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The Influence of Financial Literacy and Materialism on Saving Behavior: A Case Study of Indonesia Banking School Students

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Abstract
Purpose: This study investigates the influence of financial literacy and materialism on the savings behavior of Indonesian Banking School students.
Design/methodology/approach: Financial literacy and materialism levels were measured through questionnaires, revealing that the majority of respondents were 19-20 years old, female, single, engaged in part-time work, and received a monthly allowance below 1.000.000 IDR from their parents. Regression analysis identified a positive influence of financial literacy on savings behavior, while materialism exhibited a negative relationship.
Findings: The findings suggest a potentially positive outlook on future financial habits among young Indonesians. To further promote financial well-being, the study recommends integrating financial education into the curriculum at all levels.
Originality/value: The study contributes to national financial inclusion and human resource development goals.

Keywords: Financial Literacy, Saving Behavior, Materialism

Introduction

The contemporary global economic landscape is fraught with challenges, ranging from the lingering uncertainty of the COVID-19 pandemic to the ongoing conflict in Ukraine. Amidst these external pressures, nations like Indonesia face additional internal hurdles such as income inequality and unemployment, exacerbating the strain on citizens' finances. In such a milieu, fostering robust financial resilience at both individual and national levels becomes imperative to navigate unforeseen events effectively and mitigate their repercussions.

A pivotal strategy in building resilience lies in the fundamental economic principle of saving. At the individual level, saving significantly influences financial stability and wealth accumulation through effective financial planning. Similarly, at the national level, saving constitutes a critical variable in economic development. By bolstering domestic investment, a strong domestic savings base fosters self-reliance, diminishes reliance on foreign capital, and enhances internal financial stability, ultimately propelling a country's growth and prosperity.

Indonesia, boasting the fourth largest population globally at approximately 270 million, currently ranks as the 16th largest economy. With projections indicating its ascent to the top five economies by 2030 (The World Bank, 2024), the nation has witnessed recent economic growth and prosperity. However, a stark contrast emerges in the declining savings rate. From a record high of 34.7% in 2011 (Sihono & Yusof, 2012), the rate plummeted to 22.8% in 2022 (Yuanda et al, 2023), falling below the regional average of 32.4% in East Asian countries (The

World Bank, 2024). This decline poses a potential threat to Indonesia's future economic development across multiple levels. Firstly, it could impede infrastructure development, which is pivotal for sustained growth. Secondly, it could adversely affect individual social welfare, particularly for vulnerable groups such as students. Faced with financial pressures, many students lack income and savings and may even rely on parents with limited resources (Brodjonegoro, 2022). This can lead to funding shortages, impacting their ability to manage personal finances and potentially influencing their lifestyle and consumption patterns (Sadalia, 2012).

Saving money serves as a cornerstone of economic prosperity. High savings rates are recognized as a key indicator of a nation's financial health and strength. These savings contribute to a country's investment capacity, which in turn fuels production and employment growth. At the individual level, fostering a culture of saving among children, teenagers, and particularly students, is crucial for achieving future financial security and independence. Cultivating these habits is essential across all age groups, requiring consistent attention and action.

Sabri et al (2010) highlight a concerning trend among Malaysian university students – a propensity to forgo saving despite receiving a scholarship. This behavior is attributed to a lack of financial literacy, leading students to spend lavishly on non-essential items and potentially face financial difficulties later. These findings align with research by Danes et al. (1999), who suggest that university students experience increased financial freedom but may lack the skills to manage it effectively. Studies conducted in the United States and elsewhere consistently report that students face both high spending opportunities and low financial literacy, potentially leading to impulsive spending decisions. Furthermore, research by Hauff and & Nilsson (2020) and Addo et al (2016) indicates a similar pattern among teenagers, who often make purchases without considering their future debt repayment capacity, potentially leading to over-indebtedness. As highlighted by Péter and Ambilikumar (2020) and Ghayad and Shayya (2022), effective money management skills are crucial for young people to make informed financial decisions and navigate their financial situations effectively.

While numerous studies have explored factors influencing student saving behavior, the majority have focused on isolated variables. This research aims to address this gap by examining a broader range of factors simultaneously. By considering multiple factors in a holistic manner, this study seeks to achieve a more comprehensive and accurate assessment of the determinants of student saving behavior. Recognizing the critical role of saving behavior in achieving economic prosperity, this research investigates the influence of financial literacy and materialism on savings behavior of Indonesia Banking School students. Given their imminent entry into the workforce, this population represents a crucial segment for fostering national savings in the future. The study findings aim to provide valuable insights for multiple stakeholders. Students will benefit from practical guidelines for financial planning and motivation to cultivate stronger saving habits. Additionally, policymakers will gain insights to inform the development of effective strategies for promoting and cultivating responsible saving practices among young adults.

Literature Review

Saving Behavior

Financial behavior encompasses the array of decision-making patterns and actions individuals employ in managing their finances over time. These actions span spending habits, saving practices, investment choices, and even administrative tasks like opening or closing retirement accounts (Péter & Ambilikumar, 2020). Conversely, savings constitute the portion of income left after essential expenses have been met. This surplus serves various purposes, including future needs, handling emergencies, or achieving specific goals (Chayakornsopit, 2020); Brounen et al, 2015) From a psychological standpoint, saving often involves a deliberate decision to allocate a portion of income for anticipated future necessities.

Financial Literacy

Lusardi (2019) and Lusardi & Mitchell (2011) define financial knowledge as more than just understanding financial concepts; it also involves possessing the skills, motivation, and confidence to apply this knowledge effectively in various financial situations. They stress the importance of providing continuous and tailored financial education to different audiences. This perspective, supported by Surendar & Sarma (2018), underscores financial knowledge as crucial for effectively managing financial resources to achieve financial well-being. This entails understanding one's financial situation, cultivating saving discipline, and making informed decisions regarding budgeting and fund allocation. Ultimately, financial knowledge empowers individuals to strategically maximize their financial resources.

Financial knowledge stands out as a significant determinant of savings behavior. Research consistently reveals a positive correlation between financial literacy and the propensity to save. For instance, Meeampol (2014) examined the influence of financial knowledge and savings behavior on retirement planning among working-age adults in Bangkok. His findings indicated that financial literacy positively impacts both savings allocation and expense control, facilitating effective retirement planning. Similarly, Chaichiraviwat (2020) investigated the impact of exposure to financial news on the knowledge, attitudes, and retirement savings behavior of informal sector workers within an aging society. The study identified a positive association between financial knowledge and retirement savings behavior, suggesting that it equips individuals with the skills needed to plan their finances effectively, leading to increased retirement savings. The author further highlights the importance of targeted financial education to address knowledge gaps and potentially enhance saving habits.

Furthermore, research by Sabri et al (2010) explored the relationship between savings behavior, financial problems, and financial literacy among Malaysian college students. Their findings indicated that students with higher scores on financial literacy tests were more likely to engage in saving behaviors and experience fewer financial difficulties. This underscores the pivotal role of financial knowledge in shaping saving behaviors and highlights the potential benefits of enhancing financial literacy among young adults.

Materialism

Materialism, a multifaceted psychological concept, has been defined in various ways. Belk (1985) characterizes it as a personality trait marked by acquisitiveness and possessiveness, highlighting individuals' emphasis on possessions and their significance in life satisfaction. Expanding on this notion, scholars like Richins & Dawson (1990) conceptualize materialism as a set of personal values revolving around the pursuit of happiness, success, and self-worth through material possessions. Segev et al. (2015) identify three core themes through which materialism can be understood. Firstly, centrality refers to the importance materialists attach to acquiring goods and services. Secondly, happiness reflects their belief that possessions are crucial for achieving satisfaction. Lastly, success signifies their tendency to evaluate themselves and others based on the quantity and quality of possessions they possess.

A review of relevant research, such as 's (2003) study on materialism's link to spending, saving, and debt, indicates that individuals with higher materialistic values tend to exhibit increased consumption and decreased savings. This inclination stems from their focus on possessions and the desire to showcase them to others. They prioritize acquiring goods and services perceived as impressive, often at the expense of saving and living within their means. Similarly, Pangestu and Karnadi (2020) examined the impact of financial literacy and materialism on saving decisions among Generation Z Indonesians. The findings show a negative association between materialism and saving behavior which align with the study of Watson (2023). Additionally, Lučić et al. (2021) explored the influence of materialism on impulsiveness and responsible financial behavior among young adults. Their research concluded that materialism fosters cognitive impulsiveness, leading to irresponsible financial decisions that could jeopardize young consumers' future financial stability.

Theoretical Framework and Hypothesis Development

The theory of planned behavior (TPB), introduced by Ajzen (1991), builds upon the groundwork laid by the theory of reasoned action (TRA), developed by Ajzen and Fishbein in 1975. TPB aims to elucidate the factors driving specific behaviors. Central to the theory is the concept of intention, which is influenced by three primary factors. Firstly, attitude toward the behavior reflects an individual's positive or negative evaluation of engaging in behavior. Secondly, subjective norm encapsulates the perceived social pressure to either perform or abstain from the behavior. Lastly, perceived behavioral control pertains to an individual's belief in their capability to successfully carry out the behavior. TPB posits that a stronger intention to enact a behavior correlates with a heightened probability of successful execution. Essentially, TPB operates on the assumption that individuals behave rationally, considering available information and potential consequences before making decisions. According from previous studies, two hypotheses are developed:

H1: There is a significant relationship between financial literacy and saving behavior of Indonesia Banking School students.

H2: There is a significant relationship between materialism and saving behavior of Indonesia Banking School students.

Figure 1 serves as the foundational framework for this study, adopted from Lim (2011). It is designed to elucidate the relationship between the independent variables (financial literacy and materialism) and the dependent variable (saving behavior).

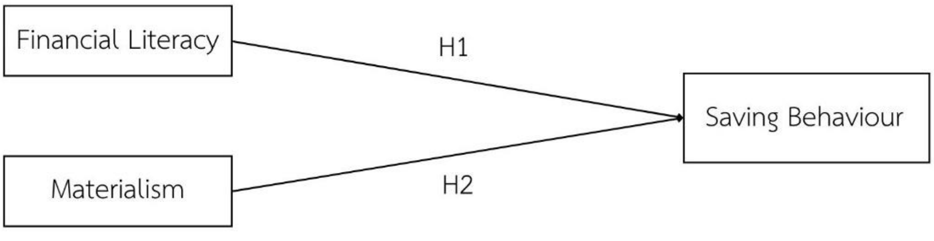

Figure 1: Theoretical Framework

Research Methodology

Research Design

Given the descriptive, empirical, and deductive nature of this study, the quantitative research method is employed. A survey questionnaire serves as the primary tool for quantitative data collection. The study utilizes a cross-sectional design, gathering data at a single point in time from students enrolled at the Indonesia Banking School during the semesters spanning from 2020 to 2023. The individual serves as the unit of analysis for this study.

Population and Samples

In research, a population refers to the complete set of elements (such as individuals, events, or objects) sharing specific characteristics relevant to the study (Bougie & Sekaran, 2019). The population for this study comprises undergraduate students currently enrolled at the Indonesia Banking School. The population data is derived from the school's official records, which encompass a comprehensive list of all undergraduate students admitted during the 2020-2023 intake period. These records indicate a total population of 524 students.

A sample represents a subset of the population studied to allow for generalizations to the broader population of the study (Bougie & Sekaran, 2019; Lakens, 2021). Given the impracticality of collecting data from the entire population, determining an appropriate sample size becomes crucial (Lakens, 2021). Bujang (2015) suggests that for populations numbering in the hundreds, a sample size ranging between 15% and 35% is generally deemed sufficient for research purposes. With the population size for this study known (N = 524), targeting a sample size of 15% yields 79 participants. To facilitate data collection practicality, the sample size is 80.

Data Collection Procedure

This study utilizes a self-administered questionnaire as the primary method of data collection. Data collection is conducted through a self-administered electronic questionnaire distributed among undergraduate students at the Indonesia Banking School. A convenience sampling approach is adopted, with the questionnaire distributed through online platforms such as Instagram and WhatsApp.

Variables

The variables utilized in this study were operationalized through a questionnaire adapted from previous research. Saving behavior is measured by adopting five items from Zuraina (2018) as show in Table 1. Financial literacy is measured by adopting ten items from Hizgilov & Silber (2020); Vieira et al (2020) and Ranyard et al (2020) as show in Table 2. Materialism is measured by adopting ten items from Potrich & Vieira (2018) as show in Table 3.

Table 1: Items for saving behavior

No.	**Items**
1.	I save money regularly against future needs.
2.	In order to save, I often compare prices before I buy.
3.	In order to save money, I often consider whether I really need something before I buy.
4.	I always have money available in the event of emergency.
5.	I save to achieve certain goals.

Table 2: Items for financial literacy

No.	**Items**
1.	I have the habit of keeping accounts.
2.	Managing my money well is not a difficult problem for me.
3.	I can manage my credit consumption very well.
4.	I can make a weekly/monthly budget for myself.
5.	I have a better understanding of financial instruments. (eg. bonds, stock, T-bill, future contract, option and etc.).
6.	I have a very clear idea of my financial needs during retirement.

No.	Items
7.	I have the ability to maintain financial records for my income and expenditure.
8.	I have little or no difficulty in managing my money.
9.	I often learn about financial information consciously.
10.	I have better understanding of how to invest my money.

Table 3: Items for materialism

No.	Items
1.	Things that I own show others how well I am doing in life.
2.	I like owning stuff that impress others.
3.	I admire people who own expensive houses, clothes, and cars.
4.	Buying things give me pleasure.
5.	I like living a luxurious life.
6.	My life would be better if I owned certain things that I do not (yet) have My life would be better if I owned certain things that I do not (yet) have.
7.	I would be happier if I could buy more things.
8.	It bothers me that I am unable to afford the things I want to buy.
9.	I usually buy only the things I need.
10.	I enjoy spending money on things that aren't practical.

A five-point Likert scale ranging from (1) "Strongly Disagree" to (5) "Strongly Agree" was used in the questionnaire, as it is considered a reliable and user-friendly response format (Bougie & Sekaran, 2019). The questionnaire is divided into two sections. The first section is demographic data from respondents. The second section includes measurement items for the study's constructs: saving behavior, financial literacy, and materialism.

Data Analysis

Descriptive Analysis involves the description and comparison of variables utilizing measures of central tendency (such as mean, median, and mode) and variability (including standard deviation, variance, and skewness). Descriptive statistics, frequency distributions, and percentage distributions are employed to summarize and interpret the data collected from the questionnaires.

For reliability, a test of Cronbach's alpha is employed to assess the internal consistency of the questionnaire. This test is suitable for multi-item constructs and measures the reliability of items within a scale. A coefficient alpha value between 0 and 1 is obtained, with values closer to 1 indicating greater internal consistency (Hair, 2019). Generally, a value below 0.6 suggests the need for refinement of the measurement instrument.

This study assess normality using skewness and kurtosis, which measure the symmetry and peak of a distribution, respectively. A perfectly normal distribution would exhibit zero skewness and kurtosis (Cain et al., 2016). For multivariate models, the absolute values of skewness and kurtosis for all variables should ideally fall within ±1 to satisfy normality assumptions (Kim, 2015; Mardia, 1970).

Inferential analysis is employed to test the hypotheses developed in the research by examining the relationships between the two independent variables (financial literacy and materialism) and the dependent variable (saving behavior). This study employs multiple regression analysis to examine the research hypotheses. This statistical technique is used to investigate how a dependent variable relates to and is influenced by two or more independent variables (Pallant, 2020). Multiple regression is particularly suitable for this research because it allows us to assess the combined and individual effects of the independent variables on the dependent variable (Pallant, 2020). In essence, multiple regression analysis will be used to explore the relationships between the independent variables (financial literacy and materialism) and the dependent variable (saving behavior), as well as the relative influence of each independent variable. Furthermore, the analysis yields the R-squared (R^2) value, which indicates the proportion of variance in the dependent variable explained by the independent variables. This information is crucial for understanding the explanatory power of the model (Pallant, 2020).

Empirical Findings

Descriptive Analysis

Table 4 shows that the majority of the respondents are female (77.5%), while males represent the minority (22.5%). The majority of the respondents fall into the age group of 19 to 20 years old (67.5%), followed by the age group of 21 to 22 (16.3%) and 18 and below (12.5%). Meanwhile, only 3.8% of the respondents fall into the age group of 23 years old and above. The majority of the respondents are enrolled in Management (58.5%), followed by Financial Management and Sharia Banking (22.5%) and Accounting (18.3%). All the respondents (100%) are single. It is found that 76.3% of the respondents did not engage in part-time work, whereas 23.8% reported that they did. The majority of respondents receive an allowance below 1,000,000 IDR (45.0%) per month from their parents, followed by allowances between 1,000,001 – 2,000,000 IDR (36.3%) and 2,000,001 – 3,000,000 IDR (11.3%). The results show that only a small portion of respondents receive a substantial allowance from their parents, with 5.0% falling into the range above 4,000,000 IDR, and only 2.5% receiving allowances between 3,000,001 – 4,000,000 IDR.

Table 4: Descriptive Analysis

Gender	**Frequency**	**Percent**
Male	18	22.5
Female	62	77.5
Total	80	100.0
Age		
18 and below	10	12.5
19-20	54	67.5
21-22	13	16.3
23 and above	3	3.8
Total	80	100.0
Major of study		
Management	18	22.5
Financial Management and Sharia Banking	47	58.7
Accounting	15	18.8
Total	80	100.0
Marital status		
Single	80	100
Married	0	0
Total	80	100.0
Engagement in Part-time Job		

No	61	76.3
Yes	19	23.8
Total	80	100.0
Monthly Allowance from Parents		
Below 1.000.000 IDR	36	45.0
1.000.001 – 2.000.000 IDR	29	36.3
2.000.001 – 3.000.000 IDR	9	11.3
3.000.001 – 4.000.000 IDR	2	2.5
Above 4.000.000 IDR	4	5.0
Total	80	100.0

Measurement of Constructs

Saving Behavior

Table 5 demonstrates that the highest mean of 4.05 is falls on SB3 and SB5; while SB4 scores the lowest mean (3.80). In contrast, SB1 (1.055) has the highest scores on standard deviation; whereas SB4 has the lowest value of 0.947. All the statements for SB are negatively skewed while four statements with positive values for kurtosis have peaked distributions. All the statements are deemed to be normally distributed as the value for skewness and kurtosis are within the range of ± 1.

Table 5: Summary of Central Tendency for Saving Behavior

No.	Items	Mean	Std. Deviation	Skewness	Kurtosis
SB1	I save money regularly against future needs.	3.98	1.055	-1.010	0.657
SB2	In order to save, I often compare prices before I buy.	4.04	0.974	-0.836	0.155
SB3	In order to save money, I often consider whether I really need something before I buy.	4.05	1.018	-0.989	0.562
SB4	I always have money available in the event of emergency.	3.80	0.947	-0.411	-0.271
SB5	I save to achieve certain goals.	4.05	1.030	-1.171	1.185

Financial Literacy

Table 6 demonstrates that the highest mean of 3.93 falls on FL9; while FL8 scores the lowest mean (3.23). In contrast, FL8 (1.190) has the highest score on standard deviation; whereas FL2 has the lowest value of 0.880. All the statements for FL are negatively skewed and three statements with negative values for kurtosis have peaked distributions. All the statements are deemed to be normally distributed as the values for skewness and kurtosis are within the range of ± 1.

Table 6: Summary of Central Tendency for Financial Literacy

No.	Items	Mean	Std. Deviation	Skewness	Kurtosis
FL1	I have the habit of keeping accounts.	3.70	0.947	-0.553	0.280

No.	Items	Mean	Std. Deviation	Skewness	Kurtosis
FL2	Managing my money well is not a difficult problem for me.	3.69	0.880	-0.594	0.830
FL3	I can manage my credit consumption very well.	3.55	0.967	-0.533	0.299
FL4	I can make a weekly/monthly budget for myself.	3.58	0.938	-0.647	0.618
FL5	I have a better understanding of financial instruments. (e.g. bonds, stock, T-bill, future contract, option and etc.)	3.49	0.941	-0.197	-0.450
FL6	I have a very clear idea of my financial needs during retirement	3.69	0.936	-0.470	0.276
FL7	I have the ability to maintain financial records for my income and expenditures.	3.41	1.087	-0.345	-0.481
FL8	I have little or no difficulty in managing my money	3.23	1.190	-0.219	-0.673
FL9	I often learn about financial information consciously.	3.93	0.911	-0.674	0.295
FL10	I have better understanding of how to invest my money	3.84	1.096	-0.970	0.461

Materialism

Table 7 demonstrates that the highest mean of 3.70 falls on MT6; while MT5 scores the lowest mean (3.23). In contrast, MT5 (1.190) has the highest score on standard deviation; whereas MT7 has the lowest value of 0.880. All the statements for MT are negatively skewed and five statements with positive values for kurtosis have peaked distributions. All the statements are deemed to be normally distributed as the values for skewness and kurtosis are within the range of ± 1.

Table 7: Summary of Central Tendency for Materialism

No.	Items	Mean	Std. Deviation	Skewness	Kurtosis
MT1	Things that I own show others how well I am doing in life	3.54	0.954	-0.738	0.805
MT2	I like owning stuff that impress others	3.29	1.070	-0.158	-0.523
MT3	I admire people who own expensive houses, clothes, and cars	3.69	0.936	-0.470	-0.276
MT4	Buying things give me pleasure	3.41	1.087	-0.345	-0.481
MT5	I like living a luxurious life	3.23	1.190	-0.219	-0.673
MT6	My life would be better if I owned certain things that I do not (yet) have My life would be	3.70	0.947	-0.553	0.280

No.	Items	Mean	Std. Deviation	Skewness	Kurtosis
	better if I owned certain things that I do not (yet) have				
MT7	I would be happier if I could buy more things	3.69	0.880	-0.594	0.830
MT8	It bothers me that I am unable to afford the things I want to buy	3.55	0.967	-0.533	0.299
MT9	I usually buy only the things I need	3.58	0.938	-0.647	0.618
MT10	I enjoy spending money on things that aren't practical	3.49	0.941	-0.197	-0.450

Scale Measurement

The research instrument was tested for reliability using Cronbach’s coefficient as reported in the above table. The Cronbach’s alpha for all dimensions exceeds the minimum alpha value of 0.60 (Hair et al., 2019), thus the construct measures are deemed reliable and all items in the construct measures are retained. Table 8 presents this.

Table 8: Summary of Reliability Statistics

Construct	Cronbach’s Alpha	Number of Items
Saving Behavior (DV)	0.920	5
Financial Literacy (IV1)	0.912	10
Materialism (IV2)	0.905	10

Multiple Regression Analysis

Table 9 shows the R_2 for this model is 0.577 which indicates that 57.70% of the variation in the SB (dependent variable) can be explained by FL, and MT (independent variables). According to Table 10, the F-value of 52.498 is significant at the 0.05 level. This indicates that the overall regression model with these two independent variables (FL, & MT) can moderately explain the variation of the dependent variable (SB) (Hair et al., 2017).

Table 9: Model Summary

Model	R	R Square	Adjusted R square	Std. Error of th Estimate
1	0.760^a	0.577	0.566	0.5765

Note: a. Predictors: (Constant), Financial Literacy, Materialism
b. Dependent Variable: Saving Behavior

Table 10: Analysis of Variance (ANOVA)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.901	2	17.450	52.498	$<0.001^b$
	Residual	25.595	77	0.322		
	Total	60.495	79			

Note: a. Predictors: (Constant), Financial Literacy, Materialism
b. Dependent Variable: Saving Behavior

An equation derived from Table 11 is utilized to assess the statistical significance of each independent variable's impact on the dependent variable.

$$\text{Equation: } SB = 0.899 + 1.660FL - 0.827MT$$

The linear equation above shows that FL has a significant positive relationship, but MT has a significant negative with SB. ($p<0.05$). According to the results, FL (β=1.410) has the greatest impact on saving behavior. This can be explained as every unit increase in FL will increase to 1.410 units in SB, holding other variables constant. In contrast, MT (β= -0.690) whereby every unit decrease in MT will increase to 0.690 units in SB. From Table 12, the findings show both hypothesis 1 and hypothesis 2 are supported.

Table 11: Summary of Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.899	0.323		2.785	0.000
	Financial Literacy (IV1)	1.660	0.360	1.410	4.608	<0.001
	Materialism (IV2)	-0.827	0.367	-0.690	-2.254	0.027

Note: a. Dependent Variable: Saving Behavior (DV)

Table 12: Summary of hypothesis testing results from multiple regression analysis

Hypothesis	Relationship	Beta	Decision
H1	Financial literacy and saving behavior	1.410	Supported
H2	Materialism and saving behavior	-0.690	Supported

Discussion and Conclusion

This study examined financial literacy and materialism as factors influencing saving behavior among Indonesia Banking School students. Results showed that both factors significantly impact saving: students with higher financial literacy saved more, while those with stronger materialism saved less. Moreover, it offers insights into financial education and policy aimed at promoting saving among young adults. It highlights the importance of financial literacy and managing materialism for Indonesia Banking School students in building a secure financial future. While limitations exist, this study lays a foundation for further exploration of these factors and their combined role in youth-saving behavior.

The findings show both hypothesis 1 and hypothesis 2 are supported. There is a significant relationship between financial literacy and saving behavior of Indonesia Banking School students. Consistent with expectations, financial literacy exerts a positive influence on savings behavior. Individuals equipped with sufficient financial knowledge are more likely to translate that knowledge into concrete actions through sound financial practices, resulting in increased savings—a reflection of prudent financial decision-making. Notably, despite their youth, the students in this study demonstrate a capacity for financial planning. This finding aligns with prior research conducted by Peiris (2021); Henager & Mauldin (2015); Muda (2024) and Juwita et al (2024) which similarly established a positive and significant relationship between financial literacy and saving behavior. In the context of the Indonesia

Banking School, this suggests a correlation between higher levels of financial literacy and a greater propensity to save, potentially leading to improved economic security for these students. Therefore, we can conclude that financial literacy appears to be a significant factor influencing saving behavior among students at the Indonesia Banking School.

Furthermore, the generated result also indicates a negative relationship between materialism and saving behavior, with a significance value of $p < 0.05$. Students with pronounced materialistic values tend to exhibit a propensity for lower savings rates. This phenomenon is driven by their belief in the inherent value of possessions and the social recognition associated with them. Consequently, they prioritize acquiring goods and services perceived as markers of success by others, even at the expense of sacrificing future financial security.

Expanding on the link between materialism and saving behavior, research within the field of behavioral finance suggests a potential amplifying effect. Individuals with more pronounced materialistic values tend to experience elevated levels of financial anxiety and carry higher debt burdens (Garðarsdóttir & Dittmar (2012). This phenomenon can be further explained by the findings of Cuandra and Kelvin (2021), who posit that materialism exerts an influence on credit card utilization, ultimately increasing the propensity for impulsive purchases.

This research study may be beneficial for organizations, particularly among Indonesia Banking School students. For theoretical contributions, this study aimed to identify the factors influencing saving behavior among students at the Indonesia Banking School. From a theoretical standpoint, this research contributes by examining the relationship between financial literacy and materialism and how these factors jointly affect saving behavior in this specific student population. The findings demonstrate a significant association between both financial literacy and materialism with saving behavior. Consequently, this research offers novel insights and expands existing knowledge regarding the interplay of financial literacy, materialism, and saving behavior.

For practical contributions, this research offers valuable practical implications for Indonesia Banking School students. The findings can be utilized by these students, as well as potentially by students of other nationalities, to improve their saving behavior by considering the identified determinants. Specifically, the research highlights the importance of fostering positive financial literacy and managing materialism. Furthermore, considering the discussion presented, this research can be seen as a tool to empower Indonesia Banking School students to develop positive saving habits, particularly when coupled with the right financial literacy education and responsible management of materialistic tendencies. This research has the potential to significantly impact the saving behavior of Indonesia Banking School students, thereby contributing to their financial security in the future. The findings provide valuable guidance for students by highlighting the importance of financial literacy and responsible management of materialistic tendencies. By fostering these positive financial habits early in life, students can gain the knowledge and tools necessary to secure a more prosperous future.

Limitations and Recommendation

This study acknowledges several limitations. Due to time constraints, the research was confined to students at the Indonesia Banking School. Additionally, the study only examined two variables in relation to saving behavior. However, it is recognized that numerous other factors may influence saving habits. Therefore, the selection of just two variables represents a limitation. Furthermore, data collection relied solely on questionnaires. Despite these limitations, the study's findings provide a valuable foundation for future research aimed at improving understanding of the factors influencing saving behavior.

The findings and limitations of the study can serve as a source of ideas and input for future researchers. While the current investigation focused on Indonesia Banking School students, expanding the study to encompass a broader sample of Indonesian students from various educational backgrounds would allow for a more generalizable understanding of saving behavior. Additionally, conducting comparative analyses that examine the influence of financial literacy and materialism on saving behavior across different nationalities, age groups, or other demographic variables would provide valuable insights.

Qualitative research methods, such as in-depth interviews, could be employed in future studies to gain a deeper understanding of the mechanisms by which financial literacy and materialism shape saving behavior. Finally, given the limitations of the current study's focus on only two variables, future research should consider exploring the influence of additional factors potentially related to saving behavior.

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