colleges and workplaces.

The definition according to Arsadana (2020) says financial satisfaction is a subjective measure of financial well-being and this indicates the level of satisfaction felt by individuals with respect to various aspects of their financial situation.

Financial capacity for Virk (2016) is the extent to which we have control and a strong influence on ourselves, including financial attitudes, which results in savings and retirement.

From some of the theories that have been presented above, the authors relate the three variables into a framework that is used as a guide in research. The following is a reflection of the framework

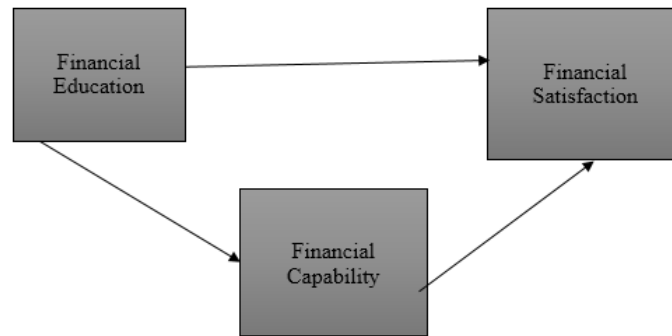


Figure 1. Framework of Thinking

The hypothesis in this study:

1. There is a positive and significant relationship. Financial education has an influence on financial ability
2. There is a positive and significant relationship that financial capacity has an influence on financial satisfaction
3. There is a positive and significant relationship with financial education on financial satisfaction when it is mediated by financial capability when compared without the mediation of financial capability.

3. RESEARCH METHODS

This research uses quantitative methods. The method is a research method that is based on quantitative positivism philosophy, used to study a specific population or sample, sampling techniques are generally randomized, data using research instruments, quantitative / statistical data analysis with the aim of predetermined hypotheses by research. causal research (Sugiono, 2015).

4. RESEARCH RESULTS AND DISCUSSION

4.1 Descriptive Analysis

Based on the results of the tests carried out, it can be seen that the Education variable is included in the good category with a proportion value of 71.58%. Based on the test results, it can be seen that the Education variable is included in the good category with a proportion value of 75.90%. Based on the results of the tests carried out, it can be seen that the Education variable is included in the good category with a proportion value of 71.56%. Based on the results of this study with respect to respondents, all of them have met the financial requirements studied in this study. All of the variables proposed have positive and significant results. Which means that the research can be accepted by respondents of productive age in Makassar City.

4.2 Evaluation Results of the measurement model (Outer Model)

The outer model is a model that connects latent variables with the manifest variable. In this study, there are 3 latent variables measured by 18 indicators. Based on the Partial Least Square (PLS) estimation method, the full model path diagram can be seen in the following

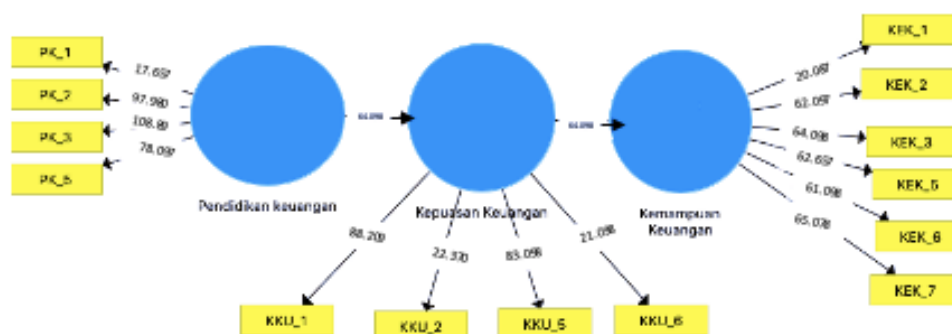


Figure 2. Outer Model Structural Equation Modeling

The validity test in SmartPLS is in the form of convergent validity and discriminated validity test. The indicator is said to be valid if the AVE value is > 0.5 . The following are the results of the convergent validity test in this study:

Table 1. Results of Convergent Validity Test

Variabel	AVE	Critical Value	Evaluasi Model
Financial Education	0,540	$>0,5$	Valid
Financial Satisfaction	0,585		Valid
Financial Capability	0,560		Valid

The table above shows that 37 statement items from a total of 18 statement items are declared valid because they have an outer loading value > 0.7 and an AVE value > 0.5 . Thus it can be said that all indicators used in this study are valid in measuring each latent variable.

Table 2. Results of Discriminant Validity Test (Fornell lacker criterion)

Variabel	Financial Education	Financial Education	Financial Education
Financial Education	0,847		
Financial Satisfaction	0,878	0,867	
Financial Capability	0,936	0,881	0,882

The table above shows that the AVE root value of each latent variable is higher than the highest correlation value between this variable and other variables, so it can be concluded that the model has good discriminatory validity.

Table 3. Results of Discriminant Validity Test (cross loading)

Indicator	Financial Education	Financial Satisfaction	Financial Ability
KEK_1	0.737	0.534	0.739
KEK_2	0.675	0.406	0.386
KEK_3	0.763	0.548	0.558
KEK_4	0.791	0.598	0.381
KEK_5	0.703	0.505	0.362
KKU_1	0.295	0.284	0.307
KKU_2	0.668	0.889	0.445
KKU_3	0.601	0.848	0.216

KKU_4	0.513	0.862	0.330
KKU_5	0.542	0.770	0.421
PK_1	0.448	0.188	0.581
PK_2	0.629	0.467	0.808
PK_3	0.491	0.398	0.857
PK_4	0.462	0.255	0.719
PK_5	0.739	0.668	0.581
PK_6	0.386	0.601	0.808
PK_7	0.558	0.513	0.857
PK_8	0.381	0.542	0.581

Based on the data in the table above, it can be seen that the value of the cross loading factor for each indicator is higher than the other constructs. So, the indicators used in this study can be said to have met the requirements. Based on the results of the two validity tests that have been done previously, namely convergent validity and discriminant validity, it can be concluded that 18 statement items can be used as research instruments.

Reliability test was conducted using two methods, namely composite reliability and Cronbach's Alpha. In order for each variable to be said to be reliable, the value that must be met is > 0.70 for the composite reliability value and > 0.60 for the Cronbach alpha value. (Ghozali, 2014: 40). The following are the results of the reliability test using the SmartPLS version 3.0 software:

Table 4. Reliability Test

Variable	Composite Reliability	Critical Value	Cronbach Alpha	Critical Value	Model Evaluation
Financial Education	0.854	$>0,7$	0.789	>0.6	Reliable
Financial Satisfaction	0.866		0.787		Reliable
Financial Capability	0.833		0.734		Reliable

Based on the table above, it shows the variables have good reliability.

4.3 Structural Model (Inner Model)

The structural model is a model that associates the relationship between exogenous latent variables and endogenous latent variables or endogenous variables and other endogenous variables. Based on the bootstrapping test, a complete structural model was obtained, as shown in the figure below.

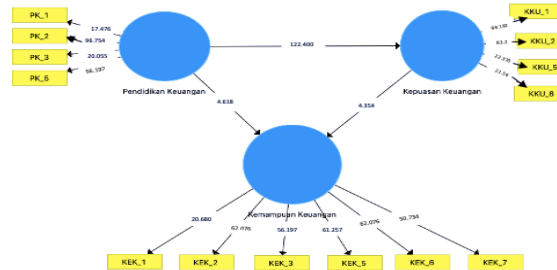


Figure 3. The path diagram of the Full Structural Model

R Square Value

R square value in this study, namely:

Table 5. Results of R square Value

Variable	R-square
Financial Satisfaction (Y)	0,789
Financial Ability (Z)	0,866

Based on table 3 R-Square on the Financial Satisfaction variable is 0.789 and 0.866 for the Financial Capability Variable. The R-Square value for the Education variable has an effect on financial satisfaction by 0.789. Meanwhile, the Financial Capability variable resulted in the R-Square value of 0.866. This means that the financial variable of satisfaction has an influence of 0.866.

To test the hypothesis, the t-statistic value (t_o) and the t-table value (t_α) must be compared. The significant value used (two-tailed) with a significant level of 5%, namely 1.96, then there is a significant influence between the exogenous variables on the endogenous.

Direct Effect

The direct effect testing in this study was carried out to explain H1, H2, H3, H4 and H5 with the results can be seen in the following table:

Table 6. Results of R square Value

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistic (O/STDEV)	P Values
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Financial education -> Financial satisfaction	0,918	0,918	0,008	121,400	0,000
Financial Capability -> Financial Satisfaction	0,428	0,436	0,112	4,204	0,000
Financial Education -> Financial Capability	0,420	0,415	0,086	4,236	0,000
Financial Education -> Financial Capability is mediated by Financial Satisfaction	0,420	0,423	0,098	4,246	0,000

$H_0: \rho_1 \neq 0$

Meaning:

There is a significant effect of financial education on financial ability at productive age with a t-statistic value of 4.236 because the t statistic is greater than the t table, so H_0 is rejected. There is a significant influence on Financial Capability on Financial Satisfaction at productive age with the t statistic value of 4.204 because the t statistic is greater than the t table, so H_0 is rejected. There is a significant influence on financial education on financial ability mediated by financial satisfaction at productive age with a t-statistic value of 4.246 because t statistic is greater than t table, so H_0 is rejected.

5. CONCLUSION

Based on the R-Square on the Financial Satisfaction variable of 0.789 and 0.866 for the Financial Capability Variable. The R-Square value for the financial education variable has an effect on financial satisfaction by 0.789. Meanwhile, the Financial Capability variable resulted in an R-Square value of 0.866. This means that the financial satisfaction variable has an influence of 0.866. And the rest of these variables means that there are other variables outside of this study.

For the results of the SEM (Structural Equation Modeling) analysis that has been carried out in this study, from the results of hypothesis testing using the PLS method, the financial education variable -> Financial Capability has a positive and significant effect on financial ability with a value of $t = 4,618 > t_{table}$ a value of 1,649 based on SmartPls processing results with the Bootstrapping procedure.

For the results of SEM analysis with the PLS method, that the variable Financial Capability -> Financial Satisfaction has a positive and significant effect on financial satisfaction with a value of $t = 4,354 < t_{table}$ a value of 1.649 based on the results of SmartPLS processing with Bootstrapping procedures.

And for the SEM analysis results using the PLS method, that of the variable financial education affects financial ability mediated by financial satisfaction at productive age. This is because it has a significant value of $t = 4,246 > t_{table}$ a value of 1.649 according to the results of SmartPLS processing with the Bootstrapping Procedure.

This indicates that the majority of respondents have good basic financial knowledge on their finances, which can be in line with their financial behavior in dealing with problems if they also have a good financial readiness attitude or it can be interpreted that financial education and financial capacity have a positive impact on satisfaction. finance with a positive impact.

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