

Conference Paper

Financial Behaviour and Financial Literacy on Traders in Border Areas of Indonesia

Januari Ayu Fridayani and Yosua Damas Sadewo

Sekolah Tinggi Ilmu Manajemen Shanti Bhuana, Bengkayang

Abstract

The purpose of this study is to understand the financial behavior and the level of financial literacy at traders in one of the border areas of Indonesia, namely Bengkayang, West Kalimantan. The majority of previous studies examined the financial behavior of investors in the stock market. It raises the motivation to know the financial behavior of the general merchants, even the pedagogues in the border areas that are associated with their level of understanding in managing finances. The border area becomes an interesting object to be studied because of the government's commitment to build Indonesia from the periphery. By using approach and method of phenomenology research, it is concluded that (1) traders do not have written and systematic financial report that reflect daily income and expense, (2) traders have no commitment to save, (3) trader has negative habit in spending money, (4) the investment for future needs is not a priority, and (5) the limitations of knowledge, lifestyle, and the attitude of not wanting to develop is a factor supporting the formation of bad financial behavior patterns and low level of financial literacy. Various situations that describe the financial behavior and financial literacy are overcome with the role of government and private parties in creating synergies to increase public awareness. With continuous counseling and the availability of financial products that are internalized, good financial behavior and understanding of financial management can be realized.

Keywords: financial behavior, financial literacy, traders, border areas

1. Introduction

Research on finance since the year 1950 is more dominated by quantitative research, this is due to the abundance of secondary data in the field of finance, specifically in the capital market and the development of computer applications to process data. Kahneman and Tversky are pioneers who expressed the existence of financial behavior theory in 1979 and won the Nobel prize in 2002 for providing an alternative analysis in economics and finance. Discussion about financial behavior is more careful because

Corresponding Author:

Januari Ayu Fridayani

januari.ayu@shantibhuana.ac.id

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it has included psychological factor analysis in discussing financial decisions [9]. Then the theory and research related to the financial behavior continues, but still limited to the study of investor behavior, investment managers and corporate managers who have gone public.

Financial behavior studies of managers and owners of companies that have not gone public, local government apparatus, market traders, and households with regard to financial management for investment, working capital and consumption have not been studied so it is difficult to find references in the form of study results published in various scientific journals. Nevertheless there are some researchers who have done research on the aspects that affect a person's behavior in managing its finances, the term is then known as Financial Management Behavior financial management behavior

Financial management behavior of a person can be seen from four things [3]: (1) Consumption (Consumption), ie various goods and services as a form of expenditure by the household. Financial management behavior of a person can be seen from how he performs his consumption activities such as what one bought and why he bought it [7]. (2) Cash-flow management, the primary indicator of financial health or the size of a person's ability to pay for all his expenses, Cash flow management can be measured by whether a person pays the bill on time, paying attention to records or proof of payment and creating a budget finance and future planning. (3) Savings and investments. Savings can be defined as part of unearned income over a specified period whereas investment is allocating or investing current resources in order to benefit future. (4) Debt Management (Credit Management) is the ability of a person to take advantage of debt in order not to make you go bankrupt, or with other words that the use of debt to improve their welfare (Sina, 2014).

The theory that supports the existence of financial behavior is about financial Literacy (financial Literacy). Financial literacy is a component of human resources that can be used to improve financial welfare, (Houston, 2010). In line with that opinion, Remund (2010) says that financial literacy is a measure of the extent to which a person understands the key to financial concepts, has the ability and confidence to manage personal finances appropriately, both short-term and long-term financial planning as well as conscious of changes in economic conditions. Someone is said to be financial literate when a person has the knowledge and ability to apply that knowledge. From the description above can be concluded that the financial literacy relation with financial behavior is the ability to manage finances in everyday life and can be applied so that economic welfare can be realized. Similar to financial behavior, financial literacy is also

influenced by factors from within the individual such as cognitive and psychological abilities as well as outside factors such as individual social and economic conditions (Wahyuni, 2015)

Understanding of financial literacy applied through daily financial behavior to traders in Bengkayang, West Kalimantan is interesting to study, and has a high degree of urgency. Bengkayang is one of the areas directly adjacent to Sarawak, Malaysia. The development of border areas is one of the priorities in the era of Joko Widodo's administration. This is stated in Nawa Cita, which is nine programs initiated by the government to show the priority of the road of change in order to go to a politically sovereign Indonesia, as well as independent in the field of economy and personality in culture. In the third point of Nawa Cita it reads "Building Indonesia from the edge by strengthening the regions and villages within the framework of a unitary state." In this case the government wants to emphasize that development is no longer centralized (centralized) in urban areas, but must be spread across all corners (decentralization).

The mission has been carried out by the government, with one clear evidence of a total reshuffle at three State Border Lines (PLBN) located in West Kalimantan, namely in the Aruk, Entikong and Nanga Badau areas. President Joko Widodo said that the new building on PLBN becomes a reflection of the dignity of the state, and it is expected that economic activities such as imported exports can be integrated through PLBN that has undergone reshuffle and the area around the PLBN can be developed into new economic centers so that support zones should be developed. Minister of Public Works and People's Housing, Basuki Hadimulyo said that in the future PLBN will continue to be developed and integrated. One of them is, the road to PLBN Aruk will be connected with a parallel road that connects between Aruk with Bengkayang. Bengkayang is one of the districts in West Kalimantan which borders directly with Serikin, Malaysia.

The phenomenon of the rapid movement of government in doing development on the border of Indonesia as a manifestation of commitment to develop Indonesia evenly feasible to be responded positively, especially by people in the border area one of which is Bengkayang. This is what underlies the selection of Bengkayang Regency as the object area in this research while the focus of the research is to analyze the financial behavior and the level of financial literacy in Bengkayang traders, because finance is one of the important factors in building economic resilience which is one of the pillars of national resilience.

The purpose of this study is to understand the financial behavior and level of financial literacy at traders in one of the border areas of Indonesia, namely Bengkayang,

West Kalimantan and efforts that can be done to improve the ability in managing finances so that they can behave wisely.

2. Methodology

The method used in this research is qualitative method, with data collection technique that is through observation and interview. Observation uses passive participative observation in which the researcher is involved with the daily activities of the person being observed or used as a source of research data and in this case the researcher arrives at the place of the observed person's activities but is not involved in the activity. (Sugiyono, 2015). While for interview technique the researcher chose to use semiterstruktur interview with category in dept interview with the aim to find problem more openly, where the party who invited the interview asked opinion and idea.

The research sources are human. Therefore, the main data source in the form of words and actions obtained from the research results at the research site is through observation (observation) and interviews with informants consisting of two vegetable vendors (has a large kiosk in Bengkayang market), two owners a well-known coffee shop in the market area of Bengkayang and one owner of a food stall. Selection of resource persons is taken from traders who have a business life of more than ten years and based on observations already have many buyers and most of them are loyal customers (Table 1).

TABLE 1: Informan Penelitian.

Name	Type Business	Location
Ayon-Lisa	Warung Kopi Owns	Pasar Bengkayang
Lim	Warung Kopi Owns	Pasar Bengkayang
Suryani	Pedagang Sayur	Pasar Bengkayang
Rio	Pedagang Sayur	Pasar Bengkayang
Afung	Warung Makan	Pasar Bengkayang
Note: Informant names are not real names		
Source: processed researchers (2018)		

This research uses pseudonym which means that in the research does not include the original name of the informant but a pseudonym. This is intended to maintain the confidentiality of the informant's identity so that the informant does not object to providing important information during the research. As the statement of Berg (2007):

"This requires that researcher systematically change each subject's real name to a pseudonym or case number when reporting data." (In Noviriani, 2015)

Data analysis techniques used during the field is done interactively and lasted continuously until complete, so the data is saturated. Activities performed in data analysis are data reduction, data entry and verification (Miles and Huberman, 2014). In reducing the data, the researcher focused on the data showing the behavior and financial management of the five merchants that have been selected. The presentation of data in the form of narrative text because it is considered still relevant to the results and research objectives. The last stage of data analysis is data verification and conclusion.

3. Findings and Discussion

Running a business would want maximum results. This can be known from the profit or profit gained from the results of the business, however, there are still many small traders who have not yet applied cash book entry or exit, so when asked about the amount of profits for sure, they can not answer. Similarly, what happens to traders in the Bengkayang Market area of West Kalimantan, as a county bordering on Malaysia, should have a deeper understanding of financial behavior, as a regional economy will thrive.

Ayon-Lisa merchant is the owner of Warung Kopi which is quite famous in Bengkayang they counted the coffee business for twelve years. In an in-depth interview when asked about the bookkeeping of daily financial statements, following his statement the wife of a coffee shop owner:

“Gimana mau di catet, setiap pembeli bayarnya ke saya atau suami. Trus suami ga pernah kasih tau dapatnya berapa, seringnya langsung abis buat sama temen-temennya, apalagi dia masih suka judi. Jadi ya selama ini pinter-pinternya saya sisihin lah, yang penting tetep jalan”

When asked about financial planning for the future, seeing that they have one daughter who is studying in Pontianak, and will soon be entering college, here is the answer Ayun the owner of a coffee shop:

“Selama ini saya ga pernah ambil pusing dan repot-repot menyisihkan untuk pendidikan anak saya jika memang membutuhkan biaya besar, saya tinggal jual aja aset tanah saya”

From the above interview footage and coupled with the results of observation peneiti, it is unfortunate Warung Kopi Ayon and Lisa's couples do not have good bookkeeping, because they have been long enough to trade and is quite famous coffee shop and

has many loyal customers. The owner's mindset is still very conventional, where they never plan their finances.

Not much different from Ayon-Lisa, Lim who is also a coffee merchant also said that he does not have a regular bookkeeping of income per day, following his exposure:

"Saya sich ga pernah ya nyatet gitu, dikumpulkan aja sekiranya udah cukup langsung saya belikan emas, ya kalo tabungan di bank ada sich tapi ga seberapa, saya lebih suka dibelikan emas, trus kalo pas butuh bisa dijual dech"

Lim is a descendant of Tiong Hoa, saying he does not yet have sufficient knowledge in determining financial instruments, so far he has kept more savings in gold. This illustrates that Lim actually has the awareness to set aside his income by saving, but still need a commitment and awareness and trust to use financial products in Indonesia.

Suryani is a local resident of Bengkayang who has been running his business as a vegetable seller since fifteen years ago. In his daily life Suryani is also less able to manage his finances, this he realized with the following statement:

"Saya bah sebenarnya paham buat nabung dan nyisihin untuk masa depan, tapi mau gimana lah, langsung abis gitu aja. Tapi saya ada sich tabungan di CU (Credit Union), nah disitu saya dapat pinjaman, yang saya gunakan untuk membeli mobil dan kebutuhan lain. Penghasilan saya inilah untuk bayar bulanannya, dan ya cukup aja kok"

In line with Suryani's explanation, Rio, who is also a vegetable trader in Bengkayang Market, has a similar pattern, in which they greatly utilize the existence of CU financial institutions to meet their needs in terms of credit provision. This is already a good step, but it would be better if CU is not only used for debt facilities, especially if the debt is consumptive.

The last resource chosen is Afung, a restaurant owner in Bengkayang Market area. In running its business in the form of food stalls, Afung also does not have a systematic bookkeeping. And frankly Afung also revealed the habit of gambling is still attached, resulting in a lack of concern in managing finances. From the above explanation, can be described that the traders in Bengkayang region has not had the care and ability in managing its finances.

4. Conclusion and Suggestion

Based on the findings that have been in the above analysis then the following conclusions obtained as a result of this study:

1. Traders do not yet have a systematically organized financial report that can provide information on profit and loss earned from trading
2. The traders do not have a commitment to save, so not yet orderly and discipline put aside the results of efforts to save
3. Future financial planning is not a priority for traders, and they rely more on selling assets to meet future needs.
4. There is a negative habit among traders that is gambling.
5. Lack of knowledge about financial products has resulted in a lack of care for the people in managing their finances, so they prefer to be kept in the form of goods (land, gold, gardens)

From the results of the conclusion above, the suggestion can be given by the researcher that there is a need for counseling on the management of scheduled financial to the traders in the market area Bengkayang so that traders can gradually understand and start to commit to have positive financial behavior. The local government also needs to hold and convince the financial institutions both state-owned and private to open branches in Bengkayang, so that the community has more options to invest their funds.

The selected resource persons are big traders in Bengkayang Market. If the financial behavior of traders can continue to lead to a positive thing then slowly but surely the economy in Bengkayang will be able to grow, especially considering the location of Bengkayang which is the border area and become the focus of development. By having a wise pattern of financial behavior, at least is to follow what yanag the advice of the Financial Services Authority (OJK) then Bengkayang will be a border area that has a population with a high level of welfare.

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