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Descriptive Analysis of Financial Literacy: Evidence from Public and Private University Students

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Abstract: Financial knowledge plays a pivotal role to survive in modern society. The study measures the financial literacy level of public and private university students in Palembang, Indonesia by distributing an online questionnaire to 608 respondents. The questions of financial literacy refer to the Standard & Poor's Rating Services, which covered three subjects, namely numeracy and compound interest, inflation, and risk diversification. For this purpose, the level of financial literacy was conducted using descriptive statistics (Eviews). The result shows that there is 12% of the respondents from public universities answered all questions correctly, which is relatively high compared to private university students are at 10%. In addition, more than half of respondents are able to answer the question about numeracy and compound interest correctly, and inflation is 39%. On the other hand, the score is only 27% for the correct answer related to risk diversification. Financial illiteracy consequences are poor financial decisions that can impact their future finance.

Keywords: Financial Literacy; Financial Education; Literacy Rate.

Introduction

The economic crisis that occurred in the world, such as the Subprime Mortgage Crisis in the United States, was not only caused by inappropriate decision making but also influenced by the low level of public financial literacy. According to Klapper et al., (2013) public that people with higher levels of financial knowledge experience lower negative impacts during a crisis in America in 2009. Low levels of financial knowledge limit individuals from making financial decisions well so that the probability of mitigating risk becomes not optimal (Abreu and Mendes, 2010).

Financial literacy is a basic knowledge of finance that covers several aspects such as numeracy, compound interest, inflation and risk diversification. An understanding of financial literacy is essential for individuals and countries. Therefore, countries of the world

concern to improve public financial literacy. For example, the German government, reformed pension fund management in 2001 (Ante, 2008) and America, as the largest economy in the world, launched a national strategy to increase public knowledge about finance in 2006 (Remund, 2010).

Previous research related to financial literacy can be classified into two parts, namely financial literacy in developed and developing countries. An empirical study conducted by Arrondel et al (2013) of respondents aged between 25 and 65 in France explained that 61% of respondents were able to answer questions about inflation correctly. That number dropped to the level of 48% when respondents were asked questions about compound interest. On the other hand, knowledge of compound interest has an essential role in preparing retirement funds for employees (Biswanger& Carman, 2013).

The results of scientific studies conducted by Ergun (2017) on Financial Literacy among University Students: A Study in Eight European Countries namely Estonia, Germany, Italy, Netherlands, Poland, Romania, Russian Federation and Turkey involving 409 respondents explained that an average of 72.2% respondents answered questions about personal finances correctly. Other research in developed countries conducted by Rooij et al (2009) explains that financial knowledge has a positive and strong correlation to the financial planning of the Dutch community.

Research related to financial literacy conducted by Refera et al (2015) in developing countries in the African region explains that financial literacy can improve the ability of individuals to make financial decisions, increase financial inclusion and reduce poverty. Other empirical studies in several countries show that the level of financial literacy of female undergraduate students is lower than male students (Agnew & Harrison, 2015; Lantara&Kartini, 2015; Philippas&Tzora, 2017). Furthermore, research conducted by Danguah et al (2018) explains that the average Ghanaian community does not have sufficient knowledge about financial literacy, especially insurance.

Scientific studies conducted by Tue (2017) measure the factors that affect the level of adult financial literacy in Vietnam by involving a sample of 266 people from two major cities in Vietnam, Hanoi and Vinh in NgheAn Province. The results of this study explain that the level of financial literacy has a positive correlation with the level of age and education, meaning that people who have a more mature age with a higher level of education have a better level of financial literacy. Furthermore, recent studies conducted by Morgan and Trinh (2019) on Determinants and Impacts of Financial Literacy in Cambodia and Vietnam prove that the main determinants of financial literacy are education level, income, age, and employment status.

Empirical evidence was conducted by Temizel et al (2015) to measure the impact of financial literacy on borrowing behaviour in Turkey by distributing questionnaires to 550 people and conducting in-depth interviews with 10 people in the city of Eskisehir. They collected data with the distribution of 61 % of male respondents and 39 % of female respondents showing that there are differences in consumer behaviour related to the decision to make loans with various levels of financial literacy. Another research related to financial literacy was conducted by Camara and Tuesta (2015) on Factors that Matter for Financial Inclusion: Evidence from Peru proves that people who live in rural areas have lower levels of financial literacy and infrequently utilize the formal financial system.

Research conducted by Jayaraman et al (2018) involving 608 respondents in India explained that the level of student financial literacy was at the level of 45%. Also, this study found evidence that female students have better levels of financial literacy than men. Furthermore, students who take social studies have higher grades in answering questions about financial literacy than students from the science department. Another empirical study conducted by Goswami and Dhawan (2017) on A Study on Financial Literacy among College Students in Delhi / NCR confirms that the type of parent's employment, income level and disciplined learning have a significant influence on student financial behaviour in India.

Empirical evidence related to financial literacy in other developing countries conducted by Tuesta et al (2015) on Financial Inclusion and Its Determinants: The Case in Argentina finds that level of education, income and age are essential variables that determine whether they have financial products such as saving accounts, credit and debit cards, formal credit and electronic payments. Financial literacy research in Indonesia was conducted by Lantara and Kartini (2017) with the title Financial Literacy among University Students: Empirical Evidence from Indonesia. This paper find out the financial literacy level in Gajah Mada University students. The study involving 348 respondents explained that on average, 45.39% of respondents answered questions correctly about personal finance, loans and savings, insurance and investment. This number is lower than the level of financial literacy in other countries such as America at 52.87% and Australia at the level of 53%.

The study of literacy rates in Malaysia conducted by Shaari et al (2013) explains that shopping habits and duration of education have a positive and significant relationship to financial literacy, while age and gender have a negative relationship with financial literacy. Another empirical evidence conducted by Koh and Mitchell (2019) explains that there is no significant difference between part-time workers and full-time workers on the level of financial literacy in Singapore. Another result of this study publics that respondents with higher levels of financial literacy will have more enormous wealth than individuals who have low levels of financial literacy.

This research focuses on financial knowledge because, according to Lusardi (2019), financial literacy must be viewed as a fundamental right and need for all levels of society, not only owned by people with certain level. Besides, financial literacy is also an essential skill that has a significant impact on individuals, families, and also the economy (Oseifuah et al, 2018). Furthermore, financial knowledge will contribute positively to better financial decision-making processes (Bianchi, 2017; Brown et al, 2018). High levels of financial literacy have a positive impact, not only for households but also for a country's financial and economic stability (OECD-GFLEC, 2018).

The lack of financial literacy in both developed and developing countries needs to be a particular concern by all parties. Research conducted by Lusardi (2019) explains that financial literacy is at a crisis level. The average community can only answer questions correctly about financial literacy related to inflation, compound interest rates, and risk diversification, which is 30%. The main focus of this research is to measure the level of financial literacy of students in public and private universities with the following considerations: 1) the younger generation is becoming a government priority in terms of increasing financial literacy, besides women; 2) knowledge of student financial literacy is the first step to create financial habits at a young age that will bring benefits to financial

management in the future; 3) preventing young people from making inappropriate financial decisions (Bruhn et al, 2016; Chatterjee, 2018).

This study tries to develop previous research by looking at the comparison between the level of financial literacy of students in public and private universities in Indonesia by taking samples in the city of Palembang. Furthermore, this study will provide an initial overview which will then be followed up by mapping and providing training to respondents who have the lowest level of financial literacy. This step was taken by considering that understanding financial literacy for the younger generation is an essential factor in preparing financial conditions in the future and supporting the Indonesian government's target to increase public financial literacy.

Literature Review

Financial Literacy

Basic knowledge of finance is an important topic for both policy makers and academicians. Financial literacy is essential because of the importance of preparing people's financial needs in the future. For individuals, an understanding of financial literacy provides an alternative allocation of assets or a broader investment platform. This understanding of financial literacy has a positive impact related to the ability to achieve optimal returns and risk mitigation. According to Hsiao and Tsai (2017) individuals with high levels of financial literacy benefit from the ability to buy complex financial derivative products. In addition, people with adequate financial literacy also has a positive impact on the government because they will contribute positively to a country's economic stability.

An empirical study by Monticone (2011) mentions factors that influence the level of individual financial literacy, among others, socio-demographic characteristics, family background, level of individual wealth, and time preference. Based on socio-demographic, it can be explained that people who are based on ethnic minorities, especially women, have relatively lower levels of financial literacy than individuals from ethnic majority. Mother's education level as a proxy for family background is positively correlated with the level of family financial literacy. Furthermore, families with higher levels of prosperity tend to have higher levels of financial literacy.

An understanding of financial literacy also encourages individuals to have a sufficient financial behavior and provide benefits in terms of wealth accumulation, participation in capital markets, portfolio diversification, pension fund management, and responsibility for financial preparation in the future. Communities with well-managed financial behavior will encourage individuals to invest. The accumulation of investment activities will encourage a country's economic activities to run more effectively and ultimately be able to create economic growth and job opportunities.

Financial Illiteracy Consequences

The ability of individuals to make financial decisions has an essential role in creating a more efficient allocation of financial assets, both at the macro and micro levels (Klapper et al, 2013). On the other hand, limited knowledge of financial literacy also dissertive people in term of understanding the investment products, lacking of knowledge on how to manage

money, and facing difficulties in making appropriate financial decisions. In a broader spectrum, low levels of financial literacy can create unstable economic conditions.

Financial illiteracy toward investment products will cause individuals to invest only in one financial asset. In other words, the investor does not implement the process of risk diversification of the assets owned. For example, investors only invest in the stock market. In the event of a market shock (crisis) in the stock market, the investor's assets will experience potential losses. The potential loss can be mitigated by allocating money in various other investment instruments such as bonds, gold or other financial assets.

Furthermore, proper financial management plays a pivotal role in preparing future financial needs. People with lower levels of financial literacy tend to spend the money, which is not necessarily related to the preparation of retirement funds. If this phenomenon occurs in large numbers, it will cause new problems for the government. The government must allocate some money as a consequence of the large number of elderly people who do not have sufficient funds to live. That phenomenon could have been prevented if the public understood financial literacy, especially in managing money for their future finance.

Methods

Data and Sample

This study applies a purposive sampling approach to collect data with criteria that sample is an undergraduate student from public or private university students in Palembang. Researcher distributed questionnaires online through Google Form to students from public and private universities of 750 respondents. Total participation of respondents who completed the questionnaire was 608 people or 81% of the total questionnaires distributed. Data were collected from six different universities, including Universitas Sriwijaya (Unsri), UIN Raden Fatah Palembang (UIN), and Politeknik Negeri Sriwijaya (Polsri), which were respondents from public universities. At the same time, the private universities are represented by the Universitas Indo Global Mandiri (IGM), Universitas Muhammadiyah Palembang (UMP) and Universitas Binadarma (Bidar).

Survey Instrument

The questionnaire refers to the Standard & Poor's Rating Services Global Financial Literacy Survey conducted on the young generation in more than 100 countries in the world involving 150,000 respondents (Klapper et al, 2013). Knowledge of financial literacy is measured using questions around numeracy and compound interest, inflation and risk diversification. These questions include: 1) Questions of numeracy and compound interest, for example, you have Rp. 1,000,000 (Rp. 1 million) in savings account with an interest rate of 2% per year. After five years, how much money do you think is in your savings account ?; 2) Inflation question is suppose that the interest rate on your savings account is 1% per year and the inflation rate is 2% per year. After one year, how much money can you use to buy ?; 3) The risk diversification question is, please tell me whether this publicment is true or false. "Buying a company stock usually has a lower risk than buying a mutual fund stock"?

Technique for Analysing the Data

The main objective of this study is to answer questions from students from private or public universities that have a better level of financial literacy. Descriptive statistical analysis method (Eviews) used to determine the level of financial literacy refers to the research of Borodich et al (2010) with the title Comparative Analysis of the Levels of Financial Literacy among Students in the U.S., Belarus, and Japan. Furthermore, the study will also explain the implications of the impact of the low level of literacy carried out by conducting a literature review regarding financial literacy (Martin, 2007).

Findings

Table 1. **Aggregate Respondents by Gender and Universities**

Gender	Public			Private		
	Unsri	Polsri	UIN	IGM	UMP	Bidar
Men	52	22	13	96	14	7
Women	80	34	47	208	20	15
Total	132	56	60	304	34	22
Respondents (%)	22%	9%	10%	50%	6%	4%
Total	248			360		
Total Respondents (%)	41%			59%		

Based on Table 1 above it can be explained that the number of the respondent was 608, consisting of 404 female respondents and 204 male respondents. Table 1 also describes that female respondents' participation was almost twice compare to male respondents. The number of respondents from public universities was 248 (41%) consisting of Unsri 132, Polsri 56, and UIN 60 respondents, while respondents from private universities were 360 (59%), namely IGM 304, UMP 34 and Bidar 22 respondents. Furthermore, the total number of private campus respondents were 18% more higher than public universities participation.

Table 2. **Descriptive Statistics of Variables**

	Public			Private		
	Unsri	Polsri	UIN	IGM	UMP	Bidar
Mean	0.450000	0.433333	0.490000	0.463333	0.380000	0.196667
Median	0.440000	0.430000	0.450000	0.460000	0.320000	0.230000
Maximum	0.640000	0.570000	0.600000	0.620000	0.530000	0.270000
Minimum	0.270000	0.300000	0.420000	0.310000	0.290000	0.090000
Std. Dev.	0.185203	0.135031	0.096437	0.155027	0.130767	0.094516
Skewness	0.098906	0.045323	0.630904	0.039483	0.665469	-0,567317
Kurtosis	1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
Jarque-Bera	0.286141	0.282277	0.480270	0.282029	0.502674	0.442174
Probability	0.866693	0.868369	0.786522	0.868477	0.777760	0.801647

Table 2 displays the results of descriptive statistics using Eviews software version 9. The data explains that the highest mean value is 49% (UIN), while the lowest mean value comes from Bidar (19%). The maximum value of 64% explains that the correct answer about financial literacy is 64%, derived from the entire Unsri campus correct answers to questions about numeracy & compound interest. In comparison, the minimum value of 9% is obtained from the least number of correct answers by respondents from Bidar related to risk diversification. The value of skewness indicates the distribution of data. In general, if the skewness value is equal to or close to 0, then the data is normally distributed. In general, the skewness value is close to 0, and all are positive, except for skewness from Bidar university, which is negative.

Table 3. Aggregate Statistics (Correct Answers)

Themes	Public			Private		
	Unsri	Polsri	UIN	IGM	UMP	Bidar
Numeracy & Compound Interest	84	32	36	188	18	6
Inflation	58	24	27	141	11	5
Risk Diversification	35	17	25	93	10	2
Numeracy & Compound Interest (%)	64%	57%	60%	62%	53%	27%
Inflation (%)	44%	43%	45%	46%	32%	23%
Risk Diversification (%)	27%	30%	42%	31%	29%	9%
Numeracy & Compound Interest	152			212		
Inflation	109			157		
Risk Diversification	77			105		
Numeracy & Compound Interest (%)	61%			59%		
Inflation (%)	44%			44%		
Risk Diversification (%)	31%			29%		

The results of public university students have a better understanding of financial literacy compared to private universities. These can be seen from the respondents of the public students correctly answering the question 2% higher than students from private universities, for questions related to numeracy & compound interest and risk diversification. Public students answered questions about numeracy & compound interest by 61%, while respondents from private campuses were only 59%. Furthermore, the correct answer about risk diversification is 31% or 2% higher than students from private campuses which is 29%. While the understanding of inflation for both respondents from public and private campuses is the same, which is 44%. According to the Table 3, it can also be explained that in general, the level of understanding of students both in public and private campuses regarding numeracy & compound interest is relatively two times higher than that of risk diversification.

Furthermore, when viewed from the respondents of each public campus, Unsri students were able to answer financial literacy questions about numeracy & compound interest by 64%, or higher compared to two respondents from other public campuses, respectively Polsri 57%, and UIN 60%. These data are inversely proportional to Unsri student's ability to answer questions about risk diversification of only 27%, or the lowest compared to two other public universities namely, UIN 42% and Polsri 30% respectively. As for the knowledge of financial literacy regarding inflation, UIN students are superior with a score of 45%, compared to Unsri 44% and Polsri 43%.

Table 3 also explains that private universities have a higher level of financial literacy regarding numeracy & compound interest compared to the knowledge of inflation and risk diversification. Total respondents from private universities were able to correctly answer questions around numeracy & compound interest by 59%, relatively two times higher than students' knowledge in understanding risk diversification. In more detail, respondents who are able to answer higher questions are IGM, which is 62% for correct answers about numeracy & compound interest whereas the lowest answer related to risk diversification is Bidar with a total of 9% correct answers.

Table 4. **Aggregate Statistics (Correct Answers by Gender)**

Themes	Public						Private					
	Unsri		Polsri		UIN		IGM		UMP		Bidar	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Numeracy & Compound Interest	30	54	9	23	6	30	56	132	7	11	1	5
Inflation	21	37	13	11	6	21	46	95	3	8	2	3
Risk Diversification	17	18	6	11	4	21	30	63	2	8	0	2
Numeracy & Compound Interest (%)	58%	68%	41%	68%	46%	64%	58%	63%	50%	55%	14%	33%
Inflation (%)	40%	46%	59%	32%	46%	45%	48%	46%	21%	40%	29%	20%
Risk Diversification (%)	33%	23%	27%	32%	31%	45%	31%	30%	14%	40%	0%	13%
Numeracy & Compound Interest (Men %)	51%						55%					
Inflation (Men %)	45%						44%					
Risk Diversification (Men %)	31%						27%					
Numeracy & Compound Interest (Women %)	67%						61%					
Inflation (Women %)	43%						44%					
Risk Diversification (Women %)	31%						30%					

Table 4 explains the level of financial literacy by gender. Respondents from public universities have a better understanding of financial literacy compared to male and female respondents from private universities. The highest level of financial literacy about numeracy & compound interest is Unsri female students, 67% of correct answer, while private female students were only 61%. With the same question, male respondents from public universities can only answer correctly by 51%, or 4% lower compared to the correct answers of male respondents from private universities (55%).

Financial literacy regarding inflation, Unsri male students have 1% higher knowledge compared to other respondents, which is 45%, while respondents, both male and female private by 44%. Furthermore, financial literacy on the risk diversification of private student is only 27%, smaller than 30% of private women. The knowledge of male and female respondents from public universities about risk diversification is the highest, with a total of 31% correct answers. In addition, female campus respondents (Unsri and Polsri) understand better about financial literacy related to numeracy & compound interest, with a total of 68% correct answers, or 4% higher than female respondents from UIN campus at 64%. In contrast, male students from public universities know numeracy & compound interest, namely Unsri 58%, Polsri 41%, and UIN 46% respectively.

Overall, female university respondents have better understand of risk diversification compared to male students, except Unsri. The fact can be seen from the female respondents being able to answer the questions correctly each of UIN 45%, Polsri 32%, and Unsri 23%, while male student respondents were able to answer questions about risk diversification correctly including UIN 31%, Polsri 27% and Unsri 33%. Although, male Polsri respondent has better understanding on inflation. It can be seen from the results of male respondents from the Polsri answering questions correctly by 59% compared to the other two campuses, UIN 45% and Unsri 40%.

Table 4 also explains that male respondents from IGM has better understanding of financial literacy than the other two private campuses. This fact can be describes from the results of male respondents who were able to answer questions around numeracy & compound interest by 58%, 8% higher than respondents from the UMP, whereas male students from Bidar who were able to answer the questions of numeracy & compound interest were only 14%, the lowest compared to male respondents, both on private and public campuses. Furthermore, the knowledge of female respondents from IGM was relatively two times higher compared to respondents from Bidar, 63% and 33% respectively whereas female respondents from UMP who answered about numeracy & compound interest was 55%.

Furthermore, IGM female student has a higher score than the two other private university respondents related to inflation. The correct answer about IGM female student inflation is 46%, twice as high as female respondents from the Bidar, which is 20%. Regarding risk diversification, female respondents in the Bidar only answered correctly at 13%, the lowest compared with female respondents from UMP and IGM at 40% and 30% respectively. In addition, none of the male respondents in Bidar was able to answer the question about risk diversification correctly.

Table 5. Number of Questions with Lower and Higher %age of Correct Answers

Question with Correct Answer	Public						Private					
	Unsri		Polsri		UIN		IGM		UMP		Bidar	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
No Correct Answer	9	10	7	7	4	7	21	37	4	6	4	7
1 Correct Answer	23	38	6	16	3	15	32	77	8	5	3	5
2 Correct Answers	15	26	6	4	5	18	31	72	2	5	0	3
3 Correct Answers	5	6	3	7	1	7	12	22	0	3	0	0
No Correct Answer %	17%	13%	32%	21%	31%	15%	22%	18%	29%	30%	57%	47%
1 Correct Answer %	44%	48%	27%	47%	23%	32%	33%	37%	40%	25%	43%	33%
2 Correct Answers %	29%	33%	27%	12%	38%	38%	32%	35%	14%	25%	0%	20%
3 Correct Answers %	10%	8%	14%	21%	8%	15%	13%	11%	0%	15%	0%	0%
No Correct Answer (Men %)	23%						25%					
1 Correct Answer (Men %)	37%						37%					
2 Correct Answers (Men %)	30%						28%					
3 Correct Answers (Men %)	10%						10%					
No Correct Answer (Women %)	15%						21%					
1 Correct Answer (Women %)	43%						36%					
2 Correct Answers (Women %)	30%						33%					
3 Correct Answers (Women %)	12%						10%					
No Correct Answer %	18%						22%					
1 Correct Answer %	41%						36%					
2 Correct Answers %	30%						31%					
3 Correct Answers %	12%						10%					

As seen in Table 5, the level of student financial literacy on public and private universities are still low. Respondents from public universities that correctly answered all financial literacy questions were 12%, 2% higher than respondents from private campuses (10%). The level of financial illiteracy, both on public and private, are always twice as high as that of respondents who have financial literacy. For example, public university respondents who answered all questions incorrectly were 18%, or 6% higher than those who answered all questions correctly.

Respondents from private universities have a higher level of financial literacy gap, with 10% correct answers, while all incorrect answers reach 22%. Table 5 also explains that the level of financial literacy of female respondents is higher than men, both in private and public universities. Total male private campus respondents who answered all questions incorrectly was 25%, this figure being the respondents with the highest incorrect answers compared to other respondents. Respondents of male public universities who could not answer all questions correctly were 23% and private 25%.

The majority of respondents can only answer one financial literacy question correctly. This data can be seen from 43% of female respondents from public and 36% of private university. Although, male respondents from public and private universities correctly answered one question was 37%. Female respondents from Polstri who were able to answer all financial literacy questions correctly were 21%, or twice as large as female respondents from Unsri and men at UIN, with a value of 8%. This literacy rate is inversely proportional to male respondents who cannot answer all questions by 32%, male Polstri respondents as the second largest respondents who do not answer all financial literacy questions correctly. Besides, Unsri female students were the lowest respondents regarding the number of respondents who could not answer all financial literacy questions correctly, which was 13%.

Table 6. Number of Correct Answers Compare to the Mean Score

Question with Correct Answer	Public						Private					
	Unsri		Polstri		UIN		IGM		UMP		Bidar	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Numeracy & Compound Interest	58%	68%	41%	68%	46%	64%	58%	63%	50%	55%	14%	33%
Inflation	40%	46%	59%	32%	46%	45%	48%	46%	21%	40%	29%	20%
Risk Diversification	33%	23%	27%	32%	31%	45%	31%	30%	14%	40%	0%	13%
Mean Score University	46%						35%					
Mean Score Aggregate	40%											

Based on Table 6, it can be concluded that the answers of all respondents are below the mean value of both public and private universities, related to risk diversification, except female respondents from private campuses (UMP). UMP female respondents were able to answer questions correctly about financial literacy by 40%, or 5% higher than the mean value of private universities by 35%. However, that number is still lower than the mean score of the overall public universities, but has the same value as the mean universality score. This fact is inversely proportional to student knowledge about numeracy & compound interest. Most respondents, both public and private students, scored above average, except for Bidar. The understanding of private campus respondents about inflation is better than that of public student respondents. This data can be seen from Polstri male respondents who answered the questions correctly above the mean score, while UIN and Unsri were below or equal to the mean value of 46%. This figure does not include male police respondents who were able to answer the inflation question correctly by 59%.

The lowest answer values for questions about numeracy and compound interest on private campuses were male and female respondents from Bidar, 14% and 33% respectively. This figure is lower than the mean value of private campuses by 35%. As for the public campus, almost all respondents can answer the question correctly, except male respondents from the Police, who have the correct numeracy & compound interest answers at 41%, or 5% lower than the mean value of the public campus which is 46%.

Furthermore, respondents who were able to answer questions about inflation higher than the mean were male and female respondents from IGM by 48% and 46%, and female

respondents UMP 40%. Whereas male respondents from UMP and Bidar (male and female) have the right answer below the mean value. Just like the risk diversification question, male respondents from Bidar cannot answer the question correctly, and Bidar female students can only answer 13%. This figure is only 1% difference compared to male student respondents from UMP, which is 14%. In contrast, female students from the UMP campus were able to answer risk diversification questions correctly by 40%, 5% higher than the mean value of private campuses by 35%.

The low level of private university students' financial literacy is driven by low student knowledge in answering questions about risk diversification. Students correctly answer risk diversification questions by 29%, or correct answers with the lowest level compared to other financial literacy answers, such as inflation 44% and numeracy by 59%. The low level of financial literacy has at least three negative consequences, such as poor money management skills, little knowledge of investment products, and other harmful financial habits that can impact on daily financial decisions.

Conclusion

This study answers questions about private or public students who have higher levels of financial literacy. The results of the analysis explain that the level of financial literacy of public university students are higher than students from private universities, although the difference is not too significant. The survey of 608 respondents found evidence that the difference in the financial literacy levels of private and public students was only 2%, with details of students from public universities being able to answer all financial literacy questions correctly by 12% as well as respondents from private university is 10%.

Numeracy & compound interest is the subject of financial literacy that is most understood by respondents. This fact is seen from the average of correct answers, reaching 52%. The average respondent from a public university correctly answered questions about numeracy & compound interest as much as 57%, or 11% higher than the correct answer from a private campus respondent which is 46%. Respondents' knowledge about inflation is lower than numeracy & compound interest. Respondents from private universities were able to answer questions about inflation by only 34%, lower than respondents from public universities with 45% correct answers.

Furthermore, respondents' knowledge from the public and private universities about risk diversification is still low. This fact is seen from the average value of the correct answers of all respondents, only 27%. Respondents from public universities have a correct answer 10% higher compared to respondents from private campuses with a value of 32% and 22% respectively. In addition, the low level of financial literacy has negative implications. For example, individuals who do not know numeracy & compound interest will have difficulty in managing finances. For instance, they will assume by allocating money in a saving account will make them richer. In fact, under normal conditions, the yield from savings interest is always lower than the level of inflation. In addition, the limited knowledge related to risk diversification will increase risk because individuals tend to allocate their funds by investing in one financial asset.

Further research will deepen the area of discussion by involving broader respondents and covering a variety of professions, ages, gender, including looking at the relationship

between the level of financial literacy and individual participation in the capital market industry. This information is needed to measure the level of public financial literacy and how they utilize the knowledge of financial literacy to support financial decision-making processes, both for the benefit of individuals, organizations, and societies.

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