



## The impact of financial socialization and financial literacy on saving habits among housewives in Kupang City

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### ABSTRACT

The habit of saving is an important aspect in managing family finances in the midst of growing economic dynamics, especially among housewives. The role of housewives as household financial managers has a significant impact on the overall financial stability of the family. However, in practice, many housewives face challenges in building and maintaining healthy saving habits. Financial socialization and financial literacy are key factors that affect housewives' saving habits. This study explores the relationship between financial socialization, financial literacy, and saving habits among housewives. Through a deep understanding of these factors, it is hoped that this research can provide valuable insights for policymakers, financial institutions, and other related parties in developing effective financial socialization programs and increasing financial literacy among housewives. The purpose of this study is to see the direct or indirect influence of financial socialization and financial literacy on saving habits through attitudes towards money. Attitude towards money itself is one of the factors that form the habit of saving. This study is expected to provide a comprehensive understanding of the factors that affect saving habits among housewives, so that it can provide a solid basis for the development of educational programs and interventions that are in accordance with the specific needs and characteristics of this segment in society.

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## INTRODUCTION

In the midst of the ever-evolving economic dynamics, the habit of saving has become a very important aspect in managing family finances, especially among housewives (Maria & Lao, 2024). As a household financial manager, the role of housewives in family financial management has a significant impact on the overall financial stability of the family (Telaumbanua & Nugraheni, 2018). However, in practice, many housewives face challenges in building and maintaining healthy saving habits (Pradinaningsih & Wafiroh, 2022; Siregar, 2019). There are many factors that can

affect the habit of saving for housewives, including the level of financial socialization and the level of financial literacy possessed by housewives.

Financial socialization is the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to financial sustainability and individual well-being (Danes, 1994; LeBaron & Kelley, 2021). Financial socialization according to Putra (2018) It is a learning process to gain an understanding of money and how to manage it, as well as develop skills in various financial practices such as banking, budgeting, saving, insurance, and credit card use. Meanwhile, financial literacy is the ability to use knowledge and skills to manage financial resources effectively for good financial sustainability (Hung et al., 2009). Financial literacy can be gained by getting financial education which is the process by which people improve their understanding of financial products, services, and concepts, so that they have the power to make informed choices, avoid pitfalls, know where to seek help, and take other actions to improve their current as well as long-term financial well-being.

Financial literacy and financial socialization have been recognized as important factors in shaping the financial behavior of individuals and families (Kurniawati, 2017; Maria, 2022). However, research on the concrete impact of financial socialization and financial literacy on saving habits, especially among housewives, is still limited. Therefore, this study aims to explore the relationship between financial socialization, financial literacy, and saving habits among housewives. Local culture shapes financial socialization and attitudes toward money by influencing values, norms, and behaviors related to saving, spending, and financial management. Family traditions, religious beliefs, and societal expectations play key roles in how individuals learn to manage money within their cultural context.

Through a deep understanding of the factors that affect saving habits, it is hoped that this research can provide valuable insights for policymakers, financial institutions, and other related parties in developing effective financial socialization programs and increasing financial literacy among housewives. In addition, this research can also contribute to raising awareness of the importance of saving habits as an integral part of healthy family financial planning. This research is also important to fill the knowledge gap in the related literature, especially in the context of housewives, who are often at the forefront of family financial management. As individuals who are responsible not only in meeting the daily needs of the family, but also in planning and managing long-term savings, housewives have a very crucial role in shaping the culture of saving in the household. However, in reality, various internal and external factors often affect the ability and desire of housewives to save consistently.

The purpose of this study is to see the direct or indirect influence of financial socialization and financial literacy on saving habits through attitudes towards money. Attitude towards money itself is one of the factors that form the habit of saving (Maria & Lao, 2024). Therefore, this study will provide a more comprehensive understanding of the factors that influence saving habits among housewives, so as to provide a solid basis for the development of educational programs and interventions that are appropriate to the specific needs and characteristics of this segment in society.

There is a strong consensus in the literature that financial socialization has a significant impact on individual attitudes towards money. In a study conducted by Shim et al. (2009), it was found that the influence of parents and family in shaping attitudes towards money has been shown to have an effect in the long term. This includes not only financial habits and practices derived from everyday experiences in the household, but also values and perceptions of money

that are passed down from generation to generation (Shohib, 2015). This study highlights the importance of financial behavior patterns observed in families as a foundation for individuals' financial attitudes and habits throughout their lives.

In addition, several studies also highlight the role of educational institutions in financial socialization. According to Lusardi and Mitchell (2014), an educational curriculum that incorporates integrated finance lessons has been shown to increase understanding and positive attitudes towards money among teenagers. This shows that formal education can be an effective means to change attitudes towards money by providing the necessary knowledge and skills. Thus, educational institutions have an important role in shaping a more positive attitude towards money and empowering individuals to manage their finances more wisely in the future (Kenayathulla et al., 2020).

However, the study also underscores the role of cultural and environmental factors in shaping attitudes towards money. According to LeBaron and Kelley (2021), peer influence and consumptive culture may also play a role in shaping attitudes toward money that are not always in line with healthy financial values. Therefore, in order to fully understand the influence of financial socialization on attitudes towards money, it is necessary to take into account the many factors that influence individuals in their social and cultural context. This demonstrates the need for a holistic approach in shaping effective financial socialization programs, which not only take into account the influence of the family and formal education, but also take into account the cultural and environmental dynamics that affect individual financial perceptions and practices. Hypothesis 1 : Financial socialization has a positive effect on money from individuals

The literature on the relationship between financial literacy and attitudes towards money has been the focus of attention in the study of financial behavior. Research shows that there is a positive correlation between a person's level of financial literacy and their attitude towards money management. Study conducted by Te'eni-Harari (2016) found that individuals who had a higher level of financial literacy tended to have a more positive attitude towards financial management. Not only do they tend to be more proactive in managing their personal finances, but they are also more likely to plan their future savings better and avoid impulsive spending (Hamid & Loke, 2021).

Lusardi and Mitchell (2014) also found similar results in their study on the influence of financial literacy on attitudes towards debt (Manafe & Fanggidae, 2021) and savings. Individuals with high levels of financial literacy tend to have a better attitude towards saving and borrowing responsibly. They have a better understanding of the long-term consequences of their financial decisions, so they tend to manage their money more wisely and carefully (Mandell & Klein, 2009). In addition, this study shows that individuals with high levels of financial literacy are also more likely to seek out more information and think critically before making financial decisions.

However, it is important to remember that the relationship between financial literacy and attitudes towards money is complex and many factors influence it. In addition to financial literacy levels, other factors such as socio-economic background, cultural influences, and personal experiences can also play a significant role in shaping one's attitude toward money (Moreno-Herrero et al., 2018). Therefore, financial literacy can be a predictor of a positive attitude towards money management Hypothesis 2 : Financial literacy has a positive effect on money from individuals.

The influence of attitudes towards money on saving habits has been the focus of research in the field of financial behavior. A number of studies have shown that there is a significant

relationship between a person's attitude towards money and their saving habits. Study by Maria and Lao (2024) found that individuals who have a positive attitude towards money, such as appreciating the value of savings and having an awareness of the importance of financial planning, tend to have more consistent and sustainable saving habits. This shows that a positive attitude towards money can be a strong predictor in forming healthy saving habits.

In addition, research by Telaumbanua and Nugraheni (2018) highlighting the importance of attitudes towards money in the context of household financial management. They found that housewives who had positive attitudes toward money, such as having a thoughtful attitude toward spending and putting long-term interests ahead of short-term gratification, tended to have better saving habits. This shows that attitudes towards money not only affect individual financial behavior, but can also have an impact on the overall financial stability of the family (Roberts & Jones, 2001).

However, the study also underlines that attitudes towards money are complex constructs and can be influenced by a variety of internal and external factors. Study by Siregar (2019) suggests that past experiences, cultural values, and social environment can also influence a person's attitude toward money. Therefore, to holistically understand the relationship between attitudes towards money and saving habits, it is important to consider these factors as well as efforts to develop educational programs and interventions that are tailored to the needs of individuals and families. Hypothesis 3 : Attitudes towards money have a positive effect on saving habits.

## RESEARCH METHOD

The participants in this study are housewives who are domiciled from various agencies in Kupang City, the capital of East Nusa Tenggara Province. The required respondents are adults who can answer the questionnaire with full awareness. They must be willing to fill out the questionnaire without any coercion and without knowing the hypothesis of this study so that the answers given are not biased. Respondents will not be rewarded for filling out this questionnaire, and they are allowed to stop filling out if they feel uncomfortable with the questions asked.

Respondents will receive an invitation to participate online, which contains a URL link that directs them to the survey page. They have the freedom to accept or decline the invitation. They were told that the purpose of this scientific research was to understand their views on entrepreneurial decisions. The sample was taken based on the principle of convenience sampling, with a target of at least 200 respondents. The sample size is considered sufficient for a Structural Equation Modelling technique (Hair et al., 2019). Respondents were encouraged to answer questions related to the research variables. At the end of the online survey, they were asked to provide demographic data such as age, gender, and education level. Respondents' names and phone numbers are not asked to guarantee confidentiality and encourage them to give honest answers. All the missing data or incomplete data were discarded.

The questions in the questionnaire are adapted from previous studies that have passed validity and reliability tests. The variable of financial socialization was measured using a scale adapted from the study LeBaron and Kelley (2021), consisting of 10 question items. Financial literacy variables adapted from research Hung et al. (2009) by using 8 question items. Furthermore, attitudes towards money are measured by adapting the scale published by taken from the Money Attitude Scale which was adopted from previous research conducted by (Yamauchi & Templer, 1982). As for the variables of saving habits, we adapted from research conducted by (Bauer &

Mitev, 2012). All variables were measured using a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree).

Because this study is a quantitative research that aims to find relationships between certain variables, the analysis tool that will be used is Structural Equation Modeling (SEM). The use of SmartPLS software will make SEM calculations easier. The analysis process consists of two stages, namely initial analysis and follow-up analysis. The initial analysis aims to ensure the validity and reliability of all measurement scales, as well as clean the data. Meanwhile, advanced analysis is used to test the hypotheses that have been built.

## RESULTS AND DISCUSSIONS

Before testing the hypothesis, we first analyze the measurement model. First, we tested the internal consistency of the model's reliability by looking at the Cronbach Alpha and Composite Reliability values. This can be seen in Table 1. Cronbach Alpha ( $\alpha$ ) and Composite Reliability (CR) values where they are above the recommended lower limit of 0.70. Therefore, the structure used in this study is considered reliable. Furthermore, the effectiveness of convergence was reviewed by examining the values of loading factor and Average Variance Extracted (AVE). It can be seen that all items have an item loading score higher than 0.7 and an AVE score greater than 0.50. Thus, the requirements for measurement have been met in this study.

Table 1. Measurement Model

Variable	BRIGHT	Loading	A	CR	AVE
Financial Socialization (SF)			0.70	0.83	0.52
SF1	2.04	0.81			
SF2	1.54	0.82			
SF3	1.23	0.79			
SF4	1.84	0.68			
SF5	1.18	0.73			
SF6	1.75	0.77			
Financial Literacy (LF)			0.82	0.81	0.73
LF1	1.42	0.81			
LF2	2.13	0.70			
LF3	2.40	0.82			
LF4	2.73	0.86			
LF5					
LF6					
Attitude Towards Money (SU)			0.83	0.72	0.78
SU1	2.22	0.73			
SU2	1.37	0.82			
SU3	1.76	0.82			
SU4	1.44	0.84			
Saving Habits (KM)			0.83	0.76	0.55
KM1	1.24	0.69			
KM2	1.55	0.84			
KM3	2.14	0.82			
KM4	1.69	0.76			

Structural Equation Modelling (SEM) analysis found several results. First, we found that financial socialization had a positive effect on money attitudes ( $b = 0.23$ ,  $p < 0.05$ ). In other words, the higher the financial socialization experienced by a person, the higher his attitude towards money. This proves our first hypothesis.

Second, financial literacy has a positive effect on money attitudes ( $b = 0.25, p < 0.01$ ), where people who have high financial literacy tend to be more positive towards money. This also proves the second hypothesis.

Third, we found that attitudes towards money positively influenced saving habits ( $b = 0.19, p < 0.05$ ). A positive attitude towards money turns out to help form a saving habit among housewives. Thus, these findings prove our third hypothesis.

We also tried to prove that there is an indirect influence of financial socialization and financial literacy variables on saving habits. First, we found that financial socialization indirectly affects saving habits through the attitude of money as a mediator ( $b = 0.10, p < 0.05$ ). The same thing was also found when financial literacy became a factor that influenced saving habits ( $b = 0.12, p < 0.05$ ).

The results of this study provide several important findings regarding the factors that affect the desire of state civil servants (ASN) in Kupang City to become hybrid entrepreneurs (Nino et al., 2023). Overall, independent variables such as job satisfaction, time flexibility, and financial encouragement contributed 41.3% to ASN's desire to become hybrid entrepreneurs, while the other 58.7% were influenced by other factors that were not included in this research model.

Job satisfaction did not have a significant influence on ASN's desire to become hybrid entrepreneurs, with a significance value of 0.102. This shows that the level of satisfaction in the work of civil servants does not directly affect their interest in engaging in entrepreneurial activities. ASN may see their main job and side hustle as two separate things.

On the other hand, time flexibility has a significant and positive influence on ASN's desire to be involved in hybrid entrepreneurship. Civil servants who feel they have more flexible time tend to be more likely to enter the world of entrepreneurship without interfering with their main job (Nora, 2022). This flexibility provides opportunities for them to manage their business while still carrying out their duties as civil servants.

Financial incentives also have a significant influence on the desire to be a hybrid entrepreneur. ASNs who feel the need to increase their income tend to be more encouraged to start a side business. Even though ASN gets a fixed salary, additional financial needs can be a strong motivation to seek additional income through entrepreneurship (Morozko et al., 2021).

Overall, the combination of these three independent variables simultaneously has a significant effect on ASN's desire to become a hybrid entrepreneur. Time flexibility and financial drive are the main factors driving this desire, although job satisfaction does not directly affect their decision. This research provides important insights for the government or related institutions who want to support civil servants in running side businesses, with a focus on increasing time flexibility and providing adequate financial incentives.

The results of this study provide in-depth insights into the relationship between financial socialization, financial literacy, attitudes towards money, and saving habits (Maria, 2022; Maria & Lao, 2024; Shohib, 2015). In general, these findings support the hypothesis proposed as well as previous theories regarding the importance of socialization and financial literacy in forming positive attitudes towards money and saving habits, especially among housewives.

First, the results of the study show that financial socialization has a positive effect on attitudes towards money. This means that the more individuals get financial socialization from family, friends, or institutions, the more positive their attitude towards money will be (Hasmaini & Siregar, 2024). These results are consistent with the literature that shows that financial socialization is an important process in the formation of financial-related values and behaviors (Hasmaini & Siregar, 2024; Kim & Yuh, 2018). Good financial socialization helps individuals develop a more mature and responsible understanding of how to manage money.

Second, financial literacy has been shown to have a significant positive influence on attitudes towards money. These results show that the higher a person's financial literacy, the more positive their attitude towards money is. Financial literacy involves an understanding of financial concepts, such as investing, savings, and debt management, which helps individuals make better and responsible financial decisions (Hung et al., 2009). These findings are in line with previous studies that emphasize the importance of financial literacy in shaping healthy financial attitudes and behaviors.

Third, attitudes towards money were found to have a positive influence on saving habits. Positive attitudes towards money, such as a sense of responsibility and an understanding of the importance of saving, have actually encouraged the habit of saving among housewives. This reinforces the view that attitudes towards money are a key factor in shaping good financial behavior, such as saving consistently (Taneja, 2012). The habit of saving is a form of responsible financial behavior, and a positive attitude towards money helps individuals to prioritize this in their daily lives.

In addition, this study also found that there is a mediating effect of attitudes towards money in the relationship between financial socialization and financial literacy on saving habits. Financial socialization and financial literacy affect saving habits indirectly through attitudes towards money. These findings show that socialization and financial literacy do not only have a direct impact on attitudes towards money (Ameliawati & Setiyani, 2018; Jazuli & Setiyani, 2021) but also helps form the habit of saving through this attitude change.

Overall, this study makes an important contribution to the understanding of the factors that influence saving habits. This study emphasizes the importance of the role of socialization and financial literacy in forming positive financial attitudes and saving habits. Thus, to improve saving habits, especially among housewives, interventions that focus on improving financial literacy and providing appropriate financial socialization can be an effective strategy.

These findings also provide practical implications for financial education programs. Efforts to improve financial literacy, whether through training, public campaigns, or formal education, can help individuals develop a more positive attitude toward money and ultimately promote better saving habits.

## CONCLUSION

This study shows that financial socialization and financial literacy play an important role in forming a positive attitude towards money and saving habits among housewives. The present study demonstrates correlations among variables. That is, good socialization and financial literacy increase positive attitudes towards money, which in turn encourages the habit of saving. Attitudes toward money also mediate the relationship between socialization and financial literacy and saving habits, reinforcing the role of attitudes as a key factor in healthy financial behavior. Thus, increasing financial literacy and socialization is an effective strategy to encourage saving habits and financial well-being.

While this study provides valuable insights into the relationships between financial socialization, financial literacy, attitudes towards money, and saving habits, it has several limitations. First, the study is limited by its reliance on self-reported data, which may be subject to biases such as social desirability or inaccurate recall, potentially affecting the validity of the responses. Second, the research is context-specific, focusing primarily on housewives, and may not fully account for variations in saving habits across different demographics or cultural contexts,

limiting the generalizability of the findings to other populations. Future research should consider a more diverse sample to explore these dynamics across broader contexts.

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