# THE IMPACT OF FINANCIAL LITERACY ON HOUSEHOLD DECISION-MAKING

**UNDERGRADUATE THESIS**

**Submitted as one of the requirements to obtain**

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**August 2023**

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THE IMPACT OF FINANCIAL LITERACY ON HOUSEHOLD DECISION-MAKING

UNDERGRADUATE THESIS

Submitted as one of the requirements to obtain

Bachelor of Management Degree (B.M)

By:

Name:Zhao chenyuan

# ABSTRACT

This study aims to analyse the impact of financial literacy on household decision-making. Financial literacy refers to an individual's knowledge and understanding of financial concepts and the ability to apply these skills in making sound financial decisions. To get the sample for this study, a purposive sampling technique was used as the sampling method. Purposive sampling involves selecting individuals or households based on certain criteria that are consistent with the research objectives. To obtain data for research, the researcher uses interview techniques as a data collection method. The interviews provide an opportunity for participants to express their thoughts, experiences, and attitudes, thereby providing rich qualitative insights into their financial decision-making process. Through open-ended questioning techniques, researchers can dig deeper into participants' perspectives, motivations, and reasons behind their financial choices. The data obtained from the interviews were processed using document analysis techniques. The result of this research showed that financial literacy has a strong correlation between the level of financial literacy and the nature of financial decisions made. Those with higher financial literacy levels demonstrated a broader range of financial strategies and a better understanding of complex financial instruments. Conversely, those with lower levels of financial literacy tended towards simpler, more conservative financial strategies.

**Keywords: Financial Literacy, Financial decision, making, Investment, Saving, Retirement**

# ACKNOWLEDGEMENT

First of all, the author would like to express deepest gratitude to Mam Genoveva and Sir Pandu for all the help, and encouragement so that finally the author can complete the writing of the thesis entitled **"The Effect of Financial Literacy on Household Decision Making"**. This thesis is a requirement to complete the Bachelor program (S1) in the Undergraduate Program at the Faculty of Business, Department of Management, President University.

During the process of preparing and writing this thesis, the author realizes that without the prayers, support, guidance, and assistance from various parties, the writing of this thesis would not have been completed. Therefore, on this occasion, the author would like to express his appreciation and gratitude to:

1. The honourable, Dr., Dra. Genoveva Claudia, MM as Head of the Management Study Program, Faculty of Business, President University, and all the lecturers at the Business Faculty of President University
2. The honourable, Sir Pandu Adi Cakranegara, S.E, M.Sc.Fi, MBA, DBA. as the author's thesis advisor who has provided guidance, direction, advice, and time to the author.
3. My Parents, My Father and Mother who always encourage and support on me.
4. Thank you to all people who are always there for me in my university life, the people that helped me very much and solved my problems during my thesis writing.

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