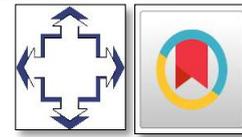


Ability Locus of Control in Mediating Islamic Attitude and Knowledge on Financial Behavior



Solihatun Nisak^{a,1*}, Rahmat Agus Santoso^{b,2}

^{a,b} Universitas Muhammadiyah Gresik, Sumatera Street No 101, Gresik, 61121, Indonesia

¹ solihatunnisako2@gmail.com*; ² ra_santoso@umg.ac.id

*corresponding author

ARTICLE INFO

ABSTRACT

Article history

Received 15/6/2023

Revised 21/7/2023

Accepted 8/8/2023

Keywords

Farmers

Financial Behavior

Financial Knowledge

Islamic Financial Attitudes

Locus of Control

The primary objective of this study was conducted (1) to test the influence of financial knowledge and locus of control on financial behavior, (2) to find the impact of Islamic financial attitudes toward financial conduct and Locus of Control, (3) to investigate influence the role of locus of control as a mediator between financial knowledge and Islamic finance attitudes in relation to financial behavior. Although the model concept used in this study has been explored previously, the specific indicators for the Islamic financial attitude variable have not been studied before. This research follows an explanatory approach, which involves testing hypotheses to understand the relationships between variables. The study included a sample of 130 Muslim farmers from Tuban Regency, selected through cluster sampling. Data analysis was conducted using SmartPLS3 software, employing Path Analysis as the analytical technique. Based on the data analysis and inquiry results, the study found that Islamic financial attitudes had a positive impact on individuals' financial locus of control and financial behavior. However, financial knowledge did not significantly affect financial locus of control and behavior. Furthermore, the locus of control was identified as a mediator between Islamic financial attitudes and individuals' financial behavior, indicating that it played a role in influencing financial behavior based on their attitudes towards Islamic finance. However, the locus of control was not capable of mediating the impact of financial knowledge on financial behavior.

This is an open access article under the [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



1. Introduction

Farmers play a vital role as the primary driving force behind the agricultural sector. According to the Tuban Regency Agency Performance Report, data reveals that Tuban Regency has a vast agricultural landmass of 122,220.230 hectares, representing around 66.4% of the total area. In terms of employment, the agricultural industry employs 39.77% of the workforce in Tuban Regency as of August 2022. Meanwhile, the service sector accounts for 38.67%, and the manufacturing sector represents 21.56% of the employed population. For farmers to sustain their businesses successfully, it is crucial for them to effectively manage and utilize financial resources. The financial behavior exhibited by farmers underscores this necessity. Therefore, possessing good financial behavior becomes a vital aspect for farmers to ensure their ongoing success.

According to Suryanto (2017), financial behavior can be described as the manner in which individuals handle, oversee, and utilize their financial resources. Dew and Xiao (2011) identify savings, investments, credit management, and insurance as key factors used to evaluate financial behavior. Based on a preliminary investigation involving the distribution of questionnaires to 102 farmers, it was found that farmers in the Tuban Regency demonstrate commendable financial behavior. The study's results indicate that 84.3% of the farmers possess BPJS health insurance, 88.2% have savings, 95.1% have bank loans, and 100% have investments in agricultural land.

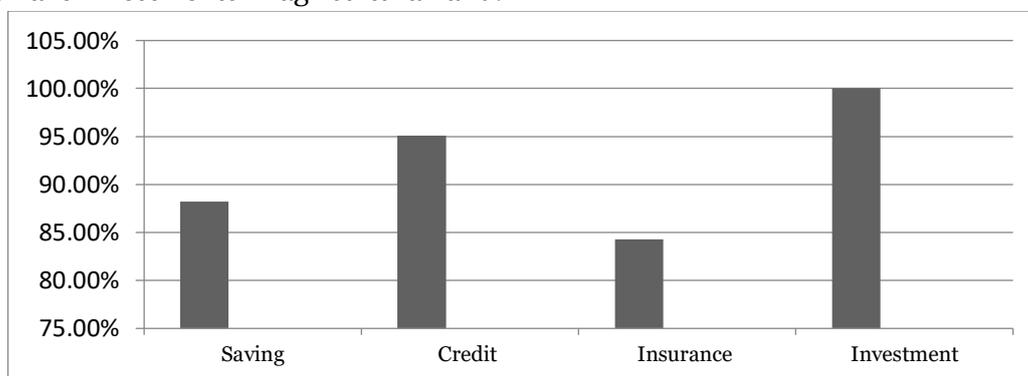


Figure 1. Observations Results of Financial Behavior

Source: Servey Data 2023

As per Azizah (2020), a person's financial behavior can be influenced by their level of financial literacy. Atkinson (2012) provides a definition of financial literacy as the amalgamation of attitudes and knowledge necessary for making sound financial decisions. Humaira and Sagoro (2018) emphasize that financial literacy encompasses an individual's ability to comprehend and handle financial matters in their daily activities. Robb and Woodyard (2011) argue that lack of financial understanding can be addressed through education, which plays a significant role in enhancing financial literacy. Furthermore, Pradiningtyas and Lukiastuti (2019) highlight that possessing a strong financial knowledge is linked to exhibiting positive financial behavior.

According to data compiled from the Central Bureau of Statistics for Tuban District, 53.72% of working persons have graduated from elementary school or less, 19.84% from junior high, 14.03% from senior high, 6.71% from vocational high school, and just 5.71% have a diploma or above. The results of a researcher study that indicated that the majority of farmers had completed elementary school (52.0%), junior high (31.4%), senior high (12.7%), and diploma and above (3.9%) further confirm this. Farmers with less education tend to behave responsibly financially. In contrast, past studies' findings (Rahmawati & Haryono, 2020); (Cahyaningrum & Fikri, 2021) demonstrated that financial knowledge had a positive

effect on financial behavior. In contrast to these results, according to study, having a fundamental understanding of money has no effect on how one behaves financially (Rizkiawati & Asandimitra (2019); Muhidia, 2019).

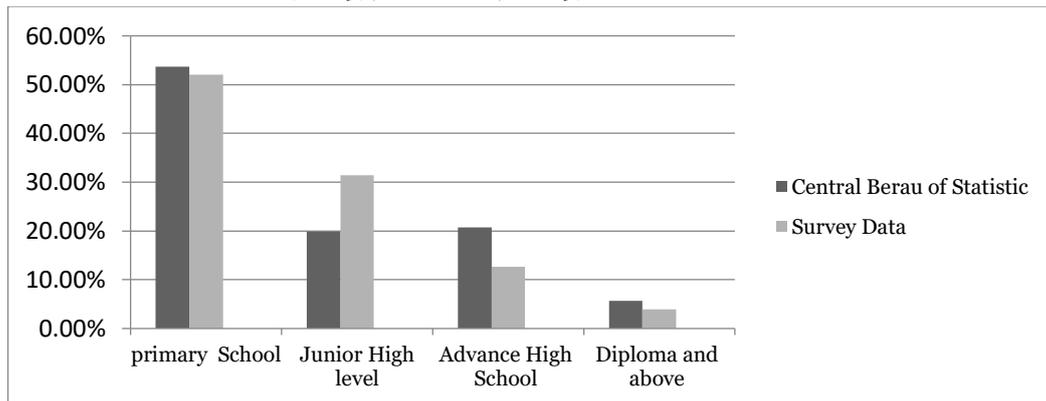


Figure 2. Education Levels of Farmers

Source : Central Bureau of Statistics and Survey Data 2023

Financial attitude pertains to an individual's financial circumstances, thoughts, and assessment, concerning their financial (Rai et al., 2019). The way a person perceives their financial situation significantly impacts their ability to effectively manage their finances, determining whether they achieve success or face difficulties (Coskun & Dalziel, 2020). Those who possess a positive outlook towards their financial attitude tend to exhibit favorable financial behaviors (Agustina & Mardiana, 2020); (Rahmawati & Haryono, 2020); (Andanika et al., 2020); (Coskun & Dalziel, 2020). Nonetheless, certain research findings suggest that financial attitudes do not have an influence on financial behavior (Nurazizah & Indrayenti, 2022; Rizkiawati & Haryono, 2018).

An intriguing aspect of studying farmers in Tuban Regency is their Islamic financial attitudes. Because the majority of farmers are Muslims, Islamic financial attitudes are one's judgments and ideas on financial concerns based on Islam. According to the findings of a survey, as much as 96.1% of farmers sell agricultural produce via the *Slash* method. According to Abdul Aziz Darji, Lc., who serves on the Syari'ah Supervisory Board of one of the Syari'ah financial institutions in Tuban Regency, the system *slashing* what the majority of farmers do involves aspects of *gharar*, which contract is not acceptable in Islam. The *slashing* system begins by giving prices to farmers before agricultural items are ready to be harvested. *Slashers* will then offer farmers prices with a specified nominal value while also providing Down Payment. The *gharar* element happens because there is uncertainty surrounding agricultural items that are not yet ready for harvest. Contracts for sale and purchase that include *gharar* aspects are not permitted.

According to the findings of a survey done by researchers, the majority of farmers choose conventional financial institutions for saving and borrowing money. Farmers have 84.3% of their savings in conventional financial institutions, 3.9% in Islamic financial institutions, and 9.8% do not have any savings. Similarly, 83.3% of farmers have debt to conventional financial institutions, 11.8% have debt to Islamic financial institutions, and 4.9% do not have loans. Traditional financial institutions' offerings, both saving and borrowing, will be linked to interest rates. Both interest charged on loans and interest given on savings are termed *Riba* (usury) (Nur Baits, 2017).

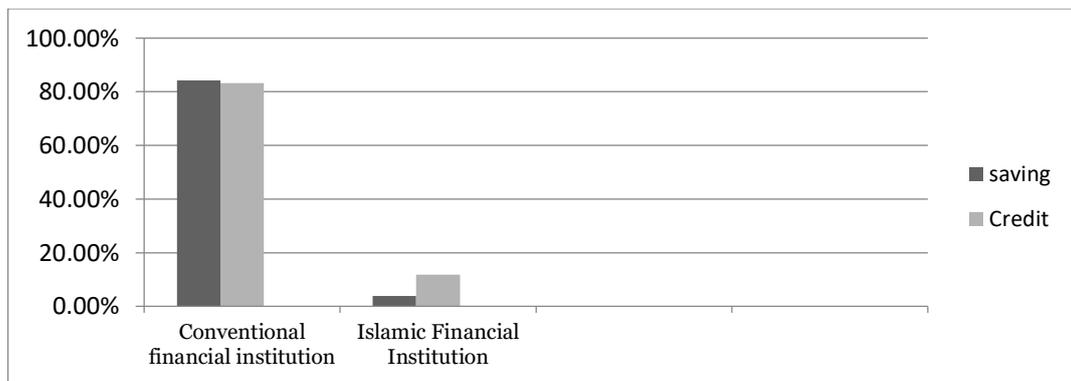


Figure 3: Comparison of Savings and Loan Holdings in Financial Institutions
Source : Survey Data 2023

Bank interest known as usury (*Riba*) is severely forbidden in Islam. As God says in Al-Baqarah verse 275, "God has legalised buying and selling and prohibited usury." As the Prophet stated, "from Jabir RA said that the "Messenger of Allah cursed the person who eats usury, the customer of usury, the writer, and the two witnesses, and the Prophet said, they are all the same" (As related by Muslim 4177). As a Muslim, you should use Qur'an and Hadith as a guide in your daily life. In contrast to this, there are consensual expressions of farmers in responding to farmers' honesty in uncertainty and interest payments.

Riba, or transactions that impose interest on loans, is an act of tyranny (Pardiansyah, 2022), and tyranny is an attitude condemned by Allah (Barakah et al, 2020). *Akad* is an attitude that gives rise to a legal action at that moment (Syahrullah et al, 2018). While sincerity is an attitude that is advocated in Islam since it is worthy of devotion (Ekamia et al, 2023). As a result, in this study, the indicators used were *Riba* (usury), *Akad* and *Ikhlas* in Islamic financial attitudes. The novelty in this study is related to indicators that have never been used in previous studies even though the research model has been widely use.

Concerns have been raised by researchers regarding the level of control that farmers in the Tuban District possess, as there appears to be a discrepancy between the current reality and previous research findings regarding their financial knowledge and Islamic financial attitudes, specifically in relation to their financial behavior. The effectiveness of applying financial knowledge and attitudes is believed to be dependent on a person's strong belief in their ability to control their own destiny. The concept of locus of control refers to the belief that one's actions directly influence the outcomes they experience in life (Atikah & Kurniawan, 2020). According to the findings by Pradiningtyas and Lukiastuti (2019), The locus of control has the capacity to serve as a mediator in the connection between knowledge, attitudes, and financial behavior.

The main goal of this study is to investigate the impact of financial knowledge and Islamic financial attitudes on financial behavior. This research is significant as it delves into unique indicators that have not been fully explored in previous studies. Moreover, the study aims to determine whether the locus of control a mediator in financial knowledge, Islamic financial attitudes, and the financial behavior relationship of farmers in Tuban District. Development of financial attitudes, particularly with regard to the distinctive metrics employed in assessing Islamic Financial Attitudes. Furthermore, the research findings are expected to provide valuable insights for government policies aimed at enhancing farmers' financial literacy. This, in turn, would enable them to make better investments in agricultural land, save for the future, and fulfill their financial obligations accurately.

2. Literature Review

According to Suryanto (2017), financial behavior refers to how each individual handles, manages, and makes use of their financial resources. The way a person uses his cash in everyday life, such as allocating some of his money for saving, investing, paying credit, and paying for insurance as self-protection, might reveal good or bad financial behavior. Indicators used in financial behavior are saving, investing, credit and insurance (Dew & Xiao, 2011).

Financial knowledge, as defined by Humaira and Sagoro (2018), encompasses a comprehensive understanding of all aspects of money pertaining to daily operations. The absence of formal education can contribute to an individual's lack of financial literacy, as stated by Robb and Woodyard (2011). An individual with financial acumen would possess the ability to effectively manage their money, reflecting in their financial behavior. Research conducted by Pradiningtyas and Lukiastruti (2019), Rahmawati and Haryono (2020), Nurazizah and Indrayenti (2022), and Maftuhin and Kusumawardani (2021) supports the notion that financial knowledge significantly influences financial behavior in a positive manner. Indicators such as knowledge of interest rates, financial management, and personal financial reporting are used to gauge the level of financial knowledge, as highlighted by Dewanti and Asandimitra (2021).

A financial attitude, in the opinion of Humaira and Sagoro (2018), is a state of mind, ideas, and judgments about one's finances that are then expressed in an attitude. Someone with sound financial judgment will also demonstrate sound financial behavior. Islamic finance is one of the strategies for executing financial management that uses Islamic principles and the foundation of Islamic law as a guideline. It can be stated that Islamic financial attitudes are one's thoughts, opinions, and judgments in judging matters relating to financial management that correspond to the principles and foundations of Islamic law. *Riba*, *Akad*, and *Ikhlas* are three markers used by researchers to assess Islamic financial attitudes.

The concept referred to as an individual's locus of control, as mentioned by Soleh et al. (2020), pertains to how they perceive the causal factors of events. It consists of two main components: internal and external. When someone exhibits a strong sense of control, they are often described as possessing good self-discipline. However, possessing adequate financial knowledge and a positive attitude alone is insufficient if an individual fails to take personal responsibility. The influence of financial knowledge on financial behavior can be influenced by an individual's locus of control, as indicated by the research conducted by Cahyaningrum & Fikri (2021) and Agustina & Mardiana (2020). The variables of locus of control commonly encompass effort, fate, and the influence of others, as utilized by Sanjiwani & Wisadha (2016).

3. Research Methods

This study's conceptual framework is described below, taking into account presentations on financial knowledge, Islamic financial attitudes, and financial conduct, as well as the possibility that the farmer's locus of control may operate as a mediating variable:

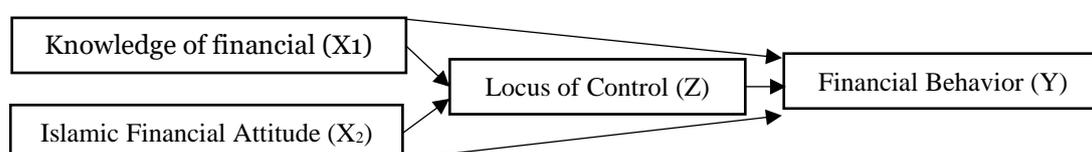


Figure 4. Conceptual Framework

Financial behavior is influenced by financial understanding. According to Theory Planned Behavior (Ajzen, 2005), a person behaves for a variety of reasons, including intentions and goals. One of these reasons is information, which is the basis of one's knowledge. Since financial knowledge has the capacity to influence behavior, people with more financial literacy will act in ways that are more financially responsible. (Ramalho & Forte, 2018). This claim is substantiated by study results demonstrating the beneficial influence of financial knowledge on financial action. (Pradiningtyas & Lukiastuti, 2019); (Cera *et al*, 2020); (Kharwar & Sarwar, 2021); (Tang & Baker, 2016); (Rahmawati & Asandimitra, 2020). According to Ida and Dwinta (2010) in Dewanti and Asandimitra (2021), Interest rate knowledge, financial management, and personal financial reports are all measures knowledge of financial.

The impact of Islamic financial attitudes on financial behavior can be observed through individuals' perspectives on money, influencing their spending, saving, hoarding, and management habits (Mien & Thou, 2015). Individual behavior, such as spending, saving, hoarding, and wasting money, is strongly influenced by one's financial attitude. Research indicates that a positive financial attitude leads to better financial behavior (Yahaya *et al*, 2019); (Adiputra & Patricia, 2019); (Agustina & Mardiana, 2020); (Nusron *et al*, 2018); (Sugiyanto *et al*, 2019). Islamic financial attitudes are often evaluated based on indicators like Riba, Akad, and Ikhlas. Riba represents an unjust attitude towards financial transactions (Pardiansyah, 2022), while Akad refers to the contractual aspect of legal acts (Syahrullah, 2018). Additionally, Ikhlas represents a worshipful attitude in financial matters (Ekamia *et al*, 2023).

The impact of one's locus of control on financial behavior is significant. When it comes to financial management, the locus of control refers to the choices individuals make to protect themselves financially, such as practicing thriftiness, restraining their consumption, and engaging in other similar actions (Pradiningtyas & Lukiastuti, 2019). Engaging in a positive locus of control behavior not only promotes responsible financial behavior but also contributes to overall financial well-being (Kholilah & Iramani, 2013); (Nusron *et al.*, 2018).

The ability to control one's actions and beliefs regarding finances has the capacity to influence how financial knowledge impacts financial behavior. Merely possessing knowledge and a positive attitude about finances is futile if an individual lacks personal responsibility. In order to cultivate wise and improved financial behavior, it is essential for an individual to possess both financial knowledge and self-control. The locus of control can serve as a mediator between financial knowledge and financial behavior, according to studies by Nguyen and Thao (2015), Pradiningtyas and Lukiastuti (2019), and Cahyaningrum and Fikri (2021).

The potential for the ability locus of control to act as a mediator between Islamic financial attitudes and financial behavior is significant. Those who possess a favorable outlook on Islamic finance, combined with a strong sense of locus of control, are likely to exhibit better resource management skills. Previous studies, such as those conducted by Dwiastanti (2017), Asih and Khafid (2020), and Amanah *et al.* (2016), have demonstrated that locus of control plays a mediating role in the relationship between financial attitudes and financial behavior.

This project utilizes quantitative research methods with an explanatory approach. Quantitative research involves the use of research tools to analyze specific populations or samples, aiming to test pre-existing hypotheses (Sugiyono, 2020). The Explanatory Method is a research technique that seeks to clarify the relationship between the variables being studied, including the impact of one variable on another (Sugiyono, 2020).

This research includes three categories of variables. Firstly, independent variables refer to factors that exert influence or have an impact on the development of the dependent variable (Sugiyono, 2020). In this study, independent factors such as financial knowledge and Islamic financial attitudes were utilized. Secondly, in this study have the dependent variable, which is the variable that is influenced or undergoes changes due to the independent variable (Sugiyono, 2020). In this research, financial behavior is considered as the dependent variable. Lastly, an intervening variable is a variable that could potentially affect the indirect relationship between the dependent and independent variables (Sugiyono, 2020). In this particular experiment, the intervening variable is the locus of control.

The population in this study are farmers in the Tuban District, and the sample was determined using the Cluster Sampling technique, which is determine when the object under study is very broad, such as the population of a country, province or district (Sugiyono, 2020). In engineering Cluster Sampling, sample determination must occur in two stages: the first stage determines regional samples, and the second stage determines individual samples (Sugiyono, 2020). In this study, regional samples are drawn using a system of Random Sampling, which means that samples are drawn at random from the population. Meanwhile, stratified Random Sampling is use for individual samples, specifically by selecting the characteristics of the sample to be used (Sugiyono, 2020). So that the sample area in this study are farmers in the Cendoro Village area with the characteristics of farmers who have privately owned agricultural land.

The researcher follows the viewpoint of Hair et al. (2010), who determined the appropriate number of representative samples by multiplying the number of indicators used by ten. In this particular investigation, a total of 13 indicators were employed, consisting of three indicators related to financial knowledge (interest rates, financial management, and personal financial reports), three indicators reflecting Islamic financial attitudes (usury (Riba), contract (akad), and sincerity (Ikhlas)), three indicators assessing locus of control (effort, fate, and influence of others), and four indicators measuring financial behavior (insurance, credit, savings, and investment). As a result of multiplying the number of indicators (13) by ten, the sample size for this study was determined to be 130.

The data collection method employed was a questionnaire, in which participants were requested to respond to a series of questions or written statements (Sugiyono, 2020). To grade the questionnaires, a Likert Scale was utilized, which allows for the examination of individuals' or groups' attitudes, opinions, and perceptions regarding social issues (Sugiyono, 2020). The Likert Scale used in this study ranged from 1 to 5, with 1 indicating "very totally disagree," 2 as "disagree," 3 as "undecided," 4 as "agreed," and 5 as "very totally agree" to measure the responses provided by farmers.

In the data analysis process, the researchers utilized SmartPLS software to conduct path analysis. As explained by Rutherford (1993) in Sihite & Pratiwi (2018), path analysis is a technique employed to explore causal relationships that arise within multiple regression when the independent variable has a direct or indirect influence on the dependent variable.

4. Results and Discussion

This study focused on gathering data from a specific group of respondents, mainly farmers who own agricultural land in Tuban Regency. A total of 130 individuals participated in the survey, and the data collection was carried out through a questionnaire-based approach. To analyze the data, the researchers utilized path analysis with the SmartPLS software. The mode value of each variable was employed to evaluate the respondents' responses, leading to the following outcomes:

Tables 1. Value of Respondent's Responses

Variables	Modus	Information
Financial Knowledge	4	Agrees
Islamic Financial Attitudes	4	Agrees
Locus of Control	4	Agrees
Financial Behavior	4	Agrees

Source : Primary Data, 2023

Referring to the table above, the number 4 appears frequently in the responses of the respondents. That is, the majority of farmers responded that they agreed with the questionnaire's statements.

Tables 2. Instrument Validity and Reliability Test Result

Variabel	Items label	Loading factor	Average Variance Extracted	Cronbach's Alpha			
Financial Knowledge	X1,1	0,748	0,639	0,862			
	X1,3	0,853					
	X1,4	0,855					
	X1,5	0,813					
	X1,6	0,716					
	X2,2	0,821					
Islamic Financial Attitudes	X2,3	0,943	0,838	0,951			
	X2,4	0,950					
	X2,5	0,925					
	X2,6	0,931					
	Locus of Control	Z,1			0,941	0,846	0,954
		Z,3			0,835		
Z,4		0,948					
Z,5		0,942					
Z,6		0,929					
Financial Behavior		Y,1	0,780	0,779	0,908		
	Y,2	0,877					
	Y,3	0,948					
	Y,4	0,917					

Source : Processed by SmartPLS3

The previously mentioned calculations pertain to the assessment of Convergence Validity, Discriminant Validity, and Construct Reliability. In Table 2 the loading factor values are all above 0.07, indicating the successful validation of the convergent validity test. However, three entries, namely X1.2, X2.1, and Z.2, are deemed invalid and have been excluded from the analysis. The Average Variance Extracted (AVE) for each item is greater than 0.5, further confirming the validity of the test. To ensure the reliability of the measurements, the Cronbach Alpha value is used, and it must exceed 0.07 to produce consistent results when applied repeatedly to the same subjects.

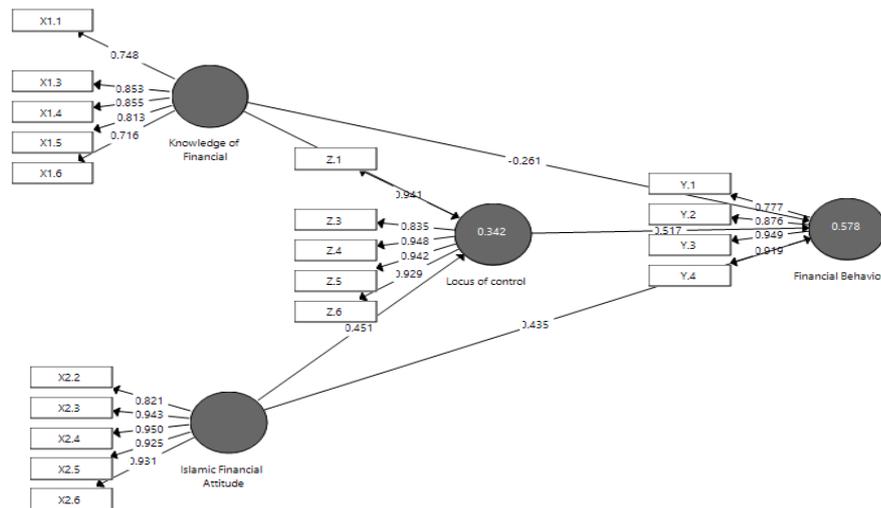


Figure 5. Testing the PLS Model

Source : Processed bt SmartPLS3

The result of SmartPLS show that the model satisfies the requirements for convergence validity, since all loading factor values are greater than 0.07. So that the model can be analyzed.

The test used in the feasibility of the model is the Blindfolding Test which tests the accuracy of the exogenous variables used to predict the endogenous variables. The analysis process uses the Q Square value. If Q Square greater than 0.05 then the construct model used is relevant. The Q square value in this study shown in the table below shows that the Q square value of the financial behavior variable is 0.411 and the locus of control variable is 0.277 more than 0.05 so that, the model construct in this study is relevant.

Tables 3. Value of Q Square

Variabel	Q Square
Locus of Control	0,277
Financial Behavior	0,411

Source : Processed by SmartPLS3

In order to assess the connection between latent constructs, a structural model test was conducted. Following the approach outlined by Sekaran and Bougie (2016), this study utilized R Square to evaluate the dependent construct. R Square represents the coefficient of determination for the dependent construct. Based on the test results, as indicated by Chin (1998), the R Square value of the endogenous variable was found to be 0.572. This value signifies that the relationship between the constructs is relatively strong. Specifically, 57.2% of the variations in financial knowledge and Islamic financial attitudes can impact financial behavior, while the remaining 41.4% of the variations are influenced by other variables.

Tables 4. Value of R Square

Variabel	R-square	Adjusted R-square
Locus of Control	0,342	0,332
Financial Behavior	0,578	0,568

Source : Processed by SmartPLS3

Hypothesis Test

The aim of this study was to examine the direct and indirect effects of independent factors on the dependent variables. For the direct impact test, four variables were analyzed: financial knowledge (X1), Islamic financial attitudes (X2), locus of control (Z), and financial behavior (Y). and it was considered significant if the p-value was less than 0.05. Financial

knowledge (X1) did not have a meaningful effect on financial behavior (Y) since the p-value was greater than 0.05. Financial knowledge (X1) did not significantly impact locus of control (Z) as the p-value was also larger than 0.05. Islamic financial attitudes (X2) and locus of control (Z) exhibited considerable influences on financial behavior (Y) since their p-values were less than 0.05. Additionally, Islamic financial attitudes (X2) had an effect on locus of control (Z). The summarized results of the direct testing are presented in the following table:

Tables 5. Result of the Direct Effect

Direct Effect	P Value	Information
Financial Knowledge on Financial Behavior	0,077	Not Significant
Islamic Financial attitudes on financial Behavior	0,001	Significant
Financial Knowledge on Locus of Control	0,110	Not Significant
Islamic Financial Attitudes on locus of Control	0,004	Significant
Locus of control on Financial Behavior	0,000	Significant

Sumber : Data Processed by SmartPLS3

This study sought to investigate whether the locus of control acts as a mediator in the relationships between financial knowledge, Islamic financial attitudes, and financial behavior. The results, as presented in the table below, indicate that the locus of control does not mediate the effects of financial knowledge on financial behavior, as the p-values were higher than 0.05. However, the locus of control was found to act as a mediator in the relationship between Islamic financial attitudes and financial behavior, with a significant p-value of 0.009. In summary, the study's findings suggest that while the locus of control does not serve as a mediator between financial knowledge and financial behavior, it does play a mediating role in the connection between Islamic financial attitudes and financial behavior.

Table 6. Indirect Effect Test Result

Indirect Influence	P Value	Information
The mediating role of the locus of control in the relationship between financial knowledge and financial behavior.	0,142	Not Significant
The mediating role of the locus of control in the relationship between Islamic Financial attitudes and financial behavior.	0,009	Significant

Source : Processed by SmartPLS3

Discussion

The Effect of Financial Knowledge on Financial Behavior

According to the results of hypothesis testing, it was found that financial knowledge had an insignificant effect on the financial behavior of Muslim farmers in Tuban District, as indicated by a coefficient value of 0.077. These findings are consistent with previous research by Muhidia (2019) and Rizkiawati & Asandimitra (2018), both of which also concluded that financial knowledge did not significantly impact financial behavior. This suggests that having a high level of financial understanding does not necessarily guarantee good financial management behavior. Additionally, the study revealed that a person's level of formal education was not a reliable predictor of their financial knowledge or behavior. This finding is in line with Muhidia's (2019) research on management students at the University of Muhammadiyah Gresik, where several students displayed poor financial management behavior despite being enrolled in a management program. It implies that formal education may not always translate into improved financial management skills. As suggested by Norris, *et al.* (2023), informal financial education for farmers will be highly essential. Their research highlights that the extent of entrepreneurship education significantly affects how individuals manage their businesses.

The Effect of Islamic Financial Attitudes on Financial behavior

Based on the results of hypothesis testing, it was evident that Islamic financial attitudes exert a substantial influence on financial conduct. This conclusion was supported by a p-value of 0.001, which is below the significance level of 0.05. The findings indicate that individuals with positive Islamic financial attitudes are more likely to exhibit good financial behavior. A person's strong religious commitment has the potential to impact their behavioral intentions significantly. (Iman, *et al*, 2021). These results are consistent with previous studies by Adiputra and Patricia (2019), Pradiningtyas and Lukiastuti (2019), Rahmawati and Haryono (2020), Nusron et al. (2018) and Sugiyanto et al. (2019), which also highlighted the significant impact of financial attitudes on financial behavior.

A good judgment or view in Muslim regarding usury (Riba), contract (Akad), and sincerity (Ikhlas) will cause a person to behave responsibly when handling finances. This is regardless of whether the chosen financial institution is a conventional financial institution or an Islamic financial institution. According to the questionnaire results, the majority of farmers expressed their belief that riba (usury) is forbidden (haram). However, they do not consider bank interest as usury, which leads them to opt for saving and borrowing from conventional financial institutions, which they perceive as safer and more dependable. The farmers' limited understanding of products offered by Islamic banks results in their reluctance to save and borrow from these institutions. Furthermore, farmers attach significant importance to contracts adhering to Islamic principles in their transactions. This emphasis is evident in their behavior, as they tend to lean towards investing in fixed assets that come with clear and transparent contracts.

The Effect of Financial Knowledge on Locus of Control

Based on the findings from the hypothesis testing, it is evident that financial knowledge does not have a significant effect on locus of control, as indicated by a p-value of 0.110, which is greater than the significance level of 0.05. This means that possessing good financial knowledge does not necessarily imply having good self-control. This outcome aligns with the research conducted by Dwiastanti (2017), which also concluded that financial knowledge does not influence locus of control. Dwiastanti's study focused on Economics and Business students who received substantial financial knowledge during their lectures, yet it was observed that this knowledge did not translate into improved self-control, mainly due to the students' high levels of ego. Similarly, the case with farmers shows that having low financial knowledge may not hinder them from demonstrating good self-control. Despite their limited financial knowledge, farmers can still exhibit good self-control in managing their finances.

The Effect of Islamic Financial Attitudes on Locus of Control

According to the findings of the hypothesis test, the effect of Islamic financial attitudes on locus of control yield p value of 0,004 which is smaller than 0,05. These result state that Islamic financial attitudes have a significant effect on locus of control. Farmer's locus of control is influenced by the assesment of good Islamic financial attitudes. The better of assesment related to Islamic finance, the better farmer's self control will be. Someone who has a good assesment of usury and contract in Islamic rules can make person not easlily tempted by invitations from other to carry out transactions that are not accordance with Islamic rules. It is reflected in they ability to prioritize needs and restrain desires that are less beneficial. Sincerity is also considered important in financial term, so that with sincerity it will result in a decision to always be grateful for result obtained, such as farmers who are

always grateful for their crops by zakat. Although in a different context, the result of this study support research by Asih & Khafid, (2020) and Dwiastanti, (2017) which states that financial attitudes have a significant effect on locus of control.

The Effect of Locus of Control on Financial Behavior

The influence of locus of control on financial behavior is reflected in a highly significant p-value of 0.000, indicating that locus of control has a substantial impact on financial behavior. Individuals with strong self-control are more likely to exhibit good financial behavior. The hypothesis testing results clearly demonstrate the considerable effect of locus of control on financial behavior, where individuals who display good financial behavior do so because of their strong self-control. For farmers, their ability to exercise self-control enables them to save money, prioritize their needs, and practice gratitude, allowing them to set aside funds for savings, debt repayment, purchasing agricultural property, and investing in insurance like health insurance. These findings are consistent with previous studies by Kholilah and Iramani (2013) and Zaniati (2017), which also found that locus of control significantly influences financial behavior.

The Locus of Control's Ability to Mediate the Influence of Financial Knowledge on Financial Behavior

The hypothesis test resulted in a p-value of 0.142, which is greater than the significance level of 0.05, indicating that the locus of control does not act as a mediator in the relationship between financial knowledge and financial behavior. This finding is in line with the results of the previous direct impact test, which also showed that financial knowledge has no effect on locus of control and financial behavior. Thus, having high financial knowledge does not necessarily lead to the development of good financial self-control. Interestingly, farmers with limited financial education can still exhibit good financial self-control. These findings align with the research conducted by Dewanti and Asandimitra (2021) and Rahmawati and Haryono (2020), both of which found that the locus of control does not mediate the effect of financial knowledge on financial behavior.

The Locus of Control's Ability to Mediate the Influence of Islamic Financial Attitudes on Financial Behavior

The results of the hypothesis test indicate that there is an indirect p-value of 0.009, suggesting that the locus of control acts as a mediator in the relationship between Islamic financial beliefs and financial behavior. Individuals who possess both a positive Islamic financial mindset and a strong locus of control are more likely to exhibit better financial behavior. Among farmers, this combination of sound judgment in Islamic financial views and good self-control leads to a positive manifestation in their financial behavior. These findings align with prior research conducted by Dwiastanti (2017), Asih and Khafid (2020), Agustina and Mardiana (2020), Cahyaningrum and Fikri (2021), Pradiningtyas and Lukiastuti (2019), Amanah et al. (2016), and Khoirunnisa and Rochmawati (2021), all of which concluded that the locus of control can mediate the effect of financial attitudes on financial behavior. It suggests that individuals with sound financial judgment tend to develop a strong locus of control, which subsequently leads to improved financial behavior, accountability, and wiser financial management practices.

5. Conclusion

The results of testing the hypothesis using SmartPLS3 related to the effect of financial knowledge, Islamic financial attitudes and locus of control on the financial behavior of farmers in Tuban Regency state that first, financial knowledge has no significant effect on financial behavior, which means that individuals with good financial knowledge do not necessarily have good financial behavior. Reflected in the results of this study, that farmers with good behavior are not influenced by knowledge related to finance.

Second, Islamic financial attitudes have a significant positive effect on financial behavior. This result is a new result in the study, the existence of a variable Islamic financial attitudes with indicators that have not been used in previous research can in fact influence a person's financial behavior. A good judgment or opinion in a Muslim regarding usury, contracts and sincerity will cause a person to have good behavior in managing finances in a more responsible manner. This is regardless of one's choice regarding the chosen financial institution between conventional financial institutions or Islamic financial institutions. The existence of different views regarding bank interest is the reason that many Muslim communities still use conventional financial institutions in saving and lending business capital.

Third, locus of control has a significant effect on financial behavior. That is, someone who has a good locus of control will be able to control himself from things that are less useful, prioritize needs and not be easily tempted by other people's invitations. debt, invest and pay insurance as a guarantee of his future.

Fourth, financial knowledge has no significant effect on locus of control indicating that individuals with good knowledge do not necessarily have good self-control. According to Dwiastanti (2017) who conducted research on students of the Faculty of Economics and Business who got good financial knowledge in lectures, in fact they were not able to make students have good self-control because students' egos were still high. Likewise with farmers, low financial knowledge can actually make farmers have good self-control.

Fifth, Islamic financial attitudes have a significant influence on locus of control, meaning that someone who has good judgments regarding Islamic finance will also have good self-control. Someone who has a good assessment of usury and contracts in Islamic rules is not easily tempted by invitations from others to carry out transactions that are not in accordance with the Shari'ah so that this is reflected in his ability to prioritize needs and restrain desires that are less beneficial. Sincerity is also considered important in financial terms, so that with sincerity it will result in a decision to always be grateful for the results obtained. This result is one of the novelties in this study, namely locus of control is influenced by one's judgment related to finance in an Islamic perspective.

Sixth, based on the indirect effect test. Locus of control is not able to mediate the effect of financial knowledge on financial behavior. that is, the level of one's knowledge does not produce control in a person to be able to behave well financially. However, different results were obtained from the indirect test that locus of control is able to mediate the effect of Islamic financial attitudes on financial behavior. this shows that whether someone is good or bad in assessing finances based on an Islamic perspective will also produce good self-control and be more grateful in accepting destiny so as to produce wiser financial behavior. Someone who has a good Islamic financial attitude accompanied by a good locus of control, then the individual will be able to develop wiser financial behavior. Farmers show good judgment regarding Islamic financial attitudes and also have good self-control, so that they are able to provide a positive reflection in behavior.

The results of this study are expected to be a reference for future research related to Islamic financial attitudes. The research findings can be utilized by the government to formulate informal education policies concerning financial literacy specifically designed for Indonesian farmers. These policies aim to enhance national food security. By equipping farmers with improved financial literacy, they are anticipated to efficiently handle their finances, leading to increased productivity and the adoption of advanced agricultural technologies. For further research, it is suggested to re-test the ability of the locus of control to mediate the effect of financial knowledge on financial behavior.

This study demonstrates that farmers' comprehension of shari'ah financial products is insufficient. Additionally, their awareness of alternative investment opportunities beyond fixed assets allocation is limited. Therefore, the expectation is that both conventional and shari'ah-compliant financial institutions will create investment products that cater specifically for farmers.

Acknowledgment

The author acknowledges gratitude to the district government, and parties who assisted in the implementation of this research.

Reference

- Adiputra, I. G., & Patricia, E. (2020). *The Effect of Financial Attitude, Financial Knowledge, and Income on Financial Management Behavior*. <https://doi.org/10.2991/assehr.k.200515.019>
- Amalia Nusron, L., Wahidiyah, M., & Setyo Budiarto, D. (2018). Antecedent Factors of Financial Management Behavior: An Empirical Research Based on Education. *KnE Social Sciences*, 3(10). <https://doi.org/10.18502/kss.v3i10.3146>
- Amanah, E., Rahadian, D., & Iradianty, A. (2016). Pengaruh Financial Knowledge, Financial Attitude Dan External Locus Of Control Terhadap Personal Financial Management Behavior pada Mahasiswa S1 Universitas Telkom. *E-Proceeding of Management*, 3(2).
- Andanika, A., Echdar, S., & Sjarlis, S. (2020). Analisis Faktor Faktor yang Mempengaruhi Perilaku Pengelolaan Keuangan Pelaku Bisnis Ibu Rumah Tangga di Desa Tawundu Kecamatan Suli Kabupaten Luwu. *Jurnal Bisnis & Kewirausahaan*, 9(1). <https://doi.org/10.37476/jbk.v9i1.872>
- Atikah, A., & Kurniawan, R. R. (2021). Pengaruh Literasi Keuangan, Locus of Control, dan Financial Self Efficacy Terhadap Perilaku Manajemen Keuangan. *JMB: Jurnal Manajemen Dan Bisnis*, 10(2). <https://doi.org/10.31000/jmb.v10i2.5132>
- Atkinson, A., M. P. (2012). Measuring financial literacy: Result of the OECD / International Network on Financial Education (INFE) pilot study. OECD working Papers on Finance, Insurance and Private Pensions. *OECD Publishing*.
- Barakah, A., Suitra, P., & Najihah, U. (2018). Etika Konsumsi (Istihlak) Perspektif Filsafat Ekonomi Islam. *CENDEKIA: Jurnal Studi Keislaman*, 6(1).
- Cahyaningrum, B., & Fikri, M. A. (2021). Peran Pemeditasi Locus of Control pada Pengaruh Financial Knowledge dan Financial Attitude terhadap Financial Management Behavior. *Jurnal Ilmu Manajemen*, 9(4). <https://doi.org/10.26740/jim.v9n4.p1500-1515>
- Cera, G., Mlouk, A., Cera, E., & Shumeli, A. (2020). The impact of entrepreneurship education on entrepreneurial intention. A quasi-experimental research design. *Journal of Competitiveness*, 12(1). <https://doi.org/10.7441/joc.2020.01.03>
- Chin, W. W. (1998). The Partial Least Squares Approach to Structural Equation. *Modeling. Modern Methods for Business Research*, 295, 336.
- Çoşkun, A., & Dalziel, N. (2020). Mediation effect of financial attitude on financial knowledge and financial behavior. *International Journal of Research in Business and Social Science (2147-4478)*, 9(2), 01–08. <https://doi.org/10.20525/ijrbs.v9i2.647>

- Dew, Jeffrey and Xiao, Jing Jian, The Financial Management Behavior Scale: Development and Validation (2011). *Journal of Financial Counseling and Planning*, Vol. 22, No. 1, p. 43, 2011, Available at SSRN: <https://ssrn.com/abstract=2061265>
- Dewanti, V. P., & Asandimitra, N. (2021). Pengaruh Financial Socialization, Financial Knowledge, Financial Experience terhadap Financial Management Behavior dengan Locus of Control sebagai Variabel Mediasi pada Pengguna Paylater. *Jurnal Ilmu Manajemen*, 9(3). <https://doi.org/10.26740/jim.v9n3.p863-875>
- Dwiastanti, A. (2017). Analysis of financial knowledge and financial attitude on locus of control and financial management behavior. *Management and Business Review*, 1(1). <https://doi.org/10.21067/mbr.v1i1.2043>
- Humaira, I., & Sagoro, E. M. (2018). Pengaruh Pengetahuan Keuangan, Sikap Keuangan, dan Kepribadian terhadap Perilaku Manajemen Keuangan pada Pelaku UMKM Sentra Kerajinan Batik Kabupaten Bantul. *Nominal, Barometer Riset Akuntansi Dan Manajemen*, 7(1). <https://doi.org/10.21831/nominal.v7i1.19363>
- Iman, N., Santoso, A., & Kurniawan, E. (2021). *Wakif's Behavior in Money Waqf: an Approach to Theory of Planned Behavior*. 16(1), 12–23. <http://journal.umpo.ac.id/index.php/ekuilibrium>
- Kholilah, N. al, & Iramani, Rr. (2013). Studi Financial Management Behavior pada Masyarakat Surabaya. *Journal of Business and Banking*, 3(1). <https://doi.org/10.14414/jbb.v3i1.255>
- Lara Ekamia, G., Yusuf, S., & Budiman, N. (2023). Perilaku Ikhlas Alumni Santri Siap Guna Daarut Tauhiid: Fenomenologi. In *Syamsu Yusuf L.N. Nandang Budiman* (Vol. 3, Issue 1). Online.
- Maftuhin, M., & Kusumawardani, D. (2022). Household Saving Behavior on Formal Financial Institutions in Urban and Rural Areas. *EkUILIBRIUM: Jurnal Ilmiah Bidang Ilmu Ekonomi*, 17(1). <https://doi.org/10.24269/ekuilibrium.v17i1.4169>
- Moh. Soleh, Moh Irfan Burhani, & Luthfi Atmasari. (2022). Hubungan antara Locus of Control dengan Prokrastinasi Akademik pada Mahasiswa Psikologi IAIN Kediri. *Happiness, Journal of Psychology and Islamic Science*, 4(2). <https://doi.org/10.30762/happiness.v4i2.366>
- Muhidia, S. C. U. (2019). Pengaruh Pengetahuan Keuangan, Sikap Keuangan, dan Locus of Control terhadap Perilaku Keuangan Mahasiswa Prodi Manajemen Universitas Muhammadiyah Gresik. *Manajerial*, 5(2). <https://doi.org/10.30587/manajerial.v5i2.840>
- Norris, S. (2023). Personal Role in the Mediation of Entrepreneurship Education on Interest in Entrepreneurship. *Jurnal Ilmiah Bidang Ilmu Ekonomi*, 18(1), 11–21. <http://journal.umpo.ac.id/index.php/ekuilibrium>
- Nur Baits, A. (2017). *Ada Apa dengan Riba?* (R. Purwanto, Ed.; 3rd ed.). Pustaka Muamalah Jogja .
- Nurazizah, S., & Indrayenti, I. (2022). Pengaruh Pengetahuan Keuangan dan Sikap Keuangan terhadap Perilaku Manajemen Keuangan Mahasiswa. *Jurnal EMA*, 7(1). <https://doi.org/10.47335/ema.v7i1.112>
- Pardiansyah, E. (2022). Konsep Riba Dalam Fiqih Muamalah Maliyyah dan Praktiknya Dalam Bisnis Kontemporer. *Jurnal Ilmiah Ekonomi Islam*, 8(02).
- Pradiningtyas, T. E., & Lukiasuti, F. (2019). Pengaruh Pengetahuan Keuangan dan Sikap Keuangan terhadap Locus of Control dan Perilaku Pengelolaan Keuangan Mahasiswa Ekonomi. *Jurnal Minds: Manajemen Ide Dan Inspirasi*, 6(1). <https://doi.org/10.24252/minds.v6i1.9274>
- Rahmawati, N. W., & Haryono, N. A. (2020). Analisis Faktor yang Memengaruhi Financial Management Behavior dengan Mediasi Locus of Control. In *Jurnal Ilmu Manajemen* (Vol. 8).
- Rai, K., Dua, S., & Yadav, M. (2019). Association of financial attitude, financial behaviour and financial knowledge towards financial literacy: A structural equation modeling approach. *FIIB Business Review*, 8(1), 51-60.
- Ramalho, T. B., & Forte, D. (2019). Financial literacy in Brazil – do knowledge and self-confidence relate with behavior? *RAUSP Management Journal*, 54(1). <https://doi.org/10.1108/RAUSP-04-2018-0008>
- Riska Agustina, N. (n.d.). *Management and Economics Journal The Effect of Financial Knowledge and Financial Attitude on Financial Management Behavior Mediated with Locus of Control*. <https://doi.org/10.18860/mec-j.v4i3.5300>

- Rizkiawati, N. L., & Asandimitra, N. (2018). The Influence of Demography, Financial Knowledge, Financial Attitude, Locus of Control and Financial Self-Efficacy on the Financial Management Behavior of the Surabaya Community. *Jurnal Ilmu Manajemen (JIM)*, 6(3).
- Rutherford, R., (1993): *Statistical Model for Causal Analysis*, John Wiley and Sons. Inc, New York.
- Robb, C. A., & Woodyard, A. S. (2011). Financial knowledge and best practice behavior. *Journal of Financial Counseling and Planning*, 22(1).
- Sekaran, U., & Bougie, R. (2017). *Metode Penelitian Untuk Bisnis_Pendekatan Pengembangan Keahlian* (U. & R. B. Sekaran, Ed.; 6th ed.). Salemba Empat.
- Safura Azizah, N. (2020). Pengaruh Literasi Keuangan, Gaya Hidup Pada Perilaku Keuangan Pada Generasi Milenial. *Prisma (Platform Riset Mahasiswa Akuntansi)*, 01(02).
- Sugiyanto, T., Radianto, W. ED., Efrata, T. C., & Dewi, L. (2019). *Financial Literacy, Financial Attitude, and Financial Behavior of Young Pioneering Business Entrepreneurs*. <https://doi.org/10.2991/icoi-19.2019.60>
- Sugiyono. (2020). *Metode Penelitian Kuantitatif Kualitatif dan R&D* (Sutopo, Ed.; 2nd ed.). ALFABETA.
- Suryanto. (2017). Pola Perilaku Keuangan Mahasiswa di Perguruan Tinggi. In *Jurnal Ilmu Politik dan Komunikasi: Vol. VII* (Issue 1).
- Syahrullah, M., Busyro, W., Septianingsih, R., & Elsy, M. A. W. (2018). *Ekonomi Syari'ah : Konsep dan Aplikasinya* (M. A. W. Elsy, Ed.; 1st ed.). CV. Asa Riau.
- Tang, N., & Baker, A. (2016). Self-esteem, financial knowledge and financial behavior. *Journal of Economic Psychology*, 54. <https://doi.org/10.1016/j.joep.2016.04.005>
- Thi, N., Mien, N., & Thao, T. P. (2015). Factors Affecting Personal Financial Management Behaviors: Evidence from Vietnam. *Economics, Finance and Social Sciences*.
- Widi Asih, S., & Khafid, M. (2020). Pengaruh Financial Knowledge, Financial Attitude dan Income terhadap Personal Financial Management Behavior melalui Locus of Control sebagai Variabel Intervening. *EEAJ*, 9(3).
- Yahaya, R., Zainol, Z., Abidin, J. H. O. @ Z., & Ismail, R. (2019). The Effect of Financial Knowledge and Financial Attitudes on Financial Behavior among University Students. *International Journal of Academic Research in Business and Social Sciences*, 9(8). <https://doi.org/10.6007/ijarbss/v9-i8/6205>