

## **ABSTRACT**

*The high level of poverty and expenditure per capita per month in Medan City is caused by, among other things, the inability of the community to carry out financial management and low knowledge of finance. Based on data from the Indonesian people's financial literacy index in 2016, the results of the OJK survey show that North Sumatra has an index of 31.3%, which is above the average value of the national financial literacy index and is ranked 11th out of 33 provinces. This data shows the low financial literacy of the people of Medan City (Segara, 2017).*

*The people of Medan City need to carry out proper financial management, with proper financial management which is supported by good financial literacy, so the standard of living is expected to increase. Control is needed through an understanding of financial literacy so that young adults today can face difficulties in managing their financial responsibilities and avoiding financial distress.*

*This study aims to determine the relationship between financial literacy and financial distress in young adults in the city of Medan. The research method uses a quantitative method approach. Data collection was carried out by distributing questionnaires to young adults in Medan City. The population of this study was 453,573 people and the selected sample was 400 people through purposive sampling. The measuring instrument used in this study is an ordinal scale and for financial distress variables, the InCharge Financial Distress / Financial Well-being (IFDFW) scale is used for financial distress variables. The analysis technique in this research is using descriptive analysis and pearson product moment parametric correlation analysis.*

*Based on the results obtained, the level of financial literacy in young adults in Medan City is high and the level of financial distress in young adults in Medan is moderate. In addition, this study shows that there is a strong positive relationship between financial literacy and financial distress in young adults in Medan City.*

**Keywords: Financial Literacy, Financial Attitude, Financial Behavior, Financial Knowledge, Financial Distress, Medan City.**