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THE RELATIONSHIP BETWEEN FINANCIAL LITERACY AND SAVINGS BEHAVIOR AMONG JAKARTA COLLEGE STUDENTS IN THE DIGITAL AGE

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ABSTRACT

This study aims to examine the relationship between financial literacy and saving behavior among university students in Jakarta in the digital era. A quantitative associative approach was employed using purposive sampling technique, involving 60 active students from various universities in Jakarta who hold savings accounts or use digital financial products. Data were collected through a structured questionnaire distributed via Google Form and analyzed using descriptive statistics. The results show that students' financial literacy is at a moderate to high level in conceptual aspects, such as distinguishing needs from wants, recording financial transactions, and recognizing online fraud. However, technical literacy particularly the ability to calculate interest and understand banking terminology remains relatively low. In terms of saving behavior, most students demonstrate a positive orientation toward saving, with clear goals and reasonable consistency. Conventional bank accounts remain the primary medium for saving, although the use of digital wallets is growing. There is strong evidence that financial literacy is positively correlated with saving behavior; students with higher financial literacy tend to save in a more planned, disciplined, and digitally adaptive manner. This study recommends integrating digital-based financial literacy education into university curricula to cultivate a financially literate younger generation.

Keywords : *Financial literacy, saving behavior, university students, digital finance.*

INTRODUCTION

Finance is an essential aspect of everyday life for all members of society. The financial knowledge an individual possesses helps them make informed decisions when choosing financial products and optimizing their financial choices. Financial literacy encompasses the ability to distinguish between different financial options, discuss money and financial matters without discomfort, plan for the future, and respond competently to life events that affect day-to-day financial decisions, including broader economic conditions.(Yushita, 2017)

Having financial knowledge and literacy enables individuals to manage their personal finances more effectively, allowing them to maximize the time value of money, increase their overall gains, and improve their quality of life . Financially literate individuals can use financial products and services more effectively, and are less vulnerable to misleading or unsuitable financial schemes. Financial literacy also improves the quality of financial services and contributes to national economic growth and development. As economic systems, individual needs, and financial products become increasingly complex, strong financial literacy is essential for managing personal finances. (Ricky Tri Agustian, 2023)

University students represent a key segment of the younger generation in a transitional phase toward financial independence. They are beginning to manage limited financial resources from allowances, scholarships, or part-time work. Financial literacy empowers them to use financial products responsibly, avoid exploitation, and contribute meaningfully to economic progress. As financial systems grow more intricate, the ability to manage personal finances becomes increasingly critical.(Nirmala et al., 2022)

In the present day, savings serve not only as a means of storing money but also as a gateway to digital banking and modern financial services. Savings refer to funds that may be withdrawn at any time accordingto agreedterms,while savingis the act of setting aside money to be used for future needs.(Purwanto et al., 2021) In the digital era, the concept of saving has evolved beyond traditional piggy banks or passbook savings accounts to include investment apps, money market funds, and other digital financial instruments. This shift demands higher levels of financial awareness to ensure individuals make sound choices and use technology responsibly. This research is timely because the financial habits formed during university years strongly influence long-term financial management skills and the future economic contribution of this generation.

METHODS

This study uses a quantitative associative research design to identify and measure the relationship between financial literacy and the saving behavior of university students in the digital age. The quantitative approach is chosen to systematically describe and measure financial literacy levels and saving patterns using numerical data analyzed through statistical methods. Primary data were collected via online questionnaires distributed through Google Forms.

The study population consists of active undergraduate students enrolled in higher education institutions in Jakarta. Participants were selected using purposive sampling, meaning respondents were chosen intentionally based on specific criteria: (1) currently enrolled undergraduate students, (2) hold a savings account or use digital financial

services, and (3) willing to complete the questionnaire fully. This process yielded a final sample of 60 respondents from various universities in Jakarta.

The research instrument is a structured questionnaire divided into two main sections. The first section measures financial literacy using 10 statements covering basic financial knowledge, understanding of digital financial products, financial planning, and digital transaction security. The second section assesses saving behavior using 10 statements covering saving consistency, goal-setting, priority-setting, discipline, use of digital tools, and trust in digital savings systems. All items are rated on a 5-point Likert scale ranging from 1 (Strongly Disagree / No Knowledge) to 5 (Strongly Agree / Excellent Knowledge). Data were analyzed using descriptive statistics to present freq uency distributions and percentage scores, enabling a comprehensive overview of financial literacy levels and saving practices. Data processing was assisted by Google Forms and presented in tables and diagrams for ease of interpretation.

RESULT AND DISCUSSION

RESPONDENT CHARACTERISTICS

The study involved 60 active university students from various higher education institutions in Indonesia. Data were collected via online questionnaires distributed purposively. Table 1 presents an overview of respondent profiles based on age, academic year, field of study, source of allowance, and estimated monthly allowance.

Table 1. Respondent Characteristics (n = 60)

Characteristic	Category	Frequency (%)
Age	19 years old	16 (26.7%)
	20 years old	21 (35.0%)
	21 years old	6 (10.0%)
	Others (16–22 years old)	17 (28.3%)
Semester	Semester 2	55.0%
	Semester 4	30.0%
	Others	15.0%
Allowance Source	Parental support	41.7%
	Multiple combined sources	23.3%

	Employment / entrepreneurship	21.7%
	Scholarship	13.3%
Monthly Allowance	Rp 500,000 – Rp 1,000,000	38.3%
	< Rp 500,000	25.0%
	Rp 1,000,000 – Rp 1,500,000	21.7%
	> Rp 1,500,000	15.0%

As shown in Table 1, most respondents are aged 19 –20 (61.7%), representing early-stage students adapting to independent financial management. The majority (55%) are in their second semester, followed by 30% in their fourth semester. This indicates that the sample is dominated by first- and second-year students whose financial experience and awareness are still developing. Parental allowances remain the primary source of funds (41.7%), followed by multiple sources (23.3%) and personal income (21.7%). This shows that many students already exercise partial financial independence. The most common monthly allowance range is Rp 500,000 – Rp 1,000,000 (38.3%), a relatively limited amount that requires careful financial management.

FINANCIAL LITERACY LEVELS

Financial literacy was measured using 10 indicators covering basic financial knowledge,digital financial products, financial planning, and digital security. The results are presented in Table 2.

Table 2. Respondent Responses on Financial Literacy

INDICATOR	SA(%)	A (%)	N(%)	D(%)	SD(%)	n
Understand the difference between needs and wants	6.9	24.1	36.2	32.8	0	58
Know how to calculate interest on savings or loans.	10.3	44.8	37.9	5.2	1.7	58
Understand risks and benefits of digital financial products	37.9	37.9	19.0	3.4	1.7	58
Can distinguish between investment, savings, and debt	19.0	51.7	27.6	1.7	0	58
Understand the impact of inflation on money value	15.5	43.1	31.0	10.3	0	58

Understand basic banking and financial terminology	8.6	27.6	44.8	12.1	6.9	58
Can create simple financial plans	20.7	37.9	31.0	8.6	1.7	58
Can recognize online financial fraud	29.3	41.4	25.9	3.4	0	58

Note: SA = Strongly Agree / Excellent Knowledge; A = Agree / Good Knowledge; N = Neutral / Adequate Knowledge; D = Disagree / Limited Knowledge; SD = Strongly Disagree / No Knowledge.

Overall, financial literacy levels are moderate to high for most indicators. The strongest areas are distinguishing needs from wants (46.4% Agree, 33.9% Strongly Agree), tracking income and expenses (37.9% Agree, 37.9% Strongly Agree), and detecting online fraud (41.4% Agree, 29.3% Strongly Agree). This shows that students have solid foundational understanding of daily financial management. However, technical knowledge is notably lower: only 24.1% understand how to calculate interest, while 32.8% indicate limited knowledge. Similarly, knowledge of banking terminology is mostly rated as adequate (44.8%), with 12.1% reporting limited and 6.9% no knowledge. This aligns with findings by (Yushita, 2017) that university students in Jakarta tend to possess strongconceptual financial literacy but weaker technical financial skills. This gap confirms the observation by (Ricky Tri Agustian, 2023) that increasingly complex financial products require deeper technical understanding, not just surface-level awareness. Given that most respondents are early-stage students, targeted improvement in technical financial literacy and long-term planning is essential.

Based on the provided research, the Financial Literacy Levels section details the evaluation of university students in Jakarta regarding their financial competence, measured through ten specific indicators. These indicators encompass basic financial knowledge, understanding of digital products, financial planning abilities, and digital transaction security. The study reveals that students generally possess a moderate to high level of financial literacy in conceptual areas. Notable strengths include the ability to distinguish between needs and wants, effective tracking of income and expenses, and a high proficiency in detecting online financial fraud. However, the findings highlight a significant discrepancy between conceptual awareness and technical proficiency. While students excel at the everyday management of funds, their technical knowledge—such as calculating interest on savings or loans and understanding complex banking terminology—remains notably low. Specifically, only 24.1% of respondents feel confident in interest calculations, while approximately 19% report limited or no knowledge of banking terms. This gap suggests that while students are cautious and aware, they may lack the deeper analytical skills required to fully optimize their financial decisions in an increasingly complex digital economy.

The following three paragraphs provide additional analysis and implications based on the source material: The observed disparity between conceptual and technical literacy suggests that Jakarta's college students are functionally literate but strategically limited. While they can navigate daily transactions and avoid common pitfalls like digital fraud, their lack of technical depth may hinder their ability to utilize more

sophisticated financial instruments. This limitation is particularly critical in the digital era, where the shift from traditional saving methods to investment apps and money market funds requires a robust understanding of the "time value of money" and interest structures to maximize long-term gains. Without these technical skills, students may remain reliant on basic savings accounts, missing opportunities for wealth accumulation through more diverse digital assets. Furthermore, the high level of awareness regarding digital security and fraud detection reflects the unique environment of the "Digital Age" highlighted in the study. As digital wallets and online transactions become more prevalent, students have clearly prioritized security-related knowledge to protect their limited financial resources, which often stem from parental allowances or scholarships. This protective stance is a positive indicator of financial resilience; however, the study notes that trust in the security of digital systems is still developing, with a significant portion of students remaining neutral or skeptical about the safety of digital saving compared to cash.

Consequently, there is a pressing need for structured educational intervention within higher education institutions to bridge these literacy gaps. The research suggests that integrating digital-based financial literacy into university curricula could transform students from passive savers into informed financial actors. By focusing on technical skills like interest calculation and product comparison, educators can empower the younger generation to move beyond "surface-level awareness" and engage more effectively with the modern financial ecosystem. Such educational initiatives are essential for cultivating a generation capable of making disciplined, planned, and technologically adaptive financial choices that contribute to broader national economic growth.

SAVING BEHAVIOR IN THE DIGITAL ERA

Saving behavior was assessed using seven indicators covering consistency, goal-setting, priority-setting, discipline, use of digital technology, perceivedsecurity, and trust in digital savings systems.

Table 3. Respondent Responses on Saving Behavior

INDICATOR	SA(%)	A (%)	N(%)	D(%)	SD(%)	n
Regularly set aside part of monthly allowance.	28.1	36.8	26.3	14.0	0	57
Save even small amounts.	27.6	48.3	22.4	6.9	0	58
Have clear saving goals.	46.6	37.9	22.4	3.4	1.7	58
Prioritize saving before other expenses.	29.3	36.2	31.0	20.7	5.2	58
Rarely withdraw savings unless urgent.	31.0	32.8	34.5	12.1	3.4	58
Digital tools encourage more regular saving.	15.5	34.5	31.0	20.7	5.2	58

Feel safer saving digitally.	19.0	31.0	32.8	20.7	3.4	58
Compare interest rates across digital platforms.	6.9	12.1	55.2	22.4	6.9	58
Trust the security of digital savings systems.	13.8	41.4	36.2	12.1	1.7	58
Find digital transactions more practical than visiting banks.	25.9	41.4	25.9	10.3	0	58

Most students show positive saving attitudes. The highest-rated item is having clear saving goals (46.6% Strongly Agree, 37.9% Agree), indicating well-defined short- to medium-term objectives such as emergency funds, education costs, or personal purchases. Consistency is also evident: 36.8% save regularly and 48.3% save even small amounts. This supports the argument by (Purwanto et al., 2021)that consistent saving regardless of amount builds long-term financial resilience.

Table 4. Preferred Saving Methods (n = 57)

Saving Method	Frequency	Percentage (%)
Conventional bank savings account	30	52.6
Keep cash personally	19	33.3
Digital wallet / e-wallet	18	31.6
Islamic bank savings account	5	8.8
Digital time deposit / automated savings	5	8.8
Cooperative / mutual fund / gold / other	3	5.4

As shown in Table 4, conventional bank accounts remain the most popular choice (52.6%), followed by personal cash storage (33.3%) and digital wallets (31.6%). The continued use of physical cash storage suggests that full adoption of digital finance is not yet universal. This aligns with (Nirmala et al., 2022), who note that trust, accessibility, and financial literacy levels influence adoption of digital financial services. Trust in digital savings systems is still developing: 32.8% are neutral and 20.7% disagree that digital saving is safer than cash. Furthermore, only a small minority compare interest rates across digital platforms, indicating that informed decision-making based on product comparison is not yet a common practice.

Regarding Saving Behavior in the Digital Era, the research indicates that university students in Jakarta demonstrate a generally positive and proactive orientation toward saving, characterized by clear objectives and consistent habits. The study finds that goal-setting is the strongest attribute, with 84.5% of respondents having well-defined short- to medium-term financial targets such as education costs or emergency funds. While conventional bank accounts remain the primary storage method for 52.6% of students, there is a notable rise in the use of digital wallets (31.6%), driven by the practicality of digital transactions over physical bank visits. However, the full adoption of digital financial tools is hindered by a lingering lack of trust; approximately 53.5% of students remain neutral or skeptical regarding the security of digital savings compared to physical cash.

The following three paragraphs provide additional analysis and implications based on the source material: The high prevalence of goal-oriented saving among these students suggests that they view financial management through a lens of future utility rather than mere accumulation. By prioritizing specific objectives—such as personal purchases or academic needs—students develop a disciplined framework that helps them resist impulsive consumption. In the digital era, this behavior is increasingly supported by the "practicality" of digital tools, which allow for seamless transactions and real-time monitoring. However, the source material suggests that without higher technical literacy to compare interest rates across platforms, students may achieve their goals less efficiently than they would if they utilized high-yield digital products. Furthermore, the significant reliance on physical cash storage (33.3%) alongside digital wallets highlights a "hybrid" saving behavior that reflects a transitional phase in digital adoption. This persistence of traditional methods indicates that while students value the speed of digital finance, they still perceive physical assets as a "safer" or more tangible form of security. This psychological barrier to digital trust suggests that for a digital financial ecosystem to fully flourish, providers must not only improve transaction speed but also enhance transparency and security protocols to reassure a younger generation that remains cautious about online fraud.

Finally, the strong positive correlation between financial literacy and saving behavior implies that as students become more digitally adept and knowledgeable, their saving practices become more "systematic and disciplined". The study concludes that students who understand financial planning and fraud detection are more likely to maintain regular saving patterns, even with limited monthly allowances. This underscores the necessity of moving beyond basic saving habits toward integrated digital wealth management. By bridging the gap between simple deposit-making and strategic digital investment, university students can transform their current positive saving attitudes into a robust foundation for long-term financial independence and economic resilience.

RELATIONSHIP BETWEEN FINANCIAL LITERACY AND SAVING BEHAVIOR

The data reveals a clear positive correlation between financial literacy and saving behavior. Students with stronger conceptual understanding such as distinguishing needs from wants, tracking finances, and recognizing fraud consistently demonstrate more consistent, goal-oriented, and disciplined saving habits. This is reflected in the high proportion of respondents who save with clear objectives (84.5% Agree or Strongly

Agree) and maintain regular saving patterns even with limited funds (75.9% Agree or Strongly Agree). However, the identified gap in technical financial literacy limits students' ability to maximize digital financial tools, such as high-yield savings products or money market funds, beyond basic deposit accounts. This supports (Ricky Tri Agustian, 2023), who emphasize that financial literacy not only protects against risk but also enables individuals to fully benefit from available financial products. Overall, the findings confirm by (Nirmala et al., 2022) that financial literacy significantly influences financial behavior, higher literacy correlates with more planned, disciplined, and technologically adaptive saving practices. Therefore, integrating digital financial literacy education into university curricula is critical for building a financially capable generation.

Regarding the Relationship Between Financial Literacy and Saving Behavior, the research establishes a clear and significant positive correlation between a student's level of financial knowledge and their practical saving habits. Students who possess a strong conceptual understanding—such as the ability to distinguish between needs and wants, track their finances, and recognize digital fraud—consistently demonstrate more disciplined and goal-oriented saving patterns. This is evidenced by the fact that 84.5% of respondents who save do so with clear objectives, and 75.9% maintain regular saving habits despite having limited monthly allowances. Essentially, higher financial literacy enables students to be more "digitally adaptive," allowing them to navigate modern financial systems with greater confidence and purpose. However, the study also identifies a critical limitation: the gap in technical financial literacy. While students are proficient in basic management, their inability to calculate interest or understand complex banking terminology prevents them from fully maximizing available digital financial instruments. This suggests that while literacy encourages the act of saving, a lack of technical depth limits students to basic deposit accounts rather than more sophisticated, high-yield products like money market funds or digital time deposits. Ultimately, the findings confirm that increasing financial literacy is essential for transforming passive saving habits into systematic, technologically advanced financial planning.

The following three paragraphs provide additional analysis and implications based on the source material: The positive correlation identified in the study suggests that conceptual awareness acts as a foundational driver for financial discipline. When students understand the fundamental differences between "needs" and "wants" and can effectively track their expenditures, they are less likely to engage in impulsive spending. This internal logic creates a psychological framework where saving is viewed not as a chore, but as a strategic tool for achieving well-defined future goals, such as emergency funds or educational costs. Consequently, the "planned and disciplined" behavior observed in highly literate students serves as a protective mechanism, ensuring financial resilience even when personal income—such as parental allowances or scholarships—is relatively modest. Nevertheless, the technical literacy deficit highlighted in the research represents a missed opportunity for "wealth optimization" in the digital age. Because many students lack the skills to compare interest rates or understand the mechanics of digital financial products, they remain tethered to traditional, low-yield saving methods. This reliance on conventional bank accounts or physical cash storage indicates that "digital adaptivity" is currently limited to transaction convenience rather than strategic financial growth. Without the ability to perform technical evaluations of financial products, students cannot leverage the "time

value of money" effectively, which is a core component of long-term financial success and capital accumulation in a modern economy.

Ultimately, the study underscores that educational intervention is the bridge between basic saving habits and sophisticated financial independence. By integrating digital-based financial literacy into university curricula, institutions can empower the younger generation to move beyond simple money storage toward active participation in the broader financial ecosystem. Cultivating a "financially capable generation" involves more than teaching students to save; it requires equipping them with the technical and analytical tools to navigate an increasingly complex digital landscape. Such a shift would not only improve individual quality of life but also contribute to national economic stability by creating a cohort of informed consumers who are less vulnerable to fraud and more capable of making sound financial decisions.

CONCLUSION

This study concludes that university students possess moderate to high financial literacy, particularly in conceptual areas such as prioritizing needs over wants, basic financial management, and digital security awareness. However, technical financial knowledge including interest calculations and banking terminologyNremains relatively low and requires targeted improvement. Students generally demonstrate positive saving behavior: most save regularly, set clear goals, and increasingly use digital financial services. Conventional bank accounts remain the primary saving instrument, though digital wallet usage is growing steadily.

A significant positive relationship exists between financial literacy and saving behavior. Students with higher financial literacy levels tend to save more systematically, maintain greater discipline, and adapt more effectively to digital financial innovations. Therefore, expanding financial education especially technical and digital financial literacy is essential to help students make informed, effective financial decisions throughout their lives.

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