
Examining the Effects of Financial Literacy, Family Financial Socialization, Parental Education, and Parental Income on Financial Behavior among University Students Living Away from Home

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ABSTRACT

University students living away from home are required to manage their finances independently while facing various economic and social challenges. This study aims to examine the influence of financial literacy, family financial socialization, parental education, and parental income on the financial behavior of university students living away from home. A quantitative approach was employed using primary data collected through questionnaires. The sample consisted of 375 university students living away from home from the Faculty of Economics and Social Sciences, selected using the accidental sampling technique. Data were analyzed using multiple linear regression with the assistance of SPSS software. The results indicate that financial literacy, family financial socialization, parental education, and parental income have a positive and significant effect on financial behavior. The coefficient of determination (R^2) of 67.5% shows that variations in financial behavior can be explained by these four variables, while the remaining 32.5% is influenced by other factors outside the research model. The findings suggest that the financial behavior of university students living away from home is influenced not only by financial knowledge but also by family financial socialization and parents' socioeconomic background.

Keywords: financial behavior, financial literacy, family financial socialization, parental education, parental income, university students living away from home.

1. Introduction

Financial literacy and financial inclusion in Indonesia have shown significant progress in recent years. According to the 2025 National Survey of Financial Literacy and Inclusion (Survei Nasional Literasi dan Inklusi Keuangan—SNLIK) conducted by the Indonesian Financial Services Authority (Otoritas Jasa Keuangan—OJK) and the Central Statistics Agency (Badan Pusat Statistik—BPS), the national financial literacy index reached 66.46%, while the financial inclusion rate increased to 80.51%. Despite this improvement, greater access to financial services has not been fully accompanied by an enhanced ability to manage personal finances effectively. This issue is particularly evident among younger age groups. Individuals aged 15–17 years recorded a financial literacy rate of only 51.68%, indicating that many young people still face challenges in understanding and applying sound financial management principles.

This issue becomes even more critical among university students living away from home. Unlike students who reside with their families, these students must manage their finances independently, including budgeting for daily expenses, meeting academic needs, and making financial decisions without direct parental supervision. At the same time, the rapid expansion of financial technology has increased access to various digital financial services, including buy now, pay later (BNPL) facilities and online lending platforms. Without adequate financial management skills, such accessibility may increase the likelihood of unhealthy financial behavior (Rahadi & Saputra, 2023).

A similar phenomenon can be observed in Pekanbaru City. A survey conducted by the Riau Research Center (R2C) involving 974 students from several universities found that 92% remained fully dependent on their parents for financial support. Furthermore, 52% of respondents reported knowing close friends involved in online gambling activities, while 22% were aware of students who had become trapped in online lending schemes. These findings indicate a considerable level of financial vulnerability that may adversely affect students' well-being and academic performance.

Comparable conditions were identified among students of the Faculty of Economics and Social Sciences at UIN Sultan Syarif Kasim Riau. A preliminary survey of 30 university students living away from home found that 46.7% of respondents were neutral about maintaining records of their daily expenses, while 20% disagreed with the practice. In contrast, only 33.4% agreed or strongly agreed that they regularly recorded their expenditures. These findings suggest that a substantial proportion of students have not yet developed systematic financial management habits, despite expense tracking being a fundamental indicator of responsible financial behavior. This condition highlights a gap between financial knowledge and its practical application in everyday life.

Financial behavior refers to an individual's ability to manage, plan, and use financial resources responsibly to achieve financial well-being. One of the most widely recognized determinants of financial behavior is financial literacy. Financial literacy reflects an individual's ability to understand financial concepts and apply them to economic decision-making. Previous studies have consistently demonstrated that higher levels of financial literacy are associated with more responsible financial behavior, including saving habits, budgeting practices, and consumption control (Angela & Pamungkas, 2022; Khalisharani & Yusof, 2022).

In addition to financial literacy, family-related factors play a crucial role in shaping financial behavior. Family financial socialization refers to the process through which financial values, knowledge, and habits are transmitted within the family environment, particularly through parental influence. Through this process, children acquire an understanding of money management, financial planning, and financial decision-making. Previous research has shown that family financial socialization positively influences the development of healthy financial behavior and enhances the effectiveness of financial literacy in daily life (Angela & Pamungkas, 2022; Deenanath et al., 2019).

Other factors that may influence students' financial behavior include family socioeconomic characteristics, particularly parental education and parental income. Parents with higher educational attainment are generally better equipped to provide financial guidance and serve as role models for responsible financial management. Similarly, parental income determines the availability of economic resources that shape children's financial experiences and habits. Kazim, (2025) found that parental education contributes significantly to children's financial decision-making abilities, while Alexandro, (2019) reported a significant relationship between family income and students' financial behavior.

Although numerous studies have investigated the determinants of students' financial behavior, several research gaps remain. Most existing studies have focused primarily on either financial literacy or family financial socialization as separate factors. Furthermore, limited research has simultaneously examined the effects of financial literacy, family financial socialization, parental education, and parental income within the specific context of university students living away from home. This population possesses unique characteristics compared to students residing with their families, as they face greater demands for financial independence and self-management.

Therefore, this study aims to examine the influence of financial literacy, family financial socialization, parental education, and parental income on the financial behavior of university students living away from home at the Faculty of Economics and Social Sciences, UIN Sultan Syarif Kasim Riau. The findings are expected to contribute to the growing body of literature on

student financial behavior and provide practical insights for higher education institutions and families in designing more effective strategies to enhance the financial management capabilities of young adults.

2. Literature Review

Theory of Planned Behavior

This study is grounded in the Theory of Planned Behavior (TPB) developed by Icek Ajzen, (1991). TPB posits that an individual's behavior is primarily determined by behavioral intention, which is influenced by three key components: attitude toward behavior, subjective norms, and perceived behavioral control. According to the theory, individuals are more likely to engage in a particular behavior when they hold favorable attitudes toward it, perceive social support for it, and believe they have sufficient control over performing it.

In the context of this study, financial literacy represents students' attitudes toward financial management; family financial socialization reflects subjective norms originating from family influences; and parental education and parental income represent perceived behavioral control in financial decision-making. Therefore, TPB provides a relevant theoretical framework for explaining the financial behavior of university students living away from home.

Financial Behavior

Financial behavior refers to an individual's actions and decisions related to managing financial resources, including budgeting, saving, investing, spending, and responsible credit use (Xiao, 2016). According to Perry & Morris, (2005), financial behavior is influenced by both internal factors, such as financial knowledge and attitudes, and external factors, such as family environment and socioeconomic conditions.

For university students living away from home, financial behavior is particularly important because they must manage their finances independently while coping with academic demands, living expenses, and limited parental supervision. Sound financial behavior enables students to allocate resources effectively, avoid excessive debt, and achieve greater financial well-being.

Financial Literacy and Financial Behavior

Financial literacy is defined as the ability to understand and use financial information to make effective financial decisions (LeBaron et al., 2020). Individuals with higher levels of financial literacy are generally better at budgeting, controlling expenditures, planning for future financial needs, and avoiding risky financial decisions.

Previous studies have consistently reported a positive relationship between financial literacy and financial behavior. Angela & Pamungkas, (2022) found that students with higher levels of financial literacy exhibited healthier saving habits and better financial management practices. Similarly, Maulias & Baldesco, (2024) reported that financial literacy plays a significant role in fostering responsible financial behavior. Based on these findings, the following hypothesis is proposed:

H1: Financial literacy has a positive and significant effect on the financial behavior of university students living away from home.

Family Financial Socialization and Financial Behavior

Family financial socialization refers to the process through which individuals acquire financial values, attitudes, and behaviors through interactions with family members, particularly parents (Gudmunson & Danes, 2011). This process may occur through financial discussions, parental role modeling, and direct experiences in managing money.

Family financial socialization plays a crucial role in shaping financial habits and decision-making skills. Khalisharani & Yusof, (2022) found that family financial socialization positively contributes to students' financial behavior. The more intensive the financial socialization process within the family, the better individuals manage their finances. For university students living away from home, financial values and habits learned from family serve as an important foundation for financial independence.

H2: Family financial socialization has a positive and significant effect on the financial behavior of university students living away from home.

Parental Education and Financial Behavior

Parental education refers to the level of formal education attained by parents. Higher educational attainment generally enables parents to have greater financial knowledge and to transfer it to their children (Davis-Kean, 2005). According to the Social Learning Theory, individuals learn behaviors through observing and imitating significant role models, including parents (Bandura, 1977).

Previous research indicates that parental education is positively associated with students' financial literacy and financial behavior. Khalisharani & Yusof, (2022) reported that students whose parents have higher levels of education tend to demonstrate better financial management practices. Therefore, parental education is expected to contribute positively to students' financial behavior.

H3: Parental education has a positive and significant effect on the financial behavior of university students living away from home.

Parental Income and Financial Behavior

Parental income reflects a family's economic condition and influences individuals' access to financial and educational resources (Conger & Donnellan, 2007). Family income determines the level of financial support available to students and shapes their financial experiences throughout their development.

Studies by Prasetyo & Setyadharna, (2021) and Suyanto & Setiawan, (2021) found a positive relationship between parental income and students' financial behavior. Students from higher-income families generally have greater access to financial resources and opportunities to develop sound financial management practices. Consequently, parental income is expected to contribute positively to financial behavior among university students living away from home.

H4: Parental income has a positive and significant effect on the financial behavior of university students living away from home.

Conceptual Framework

Drawing upon the Theory of Planned Behavior and prior empirical studies, this research examines the effects of financial literacy, family financial socialization, parental education, and parental income on the financial behavior of university students living away from home. The proposed framework assumes that all four independent variables positively influence students' ability to manage their financial resources effectively and responsibly.

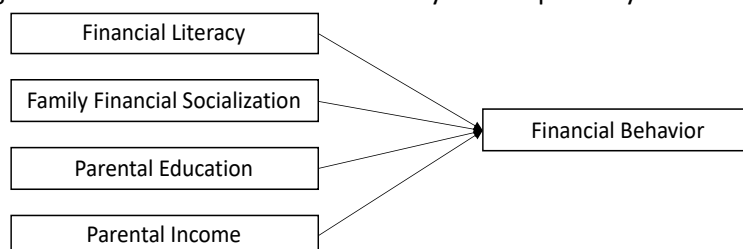


Figure 1. Conceptual Framework

These relationships form the basis for testing the proposed hypotheses and explaining variations in financial behavior among university students living away from home.

3. Research Method

This study used a quantitative research approach. It examined the effects of financial literacy, family financial socialization, parental education, and parental income on the financial behavior of university students living away from home. The research took place at the Faculty of Economics and Social Sciences, UIN Sultan Syarif Kasim Riau, Indonesia, in 2025.

The study population included 2,962 active undergraduate students living away from home at the Faculty of Economics and Social Sciences. The minimum sample size was determined using the Krejcie and Morgan formula, yielding a required sample of 341 respondents. To improve data adequacy and reduce incomplete responses, a total of 375 respondents were included. Purposive sampling was applied to select respondents who met these criteria: (1) active undergraduate students enrolled at the Faculty of Economics and Social Sciences, UIN Sultan Syarif Kasim Riau; (2) from outside Pekanbaru and not living with immediate family; (3) completed at least three semesters; and (4) receiving financial support from parents or guardians.

Both primary and secondary data were utilized in this study. Primary data were collected through an online questionnaire distributed via Google Forms to respondents who met the established criteria. The measurement instruments were adapted from previous studies, including financial literacy (Chen & Volpe, 1998), family financial socialization (Kim & Chatterjee, 2013), and financial behavior (Perry & Morris, 2005). All items were measured using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Secondary data were obtained from academic journals, books, official reports issued by the Financial Services Authority (OJK) and the Central Statistics Agency (BPS), and other relevant institutional documents.

Data analysis was performed using the Statistical Package for the Social Sciences (SPSS). The analytical procedures included validity and reliability tests to assess the quality of the measurement instruments, followed by classical assumption tests for normality, multicollinearity, and heteroscedasticity. Multiple linear regression analysis was subsequently employed to examine the effects of the independent variables on financial behavior.

The regression model used in this study is expressed as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Y stands for financial behavior. X_1 is financial literacy. X_2 is family financial socialization. X_3 is parental education, and X_4 is parental income. a is the intercept, b_1 – b_4 are regression coefficients, and e is the error term.

Hypothesis testing was conducted using t-tests to evaluate the partial effects of each independent variable on financial behavior. In addition, the coefficient of determination (R^2) was used to assess the regression model's explanatory power for variation in students' financial behavior.

4. Results and Discussion

Respondent Characteristics

This study involved 375 university students living away from home in the Faculty of Economics and Social Sciences at UIN Sultan Syarif Kasim Riau. Based on the respondents' place of origin, the largest proportion came from Kampar Regency (37%), followed by Siak Regency (22%). Regarding accommodation status, most respondents lived in rented rooms or boarding

houses (97%), while only 3% resided in dormitories. These characteristics indicate that the majority of respondents experienced a relatively high degree of financial independence and were required to manage their financial resources without direct parental supervision.

Data Quality and Classical Assumption Tests

The validity test results indicated that all measurement items met the required validity criteria, demonstrating that the questionnaire accurately measured the intended constructs. Reliability testing further revealed that all variables achieved Cronbach’s Alpha values above the recommended threshold of 0.60, confirming the internal consistency of the measurement instruments.

The regression model also satisfied all classical assumptions. The normality test indicated that the data were normally distributed. Furthermore, the multicollinearity test showed tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values below 10 for all independent variables. The heteroscedasticity and autocorrelation tests likewise confirmed the absence of such problems. Therefore, the data were considered suitable for multiple linear regression analysis.

Multiple Linear Regression Analysis

Table 1 presents the results of the multiple linear regression analysis

Table 1. Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,550	,546		4,671	,000
F.LITERACY.X1	,241	,049	,244	4,977	,000
1 F.F.SOCIALIZATION.X2	,465	,043	,515	10,712	,000
P.EDUCATION.X3	,152	,064	,122	2,381	,018
P.INCOME.X4	,150	,066	,068	2,295	,022

Source: SPSS Processed Data, 2025

The regression results indicate that all independent variables exert a positive influence on financial behavior. Among them, family financial socialization demonstrates the largest standardized coefficient ($\beta = 0.515$), suggesting that family-based financial learning plays the most substantial role in shaping the financial behavior of university students living away from home.

Hypothesis Testing

The t-test results reveal that financial literacy, family financial socialization, parental education, and parental income all have positive and statistically significant effects on financial behavior. Therefore, all proposed hypotheses (H1, H2, H3, and H4) are supported. The explanatory power of the model was assessed using the coefficient of determination.

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,824 ^a	,678	,675	1,13158

Source: SPSS Processed Data, 2025

The Adjusted R² value of 0.675 indicates that 67.5% of the variation in financial behavior can be explained by financial literacy, family financial socialization, parental education, and parental income. The remaining 32.5% may be attributed to other factors not included in the model.

Discussion

The findings demonstrate that financial literacy positively influences the financial behavior of university students living away from home. Students with greater financial knowledge tend to exhibit more responsible financial practices, including budgeting, saving, and controlling expenditures. This result is consistent with previous studies by Angela & Pamungkas, (2022) and Lusardi & Mitchell, (2011), which identified financial literacy as a key determinant of sound financial behavior. From the perspective of the Theory of Planned Behavior (TPB), financial literacy contributes to the formation of favorable attitudes toward financial management, which subsequently encourage responsible financial actions.

The results further reveal that family financial socialization has the strongest effect on financial behavior among all independent variables examined. This finding suggests that financial values, habits, and knowledge acquired within the family environment continue to influence students even after they leave home. Consistent with Gudmunson & Danes, (2011) and Khalisharani & Yusof, (2022), family-based financial socialization serves as a critical foundation for developing positive financial behavior. The result also supports the subjective norm component of TPB, highlighting the importance of family influence in shaping financial decision-making.

Parental education was found to have a positive and significant effect on financial behavior. Students whose parents possess higher educational attainment are more likely to receive financial guidance, information, and role modeling that contribute to better financial management practices. This finding supports Social Learning Theory (Bandura, 1977), which emphasizes that individuals acquire behaviors through observation and interaction with significant role models, particularly parents.

Similarly, parental income positively influences financial behavior. Students from higher-income families generally have greater access to financial resources and educational opportunities, which may facilitate the development of effective financial management skills. Adequate financial support enables students to meet academic and daily living expenses more comfortably, reducing financial stress and encouraging more planned financial behavior. This finding is consistent with previous studies by Alexandro, (2019) and Suyanto & Setiawan, (2021).

Overall, the findings reinforce the Theory of Planned Behavior by demonstrating that financial behavior is shaped not only by individual factors such as financial literacy but also by social and family-related factors. The results suggest that efforts to improve the financial behavior of university students living away from home should focus on strengthening financial literacy and enhancing the role of families in financial socialization.

5. Conclusion

This study examined the effects of financial literacy, family financial socialization, parental education, and parental income on the financial behavior of university students living away from home at the Faculty of Economics and Social Sciences, UIN Sultan Syarif Kasim Riau. The findings reveal that all four variables have positive and significant effects on students' financial behavior. Among these factors, family financial socialization emerged as the strongest predictor, highlighting the critical role of family influence in shaping responsible financial practices.

The results suggest that students' financial behavior is determined not only by their financial knowledge but also by family-related and socioeconomic factors. These findings support the Theory of Planned Behavior, which emphasizes the importance of individual, social, and environmental influences in shaping behavioral outcomes.

The findings underscore the importance of strengthening both financial literacy and family-based financial socialization to promote responsible financial behavior among university

students living away from home. Higher education institutions may consider incorporating practical financial education programs, such as personal financial management workshops and financial planning training, to enhance students' financial independence.

Future research is encouraged to extend the proposed model by incorporating additional variables, such as lifestyle, peer influence, financial technology (fintech) usage, and self-control. Expanding the study to different universities and regions would also improve the generalizability of the findings and provide a broader understanding of the determinants of students' financial behavior.

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