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FINANCE | RESEARCH ARTICLE

The Role of Financial Knowledge in Enhancing Financial Independence of The Millennial Generation in The Digital Era

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Abstract: This study aims to analyze the influence of financial knowledge on the financial independence of the millennial generation in the digital era. A descriptive quantitative approach was applied, with primary data collected through questionnaires distributed to 50 BPJS Kesehatan KC Palu employees. Using SPSS V.30.0, statistical analysis evaluated the validity, reliability, respondent characteristics, classical assumptions, and variable correlations. The findings show that financial independence is positively and significantly influenced by General Financial Knowledge, Savings and Loans, Insurance, and Investment, both partially and simultaneously. Financial knowledge, including managing finances, understanding risks, and making sensible decisions, is a key foundation for achieving financial independence. This study is limited by the small number of BPJS Kesehatan KC Palu employees as respondents.

Keywords: Financial Knowledge, Savings and Loans, Insurance, Investment, Financial Independence.

JEL Classification Code: G53, D14, G11, G22.

1. INTRODUCTION

Digital technology has transformed various aspects of human life, including how people access financial information and services (Bachri et al., 2023; Furqan et al., 2023). In the digital era, the convenience of financial technology services continues to grow. Financial technology (fintech) is an innovation in digital technology that revolutionizes financial services by introducing innovative processes and products to support and facilitate service access (Darman, 2019). Examples include digital wallets (e-wallets), banking applications, and online investment platforms that various groups can access in real-time (Rombe et al., 2021). Amid these conveniences, financial knowledge is becoming increasingly important for the millennial generation. A strong understanding of financial knowledge through fintech services can create new opportunities for millennials to achieve financial independence by enhancing their ability to manage and comprehend finances more efficiently without relying excessively on external parties (Zahara et al., 2023).

Financial knowledge is crucial for managing finances effectively and contributes to a country's economic stability (Lusardi, 2019). The goal is to create savings habits and provide financial solutions through technology that supports lifestyle and personal financial management for millennials (Poddala & Alimuddin, 2023). Not only that, good financial knowledge can also help millennials understand the various risks and benefits of using financial technology (Sumani et al., 2022). Currently, the understanding of financial knowledge is slowly increasing in Indonesia. The results of the 2024 survey show an increasingly high financial knowledge index. In terms of age, people who are at productive age (26-35 years) have a higher financial knowledge index than other age groups with a literacy index of 74.82% composite index, 74.47% conventional index, and 50.32% sharia



index (OJK, 2024b). Financial knowledge includes understanding and applying various financial information and concepts in daily decision-making (Ernayani et al., 2024; OCDE, 2020).

Millennials born between 1981 and 1996 are the age group that grew up with these technological developments. They are the primary users of various financial platforms. However, this group also faces various financial challenges, including high education costs, debt burdens, and work patterns that shift toward short-term contracts (Poddala & Alimuddin, 2023). This makes millennials a group that is vulnerable to financial instability. The millennial generation's lifestyle tends to have significant expenses with a mismatch of financial capabilities, resulting in more extraordinary expenses due to low savings ability, which indicates the need for more directed financial management (Sufyati & Alvi, 2022). Thus, understanding financial knowledge is important in helping them avoid debt, manage finances wisely, utilize digital technology for financial management, build financial awareness, and anticipate financial risks so that this can build the financial independence of the millennial generation in the digital era.

Indriasih and Mulyanti (2024), this study look at how financial knowledge affects financial independence and demonstrate that it positively affects female fishermen's financial independence in the Indramayu Regency. This is because people with a solid grasp of financial knowledge are typically more self-reliant when handling their money. This result is consistent with Ernayani et al. (2024) and Ningtyas (2019), who found that after the financial knowledge education program, significant results were obtained regarding the participant's understanding of the concept of financial knowledge. This is indicated by the participant's ability to answer previously unknown financial knowledge questions, such as understanding debt management and compound interest and using technology in the knowledge they gained more effectively.

This study examines financial knowledge indicators that Chen and Volpe (2016) proposed as the main variables, including general financial knowledge, savings and loans, insurance, and investment. General financial knowledge involves understanding fundamental financial concepts and budget management, serving as a crucial foundation for financial decision-making. The savings and loans indicator highlights an individual's ability to manage expenses, allocate funds for future needs, and assess debt-related risks. Meanwhile, insurance and investment focus on financial risk protection awareness and the ability to capitalize on long-term financial opportunities. By analyzing these indicators, this study aims to assess the contribution of financial knowledge in depth to overall financial independence. Considering the phenomenon described in the background, this research seeks to explore the role of financial knowledge in enhancing the financial independence of the millennial generation in the digital era.

2. LITERATURE REVIEW

2.1. Financial knowledge

Financial knowledge is closely related to wise financial behaviors, such as paying bills on time, managing loan repayments, setting aside money for savings, and using credit cards effectively. Therefore, financial knowledge is an important aspect for every individual to help them deal with trade-off situations in financial decision-making, where the ability to choose priorities is needed to avoid financial problems in the future. (Harun et al., 2021; Pratiwi, 2023; Roziana et al., 2023; Sufyati HS & Alvi Lestari, 2022; Sumani et al., 2022). Lusardi & Mitchell, (2014) Emphasize that financial knowledge is critical in improving long-term financial well-being, as it influences planning and preparation for retirement. Similarly, Atkinson & Messy, (2012) Highlight the importance of financial education programs in building individuals' confidence to manage personal finances effectively. Chen & Volpe, (2016) Explain that financial knowledge can be measured through several dimensions and indicators: 1) general financial knowledge, 2) savings and loan management, 3) understanding of insurance, and 4) investment.

2.2. General Financial Knowledge

According to (2009) and Yushita, financial knowledge includes understanding money and personal financial management, including managing income and expenses and understanding

fundamental financial principles. These principles include opportunity cost, inflation's effect, the computation of simple and compound interest, and various other aspects. In addition, an understanding of personal finance also includes knowledge of everyday financial situations, such as insurance, credit, and the importance of savings and loans. Over time, financial knowledge has been introduced at various levels of education. The source can come from formal and informal education, such as programs in high schools and colleges, seminars, and training outside the school environment. In addition, financial knowledge can also be obtained informally through parents, friends, or the work environment (Pradiningtyas & Lukiastuti, 2019).

H1: General Financial Off Knowledge has a significant effect on Financial Independence

2.3. Savings and Loans

According to economic theory, savings are an amount of money set aside by someone from their income for investment or as part of income that is not consumed. (Ummah, 2019) . Savings are usually deposited in banks with specific conditions for withdrawal. Banks generally provide a savings book that records all transactions and an ATM card with a PIN for easy access. Along with technological developments, some savings no longer use physical savings books but instead utilize digital services such as Internet banking or mobile banking. Savings are the accumulation of funds generated by deliberately limiting consumption so as not to exceed income. (OJK, 2024). Loans can be defined simply as goods or services that must be distributed by one party to another based on an agreement or agreement, either written or oral, which can be agreed explicitly or implicitly. The borrower must repay the loan within a specific time frame. (Adolph, 2016) . Thus, borrowing occurs when a person obtains goods or money from the lender and lends the obligation to return it according to a predetermined agreement. Understanding financial knowledge is important because it can help individuals understand and manage loans well.

H2: Savings and Loans have a significant effect on Financial Independence

2.4. Insurance

According to Mauliddiyah (2021) Insurance is defined as a system that protects the insured against various risks that may occur in the future. In this system, in the event of a loss, the insured is entitled to receive compensation by the previously agreed value between the insurer and the insured. As an imbalance, the insured must pay a premium to the insurer. In addition, insurance can be used to reduce financial risk by pooling an adequate number of exposure units. Losses experienced by individuals can be predicted and shared by all parties involved in insurance, and consumers are encouraged to research the many types of insurance. (Wahyuningsih, 2013; Yushita, 2017).

H3: Insurance has a significant effect on Financial Independence

2.5. Investment

According to Gunawan et al (2022), investment is a step or obligation taken in the present by allocating funds or other assets to obtain future profits. Investment activities include the placement of funds in tangible assets and financial assets. On the other hand, the Financial Services Authority (OJK) defines investment as capital investment that usually takes place in the long term, either through the procurement of fixed assets, shares, or other securities, to generate profits (OJK, 2024). In other words, investment can be interpreted as an effort to allocate capital made by individuals or organizations in the hope of obtaining benefits in the future (Husnah et al., 2023). In general, investments are made in the long term, including the procurement of fixed assets and the purchase of various financial instruments.

H4: Investment has a significant effect on Financial Independence



2.6. Financial Independence

Financial independence is a person's belief in their ability to manage their finances independently. (Adawiyah et al., 2024). Nurdiansyah & Solovida, (2022) state this independence is characterized by the main aspects, namely knowledge and the ability to influence and control personal financial problems; therefore, financial independence is important for every individual to achieve. According to Arnett (2000) , financial independence has a vital role in a person's life, both in terms of individual and social. From an individual perspective, financial independence allows people to fulfill their needs. Financial independence is characterized by adequate income from investments, savings, and other passive income sources. One can fulfill one's daily needs without relying on traditional employment. (Libertygroupllc, 2024). Financial independence is the level of influence and control a person feels in dealing with financial situations and managing various financial events affecting their lives. Financial independence can be measured through several indicators such as 1) following a spending plan, 2) learning a lot so that financial goals can be achieved, 3) appropriate use of finances, 4) self-confidence, 5) concern about asset depletion, and 5) ability to solve problems. (Asebedo & Seay, 2018; Nurdiansyah & Solovida, 2022).

H5: General Knowledge of Finance, Savings and Loans, Insurance, and Investment simultaneously have a positive and significant effect on Financial Independence.

2.7. Research Framework

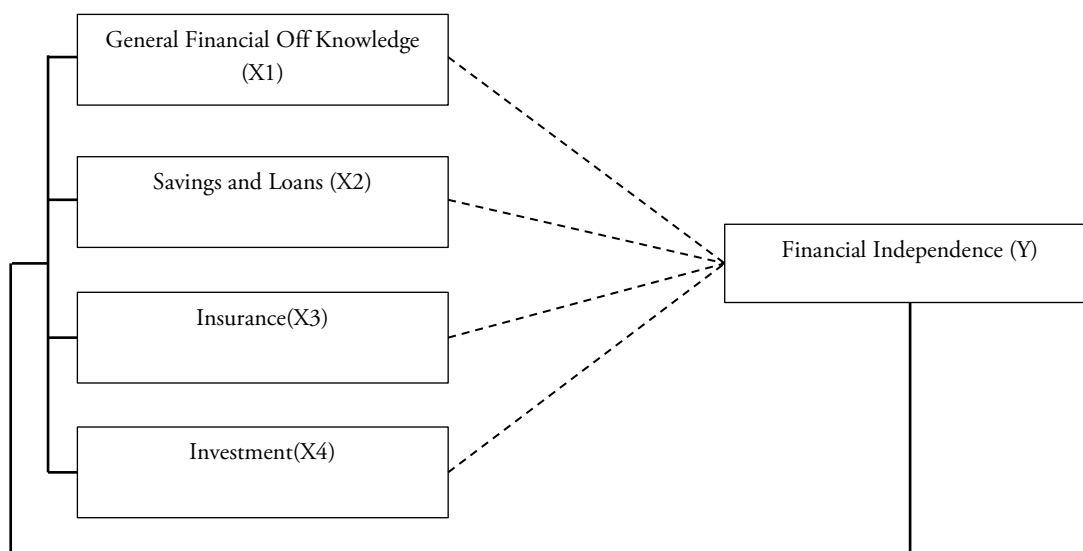


Figure 1. Research Framework

3. RESEARCH METHOD AND MATERIALS

A descriptive quantitative approach is used as the methodology for this study. The quantitative method is a research approach that collects and analyzes numerical data using statistical tools to produce measurable and easily interpretable findings, as explained (Sugiyono, 2013). Primary data was obtained through surveys using questionnaires filled out directly by respondents as the data source. This study involves 50 millennial employees working at BPJS Kesehatan KC Palu as the population. A sample was drawn from the population to examine the potential influence of financial knowledge on their level of financial independence. The sample size was determined using the saturated sampling technique, where the entire population was used as the sample, with a criterion that the sample size should be at least ten times the number of variables.

This study utilizes the Statistical Program for Social Sciences (SPSS) version 30.0 to process and analyze data. The applied analytical techniques include multiple linear regression analysis and classical

assumption tests. The analytical procedure includes multiple linear regression tests, determination coefficient tests, normality tests, multicollinearity tests, heteroscedasticity tests, and validity and reliability tests of the research instruments. SPSS is software designed for quantitative data analysis and various statistical procedures, such as ANOVA, regression, and multivariate analysis, to ensure the absence of multicollinearity issues and that all independent variables are well-distributed (Fattah et al., 2024).

4. RESULTS AND DISCUSSION

4.1. Research Results

a. Validity Test

As stated by Sugiyono (2013), validity refers to testing an instrument to determine how accurately it measures what it is intended to measure. An instrument is deemed valid if the correlation between an individual item and the total score is 0.3 or higher. Conversely, the instrument is considered invalid if the correlation coefficient is below 0.3.

Table 1. Validity Test Results

Variables	Item	Correlations Item-Total Correlation	Description
General Financial Off Knowledge (X1)	X1.1	0.877	Valid
	X1.2	0.635	Valid
	X1.3	0.712	Valid
	X1.4	0.663	Valid
	X1.5	0.554	Valid
Savings and Loans (X2)	X2.1	0.612	Valid
	X2.2	0.678	Valid
	X2.3	0.808	Valid
	X2.4	0.571	Valid
	X2.5	0.667	Valid
Insurance (X3)	X3.1	0.736	Valid
	X3.2	0.592	Valid
	X3.3	0.736	Valid
	X3.4	0.806	Valid
	X3.5	0.728	Valid
Investment (X4)	X4.1	0.751	Valid
	X4.2	0.648	Valid
	X4.3	0.803	Valid
	X4.4	0.844	Valid
	X4.5	0.806	Valid
Financial Independence (Y)	Y1	0.599	Valid
	Y2	0.626	Valid
	Y3	0.716	Valid
	Y4	0.763	Valid
	Y5	0.544	Valid
	Y6	0.733	Valid

Source: Data processed using SPSS (2024)

The data in Table 1 above shows that the correlation coefficient for each item with a total score is more than 0.3, confirming that all question items in this study are valid.

b. Reliability Test

Sugiyono (2013) Shows that the test's reliability is designed to assess data consistency over time. Reliability testing is typically conducted by calculating the Cronbach Alpha value, with an instrument deemed reliable if the Cronbach Alpha value exceeds 0.60.

Table 2. Reliability Test Results

Variables	Cronbach's Alpha	N of Items
General Financial Off Knowledge (X1)	0.719	5
Savings and Loans (X2)	0.693	5
Insurance (X3)	0.755	5
Investment(X4)	0.825	5
Financial Independence (Y)	0.747	6

Source: Data processed using SPSS (2024)

Table 2 shows that every question item for each variable is reliable, as all variables have a Cronbach Alpha value exceeding 0.60.

c. Respondent Characteristic Test

Descriptive analysis of respondents is used to describe respondents according to several criteria such as gender, age, education, etc.

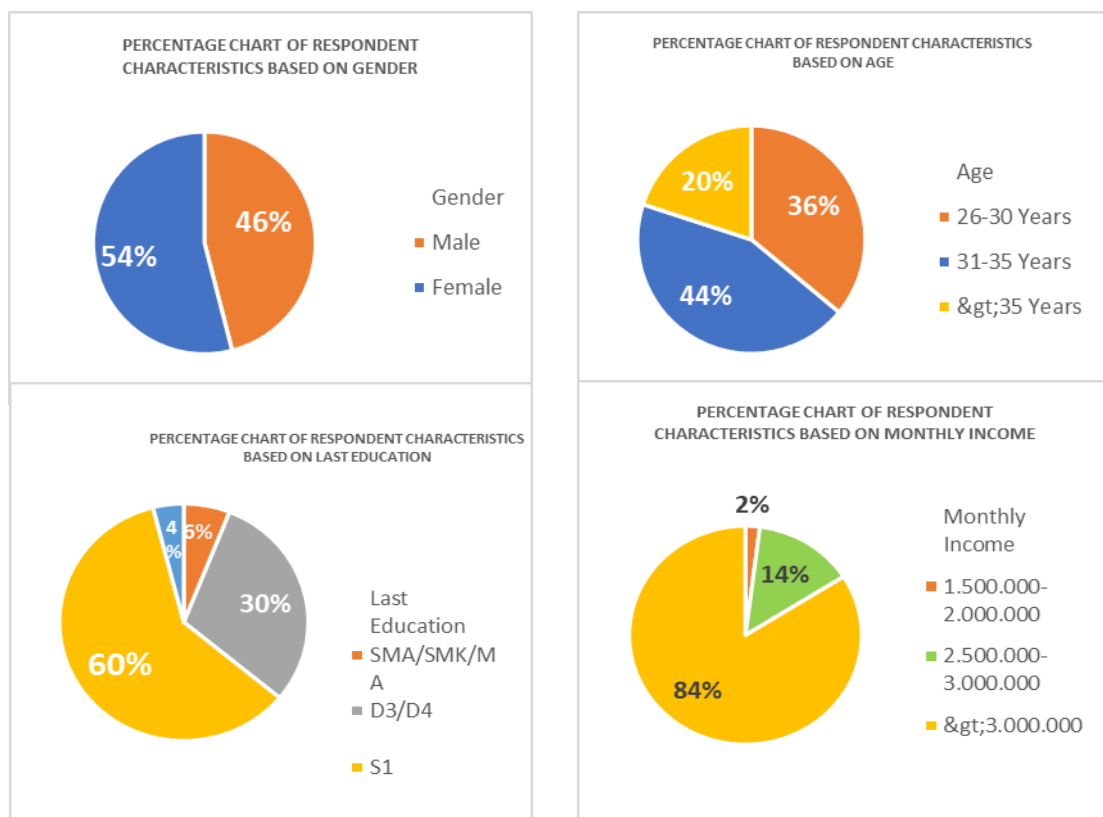


Figure 2. Test Results of Respondent Characteristics

The results of the respondent characteristics test in this study reveal that out of 50 respondents, 54% are female, and 46% are male. Regarding age, most respondents are between 31 and 35 (44%), followed by those aged 26 to 30 (36%), with no respondents under 25. Regarding education, 60% of the respondents hold a bachelor's degree, and 84% earn more than 3,000,000 monthly. These findings indicate that most respondents have a high level of education and a substantial income.

d. Normality Test

The normality test seeks to ascertain if the data is usually distributed to determine whether the values for the dependent and independent variables satisfy the normality assumptions necessary for regression analysis. The One Sample Kolmogorov-Smirnov test is used in this study, and if the test significance value is higher than 0.05, the data is deemed normally distributed.

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			50
Normal Parameters ^{a,b}	Mean		0,0000000
	Std. Deviation		1,75114658
Most Extreme Differences	Absolute		0,068
	Positive		0,068
	Negative		-0,051
Test Statistic			0,068
Asymp. Sig. (2-tailed) ^c			,200 ^d
Monte Carlo Sig. (2-tailed) ^e	Sig.		0,809
	99% Confidence Interval	Lower Bound	0,799
		Upper Bound	0,819
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.			

Source: Data processed using SPSS (2024)

According to the data in Table 4, which presents the normality test results using the One-Sample Kolmogorov-Smirnov method, a significance value of 0.200 was obtained. This indicates the data can be normally distributed, as the significance value exceeds 0.05.

e. Multicollinearity Test

The multicollinearity test is performed to ascertain whether the independent variables in the multiple linear regression model have a significant association with one another. Multicollinearity between independent variables is undesirable in a regression model. The Variance Inflation Factor (VIF) and Tolerance levels are examined in this test. Multicollinearity between the independent variables is absent if the VIF value is less than 10 or the tolerance is more significant than 0.10; however, multicollinearity is found if these conditions are not met.

Table 4. Multicollinearity Test Results

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0,654	2,913		0,224	0,823		
	General Financial Knowledge (X1)	0,263	0,121	0,232	2,180	0,034	0,748	1,337
	Savings and Loans (X2)	0,306	0,137	0,253	2,233	0,031	0,658	1,519
	Insurance (X3)	0,302	0,125	0,275	2,414	0,020	0,650	1,540
	Investment (X4)	0,293	0,112	0,284	2,624	0,012	0,721	1,388
	a. Dependent Variable: Financial Independence (Y)							

Source: data processed using SPSS (2024)

The data in Table 4 reveals that the VIF value is below 10, and the tolerance value exceeds 0.10, indicating no multicollinearity between the independent and dependent variables based on the data.

f. Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether the regression model has an unequal variance of residuals between one observation and another. For the regression model to adhere to the correct assumptions, homoscedasticity must be present, which means that the variance of the residuals must remain constant across all observations in the model to ensure a normal distribution. This test uses a scatterplot graph displaying the relationship between the residual and predicted values. If the residuals are scattered randomly without a clear pattern, then the assumption of homoscedasticity is considered fulfilled.

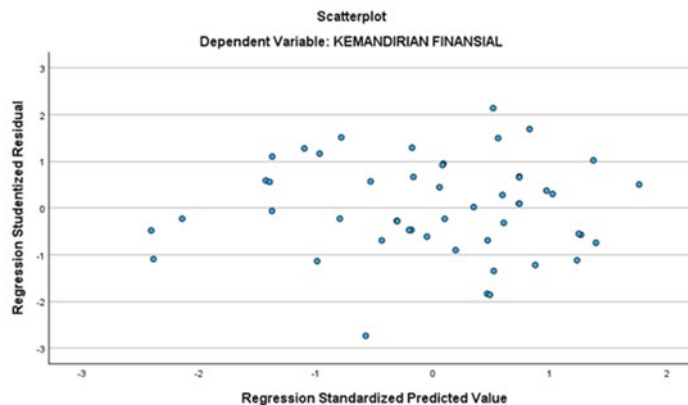


Figure 3. Heteroscedasticity Test Results

Figure 3 above illustrates that the Scatterplot exhibits no distinct pattern, with values dispersed randomly above and below zero. This suggests that the heteroscedasticity assumption has been satisfied. Therefore, the multiple linear regression test can proceed, as all classical assumption tests have been fulfilled.

g. Linear Regression Test

Descriptive statistics is a method of analysis used to describe the data that has been collected comprehensively. In this study, the variables examined include General Financial Knowledge (X1), Savings and Loans (X2), Insurance (X3), and Investment (X4), which influence the dependent variable, Financial Independence (Y). The results of the descriptive statistical analysis in this study are presented in the following figure.

Table 5. Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
General Financial Knowledge (X1)	50	15	25	21,12	2,504
Savings And Loans (X2)	50	15	25	21,06	2,351
Insurance (X3)	50	16	25	21,60	2,587
Investment (X4)	50	15	25	20,54	2,757
Financial Independence (Y)	50	18	30	25,18	2,841
Valid N (listwise)	50				

Source: Data processed using SPSS (2024)

The descriptive statistical test data results in Table 5 show that five variables are measured from 50 samples. The results shown in the data are as follows:

1. The standard deviation of the General Financial Off Knowledge Variable (X1) is 2.504, and its average value is 21.12. Its minimum and maximum values are 15 and 25, respectively. This indicates that although there are significant differences in basic financial knowledge among respondents, overall, they demonstrate a reasonably comprehensive understanding.

2. According to the data results, the Savings and Loans variable (X2) has a minimum value of 15 and a maximum value of 25, with an average value of 21.06. The respondents' comprehension of savings and loans varied significantly, as indicated by the variable's standard deviation 2.351.
3. The data results show that the Insurance variable (X3) has a standard deviation of 2.587, a minimum value of 16, a maximum value of 25, and an average of 21.60. This shows variations in the basic understanding of insurance, where some individuals have an excellent understanding.
4. Based on the data, The Investment variable (X4) has a minimum value of 15 and a maximum value of 25, with an average value of 20.54. The 2.757 standard deviation number suggests that respondents' comprehension of investment is comparatively low. However, the standard deviation value shows a high level of variation. The standard deviation of the Investment data of 2.757 indicates that respondents' understanding of Investment is relatively low. However, the standard deviation value shows a high level of variation.
5. The data results indicate that respondents' levels of financial independence vary moderately, with the Financial Independence variable (Y) showing an average value of 25.18, a minimum value of 18, and a maximum value of 30. The standard deviation of the Financial Independence data is 2.841.

h. Multiple Linear Regression Test

The correlation between several independent factors, including general financial knowledge, savings and loans, insurance, and investments, and the dependent variable, financial independence, is examined using the multiple linear regression test. The following formulation of the multiple linear regression model, therefore, describes the relationship:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \epsilon$$

Description:

Y: Dependent Variable

X₁, X_n: Variable

a: Constant

β₁, β_n: Regression coefficient

ε: Error or interruption

Table 6. Multiple Linear Regression Test Results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,654	2,913		0,224	0,823
	General Financial Knowledge (X1)	0,263	0,121	0,232	2,180	0,034
	Savings And Loans (X2)	0,306	0,137	0,253	2,233	0,031
	Insurance (X3)	0,302	0,125	0,275	2,414	0,020
	Investment (X4)	0,293	0,112	0,284	2,624	0,012

a. Dependent Variable: Financial Independence (Y)

Source: Data processed using SPSS (2024)

The results of multiple linear regression analysis in Table 7 show that the regression equation model can be stated as follows:

$$Y = 0,654 + 0,263 + 0,306 + 0,302 + 0,293$$

Interpretation;

1. The condition of the Financial Independence variable that is not affected by the independent variable is indicated by a constant value of 0.654. Financial Independence remains unchanged in the absence of independent variables.

2. The General Financial Off Knowledge The variable positively influences Financial Independence, as indicated by the regression coefficient value of General Financial Knowledge (X1) of 0.263. Assuming other variables remain constant, every one-unit increase in General Financial Knowledge will increase Financial Independence by 0.263 units, and then each one-unit increase in the General Financial off-knowledge variable will have an impact of 0.263 on Financial Independence.
3. The Savings and Loans variable positively affects financial independence, which can be seen from the regression coefficient value of Savings and Loans (X2) of 0.306. This means that if other variables are constant, each one-unit increase in the Savings and Loans variable will increase financial independence by 0.306.
4. The Insurance variable positively affects Financial Independence, which is reflected in the regression coefficient value of Insurance (X3) of 0.302. In other words, if other variables are constant, every one-unit increase in the Insurance variable will increase Financial Independence by 0.302.
5. Investment positively affects financial independence, as indicated by the Investment regression coefficient (X4) of 0.293. Assuming other variables are fixed, each unit increase in the investment variable will have an effect of 0.293 on financial independence.

i. T-test

The impact of independent variables on dependent variables is assessed using the t-test. Although the t-test findings can differ, the independent variable is generally regarded as influencing if the significant value of t is less than 0.05. The t-test findings identified that General Financial Off Knowledge (X1) has a significant value of $0.034 < 0.05$ on Financial Independence (Y), which is consistent with the data in Table 7. This indicates that General Financial Off Knowledge influences Financial Independence. A significant value of $0.031 < 0.05$ for the relationship between Savings and Loans (X2) and Financial Independence (Y) indicates that this factor affects Financial Independence. Similarly, the significant values for Insurance (X3) and Investment (X4), which are smaller than 0.005, namely X3 (0.020) and X4 (0.012), indicate that both affect Financial Independence (Y). These results explain that the independent variables significantly affect the dependent variable. In addition, this also shows the validity of hypotheses 1,2,3 and 4.

j. F-test

To determine if the independent factors have a combined effect on the dependent variable, the F test is used. If the F test's significance result is higher than 0.005, the independent factors are thought to impact the dependent variable. The ANOVA test results can be used to determine this significant value.

Table 7. F Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	245,121	4	61,280	18,352	<,001 ^b
	Residuals	150,259	45	3,339		
	Total	395,380	49			
A. Dependent Variable: Financial Independence						
B. Predictors: (Constant), Investment, General Financial Knowledge, Savings And Loans, Insurance						

Source: Data processed using SPSS (2024)

With an F test value of 18.352 and a significance level of <0.001 , more diminutive than 0.05. Table 8 above shows that General Knowledge of Finance (X1), Savings and Loans (X2), Insurance (X3), and Investment (X4) all affect Financial Independence (Y). It is concluded that all of these variables affect financial independence.

k. Determination Coefficient Test

The degree of correlation between the independent and dependent variables is measured by linear regression analysis's coefficient of determination R^2 . The range of the R^2 value is 0 to 1. If the R^2 value is less than zero, the independent variable is said to have a weak effect on the dependent variable. On the other hand, if the R^2 value is near 1, the independent variable is thought to impact the dependent variable significantly.

Table 8. Test Results of the Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,787 ^a	0,620	0,586	1,827
A. Predictors: (Constant), Investment, General Financial Knowledge, Savings And Loans, Insurance				
B. Dependent Variable: Financial Independence				

Source: Data processed using SPSS (2024)

Table 9 shows that the variables General Knowledge of Finance (X1), Savings and Loans (X2), Insurance (X3), and Investment (X4) collectively explain 58.6% of the variation in the Financial Independence variable (Y), as indicated by the adjusted R-squared value. Other variables can explain the remaining 41.4% variation in variable Y.

19.1. Discussion

a. The Effect of General Financial Knowledge on Financial Independence

The results of the t-test show that General Financial Knowledge has a positive and significant influence on Financial Independence. This is because individuals with sound financial knowledge tend to be more confident in making financial decisions, such as budgeting and understanding investment risks, thus helping to reduce the likelihood of going into debt. This finding identifies that most respondents have a high level of education. Indirectly, it has been concluded that a good education helps individuals improve their financial knowledge and build better financial independence. This relates to the definition according to (Wagland & Taylor, 2009; Yushita, 2017) Financial knowledge includes understanding personal financial management, such as managing income, expenses, savings, loans, and basic financial principles. This knowledge is an important foundation to support financial independence, namely, a person's ability to manage finances independently. (Adawiyah et al., 2024; Nurdiansyah & Tianna, 2022) . This finding is in line with the research. (Chen & Volpe, 2016) , stating that with a low level of knowledge, a person will have difficulty making decisions and managing their finances. Individuals with sound financial knowledge tend to be more confident in managing budgets, understanding financial risks, and making wise financial decisions. Therefore, through formal and informal channels, financial education needs to be maximized to encourage increased financial security.

b. The Effect of Savings and Loans on Financial Independence

Based on the results of the t-test show that Savings and Loans have a positive and significant effect on Financial Independence. Based on the results of the questionnaire distribution, it is known that most respondents have active savings and skills. These results prove that the existence of savings funds as savings for the future helps individuals to increase financial independence and also helps individuals to make decisions in making loans. This relates to the definition (OJK, 2024), which explains that Savings are funds set aside from income for investment or future needs, while a loan is an agreement to obtain funds or goods with the obligation to return by the agreement. (Adolph, 2016). Savings provide financial stability and allow for urgent individual needs, while a good understanding of loan management helps reduce financial risk. Per the definition, financial independence is characterized by sufficient income from savings, investments, or passive income. This allows individuals to meet their needs without relying entirely on traditional employment. Therefore, savings and loans have a positive and significant effect on increasing financial independence. This result is supported by research. (Ribaj & Mexhuani, 2021), which states that savings positively impact economic growth,

while loans contribute directly to investment. Thus, savings and loans significantly increase financial independence, and their management needs to be optimized to create a more economically independent society.

c. Effect of Insurance on Independence

Based on the t-test results, insurance was found to have a positive and significant effect on financial independence. It was found that most respondents have active insurance that serves as protection against future financial risks. This shows that insurance helps reduce the impact of sudden losses and provides a sense of security and financial stability that allows individuals to be more independent in managing finances. This result is in line with the understanding according to Mauliddiyah, (2021) and Yushita, (2017) Which states that insurance protects by transferring financial risks. So that it can support better financial management. In addition, Arnett, (2000) Defines financial independence as the ability to meet needs without depending on others, which is characterized by sound financial management through savings, investment, or insurance. In addition, Lusardi & Mitchell, (2014) Emphasize that financial knowledge, including an understanding of insurance, is a key factor in financial independence; a good understanding of the benefits and functions of insurance increases an individual's ability to make the right financial decisions, manage risk, and achieve long-term financial stability. Those who utilize insurance optimally tend to be better able to face financial challenges and create stable economic conditions. This emphasizes the importance of insurance literacy in building a financially independent society.

d. Effect of Investment on Financial Independence

The study results show that investment positively and significantly affects financial independence. With a good understanding of investment, individuals can achieve long-term financial goals and understand the importance of investment activities. They can make wise decisions, manage risks effectively, and use investment opportunities to improve financial stability. According to OJK, (2024) and Gunawan et al., (2022) , investment is an investment activity in tangible or financial assets to make a profit, which is generally carried out over a long period. Investment allows individuals to create passive sources of income and increase assets, thus providing financial stability that supports independence. The definition of financial independence according to Adawiyah et al., (2024) and Nurdiansyah & Solovida, (2022) Financial independence includes the ability to manage finances independently, including through sources of income from investment. By utilizing investment wisely, a person cannot only meet financial needs without relying on other parties but also increase economic resilience in the face of future financial risks. Thus, investment influences financial independence. This finding is in line with the research. (Yusiawati & Marhaeni, 2020) Which states that investment has a positive and significant effect on financial independence. Individuals who understand and can manage their investments well can create passive income, develop assets, and achieve financial stability in the long run.

e. Effect of General Knowledge of finance, Savings and Loans, Insurance, and Investment together on Financial Independence

Based on the results of the f test show that general financial knowledge, savings and loans, insurance, and investment affect financial independence. This analysis shows that insurance and investment have higher values. Because both variables reflect more complex long-term financial decisions, where individuals with better financial knowledge tend to invest and have insurance, Sumani et al. (2022) and Roziana et al. (2023) explain that financial knowledge includes understanding financial principles and managing savings, investments, insurance, and loans, which are key to making wise financial decisions. General knowledge of finance can help understand financial risks and opportunities; savings provide stability through the accumulation of funds, while loans with a short period and a good understanding can help individuals who, if managed optimally, are supported by investments to create passive income that can increase asset value. Some previous studies support these findings, such as those revealed by Indriasih & Mulyanti (2024), that fisherwomen with an understanding of financial knowledge can increase financial independence, as well as Ernayani et al. (2024) and Ningtyas (2019), which shows that financial knowledge education increases participants' understanding of debt management, compound interest, and financial

technology management. Financial knowledge integrated with aspects of Achieving financial independence is greatly aided by having a solid understanding of general finance, savings, loans, insurance, and investments.

5. CONCLUSION

The findings show that general knowledge of finance, savings and loans, insurance, and investment variables significantly and favorably affect financial independence, both partially and simultaneously. Financial knowledge, which includes managing finances, understanding risks, and making wise financial decisions, is the main foundation for building financial independence. With sound financial knowledge, a person can fulfill needs without relying on others, create financial stability, and face financial risks more confidently. This finding is reinforced by previous research, which shows that an optimal understanding of financial knowledge can improve a person's ability to manage finances independently, effectively, and sustainably. This research provides an understanding of the important role of financial knowledge in improving the financial independence of the millennial generation in the digital era. This study has several limitations, especially in determining the sample and population used, as well as results that may not be generalizable due to sample limitations. Therefore, it is suggested that further research is needed to test these findings in a broader population. In addition, further research is recommended to examine other factors that affect financial independence.

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