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# Analysis of the Influence of Financial Literacy, Compulsive Buying, and Income on Debt Behavior

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### Abstract

Ease of shopping, low self-control, and income have encouraged unhealthy debt behavior in this current era. This research examines factors that encourage debt behavior, such as financial literacy, compulsive buying, and income. The subjects of this study are active undergraduate students at the Faculty of Economics and Business, Universitas Sumatera Utara (USU). This type of research is associated with quantitative data and was conducted at the USU in Medan City from March 2023 to January 2024. The sample used was 528 students, who were selected by random sampling method according to the Slovin formula. The analysis technique used is multiple linear regression analysis. Research results show that partial financial literacy has a negative and significant impact on debt behavior, compulsive buying has a positive and significant impact on debt behavior, and income has a negative and significant impact on debt behavior among active students at the Faculty of Economics and Business, USU. Students should have good financial literacy, minimize compulsive buying, and control themselves in carrying out various transactions adjusted to their income; then, debt behavior will be minimized.



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## 1. Introduction

The unlimited increase in consumer needs in this era cannot be separated from the development of information technology, especially social media, which makes it easier for them to access and collect information [1–4]. However, the ease of obtaining information through social media can encourage consumers to become more consumptive [5–7]. This consumptive behavior will generally encourage consumers to go into debt [8, 9].

According to Nurmalina & Sulastris [10], debt behavior is borrowing behavior related to finances caused by the gap between minimal income and consumption. In everyday life, this debt behavior can be experienced by anyone

from any background, especially students. The research results in Nurmalina & Sulastris [10] state that the educational category that tends to show debt behavior is students. In data released by the Financial Services Authority of Indonesia (OJK) regarding Fintech Lending, from September 2020 to January 2023, the largest number of individual loans based on age group was the 19-34-year-old age group, generally workers and students.

The results of a preliminary survey conducted on 30 students at the Faculty of Economics and Business, Universitas Sumatera Utara (USU) admitted that they had carried out borrowing activities while attending college to fulfill their wants and needs. Many things influence this

high level of debt activity; one factor that influences student debt behavior is financial literacy; as stated in Fachrudin & Silalahi [11], financial literacy influences debt behavior.

According to Perangin-angin et al. [12], financial literacy is a combination of awareness, knowledge, behavioral abilities, and habits needed to make financial decisions to achieve a satisfactory financial condition. A person's weak ability to manage finances contributes to high levels of debt [13–15]. In Soetiono [16], based on the OECD survey, it is stated that the younger generation has a lower level of financial literacy than their parents. However, in contrast to the national survey by OJK, the literacy level based on education level in Indonesia in 2022 found that the highest level of financial literacy was at the college level at 62.42%, with financial inclusion at 96.51%.

A preliminary survey conducted on 30 students at the Faculty of Economics and Business, USU, found that students had a good level of financial literacy. When students have good financial literacy, they will be better able to manage their finances [16]. Likewise, Fachrudin & Silalahi [11] state that someone with good financial knowledge will be better able to make the right purchasing decisions, allowing them to shop, save, and invest more wisely.

This refers to previous research on debt behavior conducted by Tuati [17], and Patulak et al. [18], who stated that financial literacy significantly negatively influences debt behavior, but this is different from other research that shows a positive influence. Others conducted by Destianata [19] state that partial financial literacy does not affect debt behavior through credit card usage patterns. Based on the phenomena that occur and previous research with different research results, the author is interested in researching the influence of financial literacy on debt behavior.

Technological developments certainly influence human opinion, including that of students, regarding lifestyle standards that encourage them to become more consumptive, even extravagant [20, 21]. This phenomenon is called compulsive buying. Compulsive buying is a desire that cannot be restrained or controlled, which results in excessive shopping activities, often occurring after experiencing negative feelings that result in financial difficulties [22].

Compulsive buyers have the greatest possibility of carrying out debt activities and will have difficulty paying loans in the future [23–25]. Also, according to Zheng et al. [26], compulsive buying causes personal debt problems. From an individual financial perspective, compulsive

buying will result in high individual debt and low income that can be saved. Compulsive buying, a personal problem for a person, tends to occur in students because students have a poor and uncertain financial system and independence in managing their finances, which encourages the subject to buy something unimportant [27].

A preliminary study conducted on 30 students at the Faculty of Economics and Business, USU found that these students tended to engage in compulsive buying activities. The research results of Koh et al. [28] show a high percentage of compulsive buying prevalence is found in students, such as in the USA at 21.3%, China at 16%, and South Korea at 16.1%. In the research of Sihombing et al. [29], it was found that 78.7% of students liked online shopping activities, of which 59.8% of students used online loans in their transaction activities.

From this data, it can be seen that high levels of consumption have encouraged students to use loan payment services. Following previous research conducted by Wahono & Pertiwi [30], Mardikaningsih et al. [31], and Dyanti [32], there is a positive relationship between compulsive buying and debt behavior. Based on these phenomena and differences in previous research, the author is interested in finding out the influence of compulsive buying on debt behavior through this research.

In several studies, income level is another factor that influences debt behavior [33]. Income is cash or non-cash that a person receives in a certain period, which can be used directly to shop for desired needs [34]. In this research, the income focused on is students' income generated from parents or other sources, such as scholarships and work results. According to Putri & Tasman [35], someone with more income will be more disciplined in paying debt bills. Low income can disrupt individuals' ability to save and accumulate wealth because they tend to engage in debt activities, especially young individuals [36].

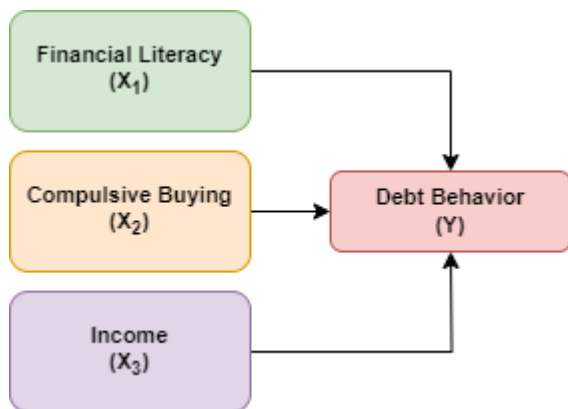
Likewise, the results of interviews and a preliminary survey conducted on 30 students at the Faculty of Economics and Business, USU, with a monthly allowance of Rp. 1,000,000 or less, show that they borrow 1-5 times a month, and there are also those at Rp. 800,000 who take out loans 5-10 times. This is in line with what previous researchers explained: individuals with low finances tend to engage in debt activities more often. Research conducted by Lin et al. [37] shows that income has a significant negative influence on debt behavior, in contrast to other research, which states that income has a positive and significant effect on debt behavior [38].

**Table 1.** Validity test.

Compulsive Buying Indicator				Debt Behavior Indicator					
	r-count	r-table	Decision		r-count	r-table	Decision		
Q1	0.411	>	0.361	VALID	Q1	0.150	<	0.361	INVALID
Q2	0.384	>	0.361	VALID	Q2	0.206	<	0.361	INVALID
Q3	0.013	<	0.361	INVALID	Q3	0.331	<	0.361	INVALID
Q4	0.335	<	0.361	INVALID	Q4	0.666	>	0.361	VALID
Q5	0.427	>	0.361	VALID	Q5	0.499	>	0.361	VALID
Q6	0.296	<	0.361	INVALID	Q6	0.506	>	0.361	VALID
Q7	0.496	>	0.361	VALID	Q7	0.526	>	0.361	VALID
Q8	0.323	<	0.361	INVALID	Q8	0.375	>	0.361	VALID
Q9	0.392	>	0.361	VALID	Q9	0.628	>	0.361	VALID
Q10	0.293	<	0.361	INVALID	Q10	0.611	>	0.361	VALID
Q11	0.370	>	0.361	VALID	Q11	0.131	<	0.361	INVALID
Q12	0.500	>	0.361	VALID	Q12	0.526	>	0.361	VALID
Q13	0.515	>	0.361	VALID					

**Table 2.** Reliability test.

Cronbach's Alpha Value	Comparison Value	Decision
0.852	0.700	> Reliable



**Figure 1.** Research framework.

Based on the phenomena and the existence of a gap in the research that has been explained for each variable, this research has the urgency and aim of analyzing the influence of financial literacy, compulsive buying, and income on debt behavior among students at the Faculty of Economics and Business, USU. Exploring these relationships will provide more empirical evidence for enhancing financial education programs tailored to this demographic and strategies for promoting healthier financial behaviors and mitigating excessive debt accumulation.

**2. Materials and Methods**

This type of research is associative research, which aims to determine the relationship between two or more variables. Figure 1 shows the research framework used in this study. The direction of the arrows representing the three independent variables, namely financial literacy

(X<sub>1</sub>), compulsive buying (X<sub>2</sub>), and income (X<sub>3</sub>), is aimed at debt behavior (Y), indicating the exploration of the relationship between the independent variables and the dependent variable.

Financial literacy is crucial and must be mastered by everyone, especially students. With financial literacy skills, students can make wise financial decisions and avoid financial problems, such as unhealthy debt behavior. The higher the level of financial literacy, the lower a person's debt behavior, indicating a negative or reciprocal relationship between these two variables [17, 18, 30, 39]. Individuals with compulsive buying behavior engage in shopping activities uncontrollably, often beyond their financial capabilities. If not controlled, this behavior can lead individuals to engage in unhealthy debt activities, demonstrating a positive or unidirectional relationship between compulsive buying and debt behavior [30, 32].

Another factor considered by individuals when engaging in debt activities is income. Low-income individuals tend to resort to debt because their income is only sufficient, or even insufficient, to meet essential needs. The inability to fulfill these needs and desires encourages individuals to engage in debt activities, which, if left unchecked, can lead to unhealthy debt behavior. Therefore, the lower a person's income, the higher the tendency to engage in debt activities; in other words, there is a negative relationship between the income variable and the debt behavior variable [37]. Based on this explanation, the research hypotheses are: (a) financial literacy has a negative and significant effect on debt behavior; (b) compulsive buying has a positive and significant effect on debt behavior; and (c) income has a negative and significant effect on debt behavior.

The population of this research comprises active students from the Faculty of Economics and Business,

**Table 3.** Sample of sociodemographic information.

Sociodemographic	N	Percentage
Gender:		
a. Male	201	38.1%
b. Female	327	61.9%
<b>Total</b>	<b>528</b>	<b>100%</b>
Major:		
a. Management	190	36.0%
b. Economic Development	132	25.0%
c. Accountancy	188	35.6%
d. Entrepreneurship	18	3.40%
<b>Total</b>	<b>528</b>	<b>100%</b>
GPA:		
a. $\leq 2.50$	2	0.37%
b. 2.50 – 3.00	30	5.68%
c. $\geq 3.00$	496	94.0%
<b>Total</b>	<b>528</b>	<b>100%</b>
Debt Information:		
a. Have debts (others)	47	9.00%
b. Have no debt	0	0.00%
c. Debt to a friend	219	42.0%
d. Debt to family	116	22.0%
e. Online debt	146	27.0%
<b>Total</b>	<b>528</b>	<b>100%</b>
Income Level:		
a. $\leq$ Rp 500,000;	49	9.00%
b. Rp 500,001 – Rp 999,999;	161	30.0%
c. Rp 1,000,000 – Rp 1,499,999;	145	27.0%
d. Rp1,500,000 – 1,999,999;	116	21.0%
e. Rp2,000,000 – Rp2,499,999; and	31	7.00%
f. $\geq$ Rp 2,500,000	26	6.00%
<b>Total</b>	<b>528</b>	<b>100%</b>

USU, from the classes of 2020, 2021, and 2022, totaling 2017 students. The research sample consists of active students from the Faculty of Economics and Business, USU, who have engaged in lending and borrowing activities through fintech or traditional lending, totaling 528 students. The sampling technique used is a random sampling approach using the Slovin Formula. The questionnaire provided is a closed questionnaire that was previously tested for validity and reliability. Sampling was facilitated with the help of Google Forms, which were distributed online. The data analysis method used includes descriptive analysis and multiple linear regression analysis.

### 3. Results and Discussion

#### 3.1. Validity and Reliability Tests

Validity and reliability tests in this research were conducted on 30 respondents who were not part of the main sample. Using a significance level of 5%, the critical r-table value was determined to be 0.361. Testing was performed by examining the Corrected Item-Total Correlation value. The statement item was considered valid if the calculated correlation (r-count) was positive and greater than the critical value (r-table). Meanwhile,

the reliability test was conducted by assessing Cronbach's alpha value, which, if exceeding 0.7, indicates reliability.

According to Table 1, nine statements were found to be invalid. In Table 2, the Cronbach's alpha value was calculated to be 0.852, surpassing the threshold of 0.7, thus confirming its reliability. Consequently, the total number of statements used in this research amounted to 31, including 15 statements related to financial literacy and five concerning students' sociodemographic characteristics, such as gender, study program, year, Grade Point Average (GPA), and income level.

#### 3.2. Descriptive Statistics

This study analyzes several demographic characteristics of respondents who were active students at the Faculty of Economics and Business, USU, from 2020 to 2022, as seen in Table 3. Furthermore, Table 4 to 7 describes the level of financial literacy among active students at the Faculty of Economics and Business, USU.

##### 3.2.1. Management

Based on the data in Table 4, the highest score among the classes of 2020-2022 is 75, while the lowest score, 47, is

**Table 4.** Management major's financial literacy level.

Class	Female			Male		
	Score	N	Level	Score	N	Level
2020	49-59	13	Good (60-77%)	51-59	8	Good (60-77%)
	63-75	29	Very Good (80-100%)	63-75	21	Very Good (80-100%)
2021	47-59	13	Good (60-77%)	51-59	8	Good (60-77%)
	60-75	27	Very Good (80-100%)	60-75	15	Very Good (80-100%)
2022	55-59	10	Good (60-77%)	43-59	6	Good (60-77%)
	63-75	23	Very Good (80-100%)	63-71	17	Very Good (80-100%)

**Table 5.** Development Economics major's financial literacy level.

Class	Female			Male		
	Score	N	Level	Score	N	Level
2020	51-59	11	Good (60-77%)	47-59	6	Good (60-77%)
	63-75	15	Very Good (80-100%)	63-75	13	Very Good (80-100%)
2021	51-59	7	Good (60-77%)	51-59	7	Good (60-77%)
	63-75	18	Very Good (80-100%)	63-75	13	Very Good (80-100%)
2022	47-59	9	Good (60-77%)	51-59	5	Good (60-77%)
	63-71	16	Very Good (80-100%)	63-71	12	Very Good (80-100%)

**Table 6.** Accountancy major's financial literacy level.

Class	Female			Male		
	Score	N	Level	Score	N	Level
2020	47-59	11	Good (60-77%)	47-55	4	Good (60-77%)
	63-75	30	Very Good (80-100%)	63-75	22	Very Good (80-100%)
2021	47-59	10	Good (60-77%)	47-59	5	Good (60-77%)
	63-71	33	Very Good (80-100%)	63-71	14	Very Good (80-100%)
2022	47-59	16	Good (60-77%)	47-59	6	Good (60-77%)
	63-75	27	Good (60-77%)	63-75	10	Good (60-77%)

**Table 7.** Entrepreneurship major's financial literacy level.

Class	Female			Male		
	Score	N	Level	Score	N	Level
2021	-	-	-	47	1	Good (60-77%)
	55-71	6	Very Good (80-100%)	63-75	6	Very Good (80-100%)
2022	-	-	-	-	-	-
	67-71	3	Very Good (80-100%)	71	2	Very Good (80-100%)

attributed to the 2021 class, specifically among female students. The level of financial literacy among management majors from the classes of 2020-2022 is rated as good and very good in terms of financial knowledge and skills.

### 3.2.2. Development Economics

Based on the data in [Table 5](#), the highest score among the 2020-2022 class is 75, with the lowest score being 47. The level of financial literacy among development economics majors from the 2020-2022 class is assessed as good and very good in terms of financial knowledge and skills.

### 3.2.3. Accountancy

Based on the data in [Table 6](#), the highest score among the 2020-2022 class is 75, while the lowest is 47. The level of financial literacy among accounting majors from the

2020-2022 class is assessed as good and very good in terms of financial knowledge and skills.

### 3.2.4. Entrepreneurship

Based on the data in [Table 7](#), the highest score among the 2021-2022 class is 75, while the lowest is 63. The level of financial literacy for entrepreneurship majors from this class is assessed as good and very good in terms of financial knowledge and skills. Based on this information, it can be concluded that 158 students possess good financial literacy, comprising 100 women and 58 men. Additionally, 370 students exhibit a very good level of financial literacy, including 227 female and 143 male.

[Table 8](#) shows the average values of respondents' answers from the students for each variable. A score of 81% in financial literacy indicates that students possess excellent financial knowledge and skills. A value of 2.20 for compulsive buying suggests that compulsive buying

**Table 8.** Average value of respondents' answers.

Variable	Total Mean	Decision
Financial Literacy	0.810	Very Good (80-100%)
Compulsive Buying	2.200	Moderate
Debt Behavior	1.710	Very low

**Table 9.** Results of multiple linear regression.

Variable	Unstandardized Coefficients		Standardized Coefficients	t-stat.	Sig.
	Beta	Standard Error	Beta		
(Constant)	3.341	0.050	(-)	66.84*	0.000
Financial Literacy (X <sub>1</sub> )	-0.050	0.022	-0.160	-2.235**	0.026
Compulsive Buying (X <sub>2</sub> )	0.168	0.034	0.304	4.912*	0.000
Income (X <sub>3</sub> )	-0.167	0.024	-0.366	-6.930*	0.000

Note: Significant \*(1%) and \*\*(5%).

**Table 10.** Results of t-test.

Variable	t-count	t-table		Sig.	$\alpha$		Decision
Financial Literacy (X <sub>1</sub> )	-2.235	1.964	>	0.026	$\alpha$ (0.05)	<	Reject H <sub>0</sub>
Compulsive Buying (X <sub>2</sub> )	4.912	1.964	>	0.000	$\alpha$ (0.05)	<	Reject H <sub>0</sub>
Income (X <sub>3</sub> )	-6.930	1.964	>	0.000	$\alpha$ (0.05)	<	Reject H <sub>0</sub>

**Table 11.** Results of F-test.

Value Referral	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	14.27	3	4.757	29.66*	0.000
Residual	84.05	524	0.160		
Total	98.32	527			

Note: Significant \*(1%).

**Table 12.** Results of coefficient determination.

R	R-squared	Adjusted R-squared	Standard Error of the Estimate
0.660	0.435	0.432	0.035

behavior among students at the Faculty of Economics and Business, USU, is low. Furthermore, a value of 1.71 for debt behavior implies that students exhibit very low levels of debt behavior.

### 3.3. Results of Data Analysis

Before the data are processed using the linear regression test, classical assumption tests will be conducted, including the normality, heteroscedasticity, and multicollinearity tests. No deviations were found based on the classical assumption tests carried out on the regression data model. Therefore, the regression data model in this research is ready to be processed, ensuring constant, unbiased, and precise results for making estimates.

Since this research utilizes primary data, the reference coefficient values from the results of multiple linear regression is the standardized coefficient. As shown in Table 9, the coefficients for financial literacy (X<sub>1</sub>) and income (X<sub>3</sub>) exhibit a negative influence, whereas compulsive buying (X<sub>2</sub>) demonstrates a positive influence. Specifically, for every one-unit increase in financial

literacy (X<sub>1</sub>) and income (X<sub>3</sub>), debt behavior (Y) decreases by 0.160 and 0.366 units, respectively. Conversely, for every one-unit increase in compulsive buying (X<sub>2</sub>), debt behavior (Y) increases by 0.304 units.

Furthermore, t-tests were conducted to evaluate the hypotheses. The criteria for decision-making are as follows: H<sub>a</sub> is accepted when the independent variable has a significant influence on the dependent variable, as indicated by t-count > t-table or Significance T <  $\alpha$  = 5%. With 528 respondents (n) and four parameters (k), the degrees of freedom (df) were calculated as 524, obtained by subtracting the number of parameters from the number of respondents. Using an error rate of  $\alpha$  = 0.05, the t-table value is 1.964. According to the results in Table 10, all variables were statistically significant, indicating acceptance of H<sub>a</sub>.

The next test is the F-test. This test, also known as the simultaneous significance test, demonstrates the collective influence of all independent variables on the dependent variable. The expected decision-making criteria entail accepting H<sub>a</sub>, indicating a significant simultaneous influence of the three independent

variables on the dependent variable.  $H_a$  is accepted if the  $f\text{-count} > f\text{-table}$  or if  $F\text{ significance} < \alpha = 5\%$ . With 528 respondents ( $n$ ) and four parameters ( $k$ ), the degree of freedom 1 ( $df_1$ ) is calculated as 3 using the formula  $df_1 = k - 1$  ( $4 - 1 = 3$ ). The degree of freedom 2 ( $df_2$ ) is 524, obtained by subtracting the number of parameters from the number of respondents,  $df_2 = n - k$  ( $528 - 4 = 524$ ). With an error rate of  $\alpha = 0.05$ , the  $f\text{-table}$  value is 2.62191. According to [Table 11](#), the comparison of the obtained  $f\text{-count}$  (29.66) and  $f\text{-table}$  (2.62), along with the significance  $F$  (0.000) being less than  $\alpha$  (0.05), leads to the acceptance of  $H_a$  and rejection of  $H_0$ . This indicates that there is a simultaneous significant influence from the independent variables, namely financial literacy ( $X_1$ ), compulsive buying ( $X_2$ ), and income ( $X_3$ ), on the dependent variable, debt behavior ( $Y$ ).

Lastly, the coefficient of determination test ( $R^2$ ) was conducted to assess how the model explains variations in the dependent variable. According to [Table 12](#), the  $R\text{-square}$  value in the regression data model is 0.435, or 43.5%, when expressed as a percentage. This value indicates a moderate level of explanation, suggesting that the variables financial literacy, compulsive buying, and income collectively explain the variations of debt behavior by 43.5%. The remaining 56.5% of the variation is influenced by other variables not included in the research model.

### 3.4. Discussion

#### 3.4.1. The Influence of Financial Literacy on Debt Behavior

The regression coefficient for the financial literacy variable ( $X_1$ ) is -0.160. A negative coefficient value signifies an inverse relationship, indicating that an increase in variable  $X_1$  results in a decrease in variable  $Y$  and vice versa. With a coefficient value of -0.160, an increase of one unit in the financial literacy variable leads to a decrease of 0.160 units in the debt behavior variable, assuming the other independent variables remain constant.

In the T-test results, the 95% confidence level financial literacy variable yields a  $t\text{-count}$  of 2.235, exceeding the  $t\text{-table}$  value of 1.964. Additionally, the significance level of 0.026 is less than the  $\alpha$  value of 0.05, leading to the rejection of  $H_0$ . This implies that the financial literacy variable ( $X_1$ ) partially influences the debt behavior variable ( $Y$ ).

Based on the results of multiple linear regression and the  $t\text{-test}$ , the findings align with the first hypothesis, suggesting that financial literacy has a negative and significant effect on debt behavior among students at the Faculty of Economics and Business, USU. This indicates

that students with higher financial literacy tend to exhibit better control over debt behavior.

The active students, who are the subjects of this study, demonstrate a good level of financial literacy, ranging from sufficient to well-literate levels. This proficiency in financial literacy corresponds with their effective control of debt behavior. Although all student respondents in the study had debt, they exhibited adequate literacy and control over debt behavior.

These findings are consistent with the research conducted by Mitta & Pamungkas [39], Patulak et al. [18], and Tuati [17]. The positive correlation between financial literacy and debt behavior control among students at the Faculty of Economics and Business, USU, is further supported by their GPA levels, which are above 3.00. This indicates that a student's GPA level influences their financial literacy. It can be concluded that higher levels of financial literacy contribute to better control over student debt behavior.

#### 3.4.2. The Influence of Compulsive Buying on Debt Behavior

The regression coefficient for the compulsive buying variable ( $X_2$ ) is 0.304. A positive coefficient value indicates a unidirectional relationship, meaning that an increase in variable  $X_2$  corresponds to an increase in variable  $Y$  and vice versa. With a coefficient value of 0.304, an increase of one unit in the compulsive buying variable results in a decrease of 0.304 units in the debt behavior variable, assuming the other independent variables remain constant.

The results of the T-test on the compulsive buying variable at the 95% confidence level show a  $t\text{-count}$  of 4.912, exceeding the  $t\text{-table}$  value of 1.964. Additionally, the significance level of 0.000 is less than the  $\alpha$  value of 0.05, leading to the rejection of  $H_0$ . This suggests that the compulsive buying variable ( $X_2$ ) partially influences the debt behavior variable ( $Y$ ).

The findings of testing the second hypothesis, which posits that compulsive buying has a positive and significant effect on debt behavior among students at the Faculty of Economics and Business, USU, support the notion that higher levels of compulsive purchasing behavior correlate with increased debt behavior.

Compulsive buying refers to an individual's irresistible desire to shop, leading them to engage in shopping activities regardless of their available funds. Based on the tabulation of respondent data, the mean size of the compulsive buying variable is 2.2, indicating a low level of compulsive buying behavior among students at the

Faculty of Economics and Business, USU. This suggests that these students exhibit good control when engaging in shopping activities.

The low level of compulsive buying behavior among students at the Faculty of Economics and Business, USU, aligns with the mean debt behavior result of 1.73, categorizing debt behavior as good. Thus, lower compulsive buying behavior tends to correlate with better debt behavior control. This finding is supported by research conducted by Dyanti [32] and Wahono & Pertiwi [30], which suggests that compulsive buying or consumptive behavior positively affects debt behavior.

### 3.4.3. The Influence of Income on Debt Behavior

The regression coefficient for the income variable ( $X_3$ ) is -0.366. A negative coefficient value indicates an inverse relationship, meaning that an increase in variable  $X_3$  results in a decrease in variable  $Y$  and vice versa. With a coefficient value of -0.366, an increase of one unit in the income variable leads to a decrease of 0.366 units in the debt behavior variable, assuming the other independent variables remain constant.

The t-test results on the income variable at the 95% confidence level show a t-count of 6.930, exceeding the t-table value of 1.964. Additionally, the significance level of 0.000 is less than the  $\alpha$  value of 0.005, leading to the rejection of  $H_0$ . This indicates that the income variable ( $X_3$ ) partially influences the debt behavior variable ( $Y$ ).

The findings of testing the third hypothesis suggest that income negatively and significantly affects debt behavior among students at the Faculty of Economics and Business, USU. This implies that lower student incomes correlate with a higher tendency for students to engage in debt.

This conclusion aligns with the hypothesis and research results, which posit that income negatively and significantly affects debt behavior among students at the Faculty of Economics and Business, USU. Flores & Vieira [40] support these findings, suggesting that individuals with low incomes may struggle to meet their essential needs, thus resorting to borrowing. Research conducted by Lin et al. [37] also indicates that income negatively influences debt behavior.

## 4. Conclusions, Implications and Limitations

Based on the research results and discussions presented, the findings align with the research hypotheses. The conclusions drawn from this study are that financial literacy and income have a negative and significant effect. In contrast, compulsive buying positively and significantly

affects debt behavior among students at the Faculty of Economics and Business, USU.

The study's implications suggest that addressing financial literacy and income levels among students at the Faculty of Economics and Business, USU, is essential in mitigating debt behavior. By enhancing financial literacy programs and promoting financial management skills, students may develop better strategies for managing their finances and avoiding excessive debt accumulation. Additionally, interventions aimed at curbing compulsive buying tendencies could reduce the propensity for students to engage in impulsive spending behaviors, ultimately leading to more responsible financial habits. These findings emphasize the importance of holistic approaches to financial education that consider knowledge acquisition and behavioral factors in promoting financial well-being among students.

The limitations of this research are as follows: (a) due to constraints in time and resources, researchers were unable to increase the number of respondents. Therefore, it is hoped that future research can expand the sample size to achieve more robust and accurate results; (b) future research could explore additional socio-demographic factors that may influence the research variables, such as age, parents' income, parents' highest level of education, living arrangements (alone or with parents), and other socio-demographic information, to gather more comprehensive and detailed data; (c) future studies could also incorporate additional independent variables that may impact the dependent variable, or introduce intervening variables such as financial behavior, financial attitudes, impulse buying, and so forth; and (d) it is recommended that future researchers explore and incorporate a wider range of sources and the latest references about debt behavior, thereby enhancing the quality and relevance of their research findings.

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