

Future Financial Decisions Influencing Factors

Irwan Moridu

Universitas Muhammadiyah Luwuk

irwanmoridu@gmail.com

Nurcahya Hartaty Posumah

Universitas Muhammadiyah Luwuk

nurcahyahartatyposumah@gmail.com

Fitriani

Universitas Muhammadiyah Luwuk

nengfitry6@gmail.com

Asri Ady Bakri

Universitas Muslim Indonesia Makassar

asriady.bakri@umi.ac.id

Yusni

Universitas Muhammadiyah Luwuk

buliayusni@gmail.com

Abstract

This study aims to pinpoint the variables that affect how people make financial decisions in the future. Future financial decisions, saving choices, and trust in banking institutions are the three variables we use in this study. 197 junior high school teachers from the Bandung region participated in the study. Multivariate Regression is the analytical approach used, and it can be used to assess the influence of independent variables on dependent variables. The results demonstrate a strong positive relationship between current saving decision variables and future financial decision variables. Similar to this, varying levels of trust in financial organisations have a lot of favourable effects. These findings imply that people have a greater propensity to save when they are motivated to do so. People who have confidence in financial institutions will manage their money prudently going forward.

Keywords: *Financial Decision, Saving, Financial Institution*

Abstrak

Penelitian ini bertujuan untuk menunjukkan dengan tepat variabel yang mempengaruhi bagaimana orang membuat keputusan keuangan di masa depan. Keputusan keuangan masa depan, pilihan menabung, dan kepercayaan pada institusi perbankan adalah tiga variabel yang kami gunakan dalam penelitian ini. 197 guru sekolah menengah pertama dari wilayah Bandung berpartisipasi dalam penelitian ini. Regresi Multivariat adalah pendekatan analitis yang digunakan, dan dapat digunakan untuk menilai pengaruh variabel independen terhadap variabel dependen. Hasilnya menunjukkan hubungan positif yang kuat antara variabel keputusan tabungan saat ini dan variabel keputusan keuangan masa depan. Mirip dengan ini, berbagai tingkat kepercayaan pada organisasi keuangan memiliki banyak efek

menguntungkan. Temuan ini menyiratkan bahwa orang memiliki kecenderungan lebih besar untuk menabung ketika mereka termotivasi untuk melakukannya. Orang yang memiliki kepercayaan terhadap lembaga keuangan akan mengelola uangnya dengan bijaksana ke depan.

Kata kunci: Keputusan Keuangan, Tabungan, Lembaga Keuangan

INTRODUCTION

Even if times have changed, a lot of people still think irrationally and lack long-term planning when it comes to money. Some of them are unaware of how crucial and essential proper planning is to maintaining a comfortable and prosperous life. They failed to save money correctly and wasted their youth. One of the most often used solutions in the United States to solve this issue is to set aside money for the future through employer-sponsored 401(k) programmes (Howlett et al., 1978).

However, after numerous instances of consumer data breaches that resulted in the loss of their money, trust in banking organisations is occasionally questioned. One-time access passwords (OTP), personal identification numbers (PIN), and passwords can all be used in fraud at times (Ramli, 2021). even though the apparatus is already in the state.

Financial decisions may be viewed as unimportant by some people due to lack of guts. Even so, this issue is actually extremely hard because not everyone can allocate their funds because doing so conflicts with their desire to purchase a variety of products and services. When people struggle to make courageous judgements, a variety of issues might occasionally occur. Frequently, people who struggle with financial planning require the assistance of financial consultants (Gerrans & Hershey, 2016). This is because each person's capacity for decision-making varies, and it is also necessary to facilitate professional counsel.

The bravery to accept responsibility for managing assets correctly is intimately tied to financial decisions. According to research (Holik & Mulyeni, 2019), teachers are educated individuals with a comparatively high level of financial knowledge. Therefore, it is anticipated that their existence will have an impact on how pupils handle money. Their presence at school is crucial for both knowledge retention and positive behaviour that will help pupils live happier lives in the future.

The ability to reason and act sensibly when making judgements about money is a

basic trait of humans. They believe that wasting money is foolish, thus they are meticulous in how they manage their finances. When people act in accordance with their conscience by wisely dispersing wealth, this justification is evident in daily activities.

STUDY OF LITERATURE

Professional trainers may truly impart the ability to make sound financial selections so that pupils or individuals will be able to comprehend the financial issues of the modern world. One of the most crucial family decisions is money because it significantly affects social life (Sonnenberg, 2018). Experts consider the family to be a distinct entity and one of the most important social groups.

The family will always be responsible for how a financial decision is made. Involves the needs of parents, spouses, and children, such as their entertainment, health, and educational needs (Kim et al., 2017). The internal characteristics of the man and his social surroundings must be integrated into financial decision-making education. This can then lead to financial education having a real impact, supported by solid evidence.

According to an empirical study, customers who have a higher orientation towards the future, which is impacted by a condition of self-control, are more interested in joining a retirement plan. Participation in the pension system is influenced by financial knowledge. Contrarily, customers who lack financial literacy are not eager to enrol in the pension programme (Howlett et al., 1978). This research supports the notion that financial choices, such as pension plan participation, are directly tied to future financial expectations.

Making decisions is crucial for society (Kraft & Steffensen, 1978). Today, we are accustomed to learning how to safeguard yourself against the possibility of accident or death by using an insurance portfolio. Everyone needs to have sound financial preparedness in case of unforeseen circumstances at work, such as losing a skill or being fired. Planning must be thoroughly prepared in order to prevent the disastrous effects of unanticipated events, such as unclear financial problems in the future.

In order to lessen their financial obligations due to the rising cost of living, many millennials are living with their parents, according to a study conducted in the United States (Bentley & Bogan, 2019). The findings indicate that women have more debt than males do, and that those who live with their parents have less debt than those who do not. Importance

Consider reasonably cutting spending that is directly tied to the student loan debt they currently have.

Financial awareness and financial planning are two cognitive factors that affect individual actions in terms of money (Salleh et al., 2020), according to research done on university personnel, which comprises of academic staff and teaching staff.

It is crucial to take into account a number of factors while making financial decisions. Overconfidence and carelessness can have a harmful effect. As a result, one of the reasons of these errors in financial decision-making is the element of overconfidence. In a study, it was discovered that married couples who decide to share in the family's wealth typically have lower self-confidence (Warmath et al., 2019). They are able to make wise financial judgements, such as spending more wisely, because of their lack of confidence.

Although "character" is a relative term that differs from person to person, in actuality it plays a significant role in determining monetary decisions and overall wellbeing. improved self-control generally translates into improved ability to save money. They generally behave better financially and are less concerned about money-related issues. In terms of their present and upcoming financial situations, they feel more comfortable (Strömbäck et al., 2017). Self-control is the capacity to overcome undesirable tendencies, such as being wasteful, unable to save money, and having trouble making long-term decisions.

Some people base their financial choices on factors related to ownership. Even if they have a lot of money right now, it's still possible to challenge them to spend more. On the other hand, if in his opinion the available funds are limited, then consumption will be restricted to a specific point which can be recognised as a legitimate option. Greenberg and Hershfield (2018).

Good financial decision-making abilities can occasionally be correlated with life experience. According to research, as you become older, your financial decision score improves (Eberhardt et al., 2018). Financial decisions that are made based on knowledge rather than emotion, or that are more reasonable, are becoming increasingly common. Humans can govern their lives, including their financial decisions for the now and the future, because they are logical beings.

METHOD

This quantitative study looks for variables that will affect people's financial decisions in the future. In order to perform a quantitative study, 197 teachers from Bandung, South Sulawesi, served as respondents. They are male and female junior high school teachers. Regression with multiple variables is the technique.

Purposive sampling is the approach used to acquire the data, allowing us to gather as many responders as we can. Following observation, we eliminate a few outliers and choose 197 responders as our sample. We had no problems using the purposive sampling technique. We gathered information by providing online questionnaires to responders due to the COVID-19 epidemic.

Three variables are used in this study: future financial decisions (defined as a variable), saving decisions (defined as a variable), and faith in the banking system (defined as a variable). Due to the significance of financial matters in relation to each person's inner condition, we selected these variables. Since it is the duty of teachers to always set an example for their children, we prefer educators at schools over those who are not.

Regression analysis must first be used to confirm the validity and reliability of the data. To demonstrate it, we ran several experiments. The reliability test's findings can be seen as follows:

Table 1. Reliability Test

Variable	Cronbach's Alpha	r-table
	0.73	0.3
	0.752	0.3
	0.736	0.3

Source: 2023

According to table 1 above, all Cronbach's Alpha values are larger than the reliability test's smallest r-table values. With these results, it is clear that the questionnaire in this study was reliable and matched the criteria for data analysis using regression. The research we conducted can be represented by each item in this research questionnaire. Additionally, we examined the questionnaire's validity. These findings demonstrate that all the data is accurate, hence there are no issues. All data have been deemed legitimate because the Pearson Correlation value for every item in each variable is more than 0.3. Due to the overwhelming number of results, the table is not displayed. We can carry on testing using the regression approach.

Here, multiple linear regression using OLS (Ordinary Least Squares) is the methodology. With this approach, we seek a causal relationship between the independent variable and the dependent variable, according to Gujarati & Porter (1979). The structure of the research model is as follows:

Future financial decisions, cost-saving choices, confidence in the banking system, constant coefficients, and errors are all provided as information.

RESULTS

Everyone must have the ability to live comfortably in their latter years. Some people have been working towards this objective since they were young. They put in a lot of effort and increase their savings for future investments. According to our research, two factors the choice to save money and confidence in the banking system determine how much money people will spend in the future. The regression analysis's findings are displayed below:

Table 2. Multivariate Regression Analysis Results

Model	R	R Squar	adjusted R Square	std. Error of the	Change Statistics					Durbin -
					R Square change	FChange	df1	df2	Sig. FChan	
1	.631	.398	.391	2.7477	.398	65,000	2	197	.000	1946
a. Predictors: (Constant), X2T, X1T										
b. Dependent Variable: Y.T										
Coefficientsa										
Model		Unstandardized Coefficients		standardized Coefficients	t	Sig.	Collinearity Statistics			
		B	std. Error	Beta			tolerance	VIF		
1	(Constant)	14,618	1890		7,734	.000				
	X1T	.452	052	.496	8,748	.000	.953	1050		
	X2T	.300	057	.296	5,232	.000	.953	1050		
a. Dependent Variable: Y.T										

Source: 2023

According to the data in table 2 above, all independent variables significantly positively affect the dependent variable. Saving money influences future financial choices in a good way. A one-unit increase will result in 0.452 additional units of financial decisions. Similarly, for every unit gain in banking system trust , future financial decisions will

increase in trust by 0.300 units. T-statistical calculations back this up. The t-statistic has a value of 8.748. The t-statistic is 5.232, though. Both of these figures, 2,576, 1,960, and 1,645 respectively, are higher than the t-table at 1%, 5%, and 10% degrees. The alternative hypothesis, according to which all independent variables significantly affect the dependent variable, is therefore adopted. The result is 0.39, which indicates that the independent variable can account for 39% of the variation in the dependent variable. The rest, however, is affected by factors not included in the model.

Some traditional presumptions are not contradicted by data analysis. As a result, the requirement for good research feasibility has not been met. We discovered that the data were regularly distributed based on the normality test. The standard deviation number is 0.995, and the histogram table is formed like a bell image.

DISCUSSION

We learn from this study that respondents who are senior high school teachers are capable of making logical decisions about their financial futures. Making the choice to save is a way of getting ready for when you'll need money. People must have sufficient knowledge of prudent financial management in order to make this decision and avoid living extravagantly while gladly setting money aside. Being frugal is admirable and sensible since it is consistent with the idea that one must have fortitude to face future uncertainties.

The findings of this analysis show that the desire to preserve money has an impact on future financial decision-making variables. The regression analysis's findings indicate a strong positive trend. This implies that the worth of financial decisions in the future increases as the desire to save increases. The findings of this study are consistent with those of other investigations. According to a study including academic personnel and teaching staff, financial planning and understanding affect people's financial decisions (Salleh et al., 2020).

A strong positive impact on upcoming financial decisions is also demonstrated by the varying confidence in banking institutions. Thus, future financial decisions will be increasingly important the more the public trusts banking institutions. According to this study, having faith in the banking system is crucial for fostering a logical mindset while setting aside money for the future. The findings of this study are implicitly reinforced by the findings of other researchers who have demonstrated that people with self-control have a propensity to be more frugal, able to save, and have no trouble making long-term financial

decisions in the future. If people have a tendency to be careless, trust in the banking system won't develop.

The findings of this study give us a thorough grasp of the necessity for policymakers to promote and support a saving-friendly mindset in order to enhance people's motivation to plan for their financial future. Effective campaigns, including those conducted through social media, are crucial. This is crucial so that the general public can become wiser and always be able to plan their financial futures.

However, the government must also establish a secure financial system. It is important to correctly address various burglary and fraud schemes involving bank personnel, police enforcement agents, and other criminal actors. It's important to protect fraud and financial crime victims so that mishaps don't occur again in the future. These issues cannot be handled without effective regulation, which will have a systemic detrimental effect on consumer confidence. Of course, when money is lost or mysteriously disappears from an account, individuals can blame the banking system. Our common sense dictates that customers must be well-looked-after. Policymakers must be able to provide better service from year to year rather than blaming consumers.

We need to further grasp that the necessities of existence will become more important and more pronounced as the year progresses in a vulnerable and increasingly complex planet. Everyone's time and energy will be consumed by trying to figure out how to meet these diverse wants. The changing demands from one generation to the next have been brought about by the variances in the periods, so that the needs of the current generation will differ from those of past generations. So it becomes obvious that taking financial management seriously is a really good idea. The findings of this research have a significant impact on public stakeholders as a result of the rising expectations, particularly in regards to how to teach citizens to be financially conscious. Additionally, the expense of living will increase in the future.

CONCLUSION

On the basis of the research, it can be said that two independent variables, namely the choice to save and confidence in banking institutions, influence future financial decisions. The dependent variable is significantly impacted by the two independent variables. According to the findings of multiple linear regression, the study's respondents

had developed ideas about their future financial intentions. These kinds of things do occur among intelligent thinkers. However, for people with irrational thought patterns and a penchant for excess, there may very well be no need for fear. Financial future. Therefore, it is crucial to give this irrational group management training and sufficient financial resources.

The study's conclusion is pretty fascinating. Because of these findings, we are sure that one of the key requirements for people to be able to save is faith in financial institutions. They will prepare in their youth what will be most necessary in their old age by thinking about the future. Despite the numerous instances of money loss or fraud in banking organisations, public confidence in the banking system must be preserved. Public policy makers must act in this way. However, the financial system cannot be eliminated because individuals require it for loan applications and wage payment plans. In the current world, the banking system is unavoidable since it makes life simpler.

This study still has several flaws, though. Other researchers could expand on some areas like adding more respondents and/or increasing the study's number of variables. This is necessary in order for future study to have a more fascinating and comprehensive view of the phenomenon of financial decisions. In order to fully capture the distinctiveness of broader, further scholars are invited to perform research employing p.sa more advanced econometric model method.

BIBLIOGRAPHY

- Arta, D. N. C., Leuhery, F., Abubakar, H., Yusuf, M., & Cakranegara, P. A. (2023). Literature Review: Analisis Hubungan Antara Pelatihan dan Kinerja Karyawan di Sebuah Perusahaan. *Management Studies and Entrepreneurship Journal (MSEJ)*, 4(1), 162-168.
- Atra, D. N. C., Yeti, Y., Rahayu, B., & Yusuf, M. (2022). EFFECT OF COMPETENCE AND COMPENSATION ON EMPLOYEE PERFORMANCE. *Journal of Innovation Research and Knowledge*, 2(6), 2477-2482.
- Atmaja, D. S., Zaroni, A. N., & Yusuf, M. (2023). Actualization Of Performance Management Models For The Development Of Human Resources Quality, Economic Potential, And Financial Governance Policy In Indonesia Ministry Of Education. *Multicultural Education*, 9(01), 1-15
- Bentley, M. J., & Bogan, V. L. (2019). Boomerang Bias: Examining the Effect of Parental Coresidence on Millennial Financial Behavior. *Financial Planning Review*, 2(1): e1034.

- Cakranegara, P. A., Hendrayani, E., Jokhu, J. R., & Yusuf, M. (2022). Positioning Women Entrepreneurs in Small and Medium Enterprises in Indonesia–Food & Beverage Sector. *Enrichment: Journal of Management*, 12(5), 3873-3881.
- Cakranegara, P. A., Kurniadi, W., Sampe, F., Pangemanan, J., & Yusuf, M. (2022). The Impact Of Goods Product Pricing Strategies On Consumer Purchasing Power: A Review Of The Literature. *Jurnal Ekonomi*, 11(03), 1115-1120.
- Dacholfany, M. I., Khataybeh, A. M., Lewaherilla, N. C., Yusuf, M., Sihombing, H. B. M., & Chang, M. L. (2022). APPLICATION OF THE BALANCED SCORE CARD CONCEPT AS A HUMAN RESOURCE PERFORMANCE MEASUREMENT TOOL AT THE MINISTRY OF HIGHER EDUCATION IN INDONESIA. *MULTICULTURAL EDUCATION*, 8(04), 1-13
- Eberhardt, W., Bruine de Bruin, W., & Strough, J. (2018). Age differences in financial decision making: The benefits of more experience and less negative emotions. *Journal of Behavioral Decision Making*, 32(1): 79 – 93.
- Ernayani, R., Fauzan, R., Yusuf, M., & Tahirs, J. P. (2022). The Influence of Sales And Operational Costs on Net Income in Cirebon Printing Companies. *Al-Kharaj: Journal of Islamic Economic and Business*, 4(2). Fachrurazi, F., Zarkasi, Z., Maulida, S., Hanis, R., & Yusuf, M. (2022). INCREASING MICRO SMALL MEDIUM ENTERPRISES ACTIVITY ENTREPRENEURIAL CAPACITY IN THE FIELD OF DIGITAL MARKETING. *Jurnal Ekonomi*, 11(03), 1653-1660.
- Gerrans, P., & Hershey, D. A. (2016). Financial Adviser Anxiety, Financial Literacy, and Financial Advice Seeking. *The Journal of Consumer Affairs*, 15(1): 54 - 90.
- Greenberg, A. E., & Hershfield, H. E. (2018). Financial Decision Making. *Consumer Psychology Review*, 2(1): 17 – 29.
- Gujarati, D. N., & Porter, D. C. (1979). Basic Econometrics (5th edition). New York: The McGraw-Hill Companies, Inc.
- Haribowo, R., Moridu, I., Rafid, M., Kamar, K., & Yusuf, M. (2022). COMPARATIVE ANALYSIS OF INDONESIAN HOUSEHOLD CONSUMPTION EXPENDITURE 2018-2021. *Journal of Innovation Research and Knowledge*, 2(6), 2497-2504
- Holik, A., & Mulyeni, S. (2019). Financial Awareness among the Teachers, *Economics Development Analysis Journal*, 8(3): 316 – 328.
- Howlett, E., Kees, J., & Kemp, E. (1978). The Role of Self-Regulation, Future Orientation, and Financial Knowledge in Long-Term Financial Decisions. *The Journal of Consumer Affairs*, 42(2): 223 – 242.
- Kraft, H., & Steffensen, M. (1978). Optimal Consumption and Insurance: A Continuous-Time Markov Chain Approach. *Astin Bulletin*, 38(1): 231 – 257.
- Kim, J., Gutter, M. S., & Spangler, T. (2017). Review of Family Financial Decision Making:

Making Suggestion for Future Research and Implications for Financial Education.
Journal of Financial Counseling and Planning, 28(2): 253 – 267

- Kurniawan, A., Yusuf, M., Manueke, B., Norvadewi, N., & Nurriqli, A. (2022). In Tokopedia Applications, The Effect Of Electronic Word Of Mouth And Digital Payment On Buying Intention
- Mujahidin, M., Yusuf, M., Ardianto, R., Sutaguna, I. N. T., & Sampe, F. (2022). The Effect of Relationship Marketing and Relationship Quality on Customer Loyalty (Bank Muamalat Indonesia). *Technium Social Sciences Journal*, 38, 312-323.
- Nurfauzi, Y., Taime, H., Hanafiah, H., Yusuf, M., & Asir, M. (2023). Literature Review: Analisis Faktor yang Mempengaruhi Keputusan Pembelian, Kualitas Produk dan Harga Kompetitif. *Management Studies and Entrepreneurship Journal (MSEJ)*, 4(1), 183-188.
- Pudjowati, J., Cakranegara, P. A., Pesik, I. M., Yusuf, M., & Sutaguna, I. N. T. (2021). The Influence Of Employee Competence And Leadership On The Organizational Commitment Of Perumda Pasar Juara Employees. *Jurnal Darma Agung*, 30(2), 606-613.
- Ramli, R. R. (2021). Pelaku Pembobolan Nasabah Ditangkap: Ini Respon Bank BTPN. Data diakses dari <https://money.kompas.com/read/2021/10/13/183400526/pelaku-pembobolan-data-nasabah-ditangkap-ini-respons-bank-btpn> at 12/16/2021.
- Salleh, M. C. M., Chowdhury, M. A. M., Nasarudin, M. F. B. M., Ratnasari, R. T. (2020). The Impact of Cognitive Factors on Individuals' Financial Decisions. *Management and Accounting Review*, 19(3): 69 – 88.
- Sonnenberg, S. J. (2018). *the Economic Psychology of Financial Decision-Making and Money Management in the Household*. In Rob Ranyard (ed.) *Economic Psychology*. John Wiley & Sons, Ltd: New Jersey
- Strömbäck, C., Lind, T., Skagerlund, K., Västfjäll, D., & Tinghög, G. (2017). Does self-control predict financial behavior and financial well-being? *Journal of Behavioral and Experimental Finance*, 14: 30 – 38.
- Warmath, D., Piehlmaier, D., & Robb, C. (2019). The Impact of Shared Financial Decision Making on Overconfidence for Married Adults. *Financial Planning Review*, 2(1): e1032.
- West, T., & Cull, M. (2020). Future Expectation and Financial Satisfaction. *Economic Papers: a Journal of Applied Economics and Policy*, 39(4): 318 - 335.
- Wowling, S. A. S., Yusuf, M., Gampu, S., & Sahala, J. (2022). *PRODUCT QUALITY AND PRICING INFLUENCE ON THE BRAND REPUTATION OF LOCO COFFEE FAST FOOD PRODUCTS*. *Jurnal Darma Agung*, 30(2), 541-548.
- Yani, D., Yusuf, M., Rosmawati, E., & Apriani, Z. (2022). Branding Brand Image Strategy Study Through Digital Marketing Overview on MSMEs: Sanggabuana Coffee (KoSa)

in Mekarbuana Village, Karawang. *International Journal of Economics and Management Research*, 1(3), 183-193.

Yusuf, M., Saiyed, R., & Sahala, J. (2022, December). Swot Analysis in Making Relationship Marketing Program. In *Proceeding of The International Conference on Economics and Business* (Vol. 1, No. 2, pp. 573-588)