

ABSTRACT

The city of Bandung as an economic center with the largest population in West Java has a high level of consumption. Consumption expenditure in the city of Bandung increases every year indicating a consumptive behavior which is a tendency to shop based on emotions and excessive lifestyles. Thus, the focus of this research is on financial literacy and behavioral biases towards consumptive behavior among productive age groups in the city of Bandung.

The purpose of this study was to determine the relationship between financial literacy, behavioral bias, and consumptive behavior in the productive age population in the city of Bandung. This study will confirm the validity of the theory in the context and location of the study. Financial literacy is knowledge and understanding of financial management, while behavioral bias is an individual's tendency towards consumptive behavior.

This study uses a quantitative approach with descriptive analysis. The research population consisted of all residents of Bandung who were of productive age, namely 1,729,768 people. Primary data was collected by distributing questionnaires. The research sample was taken by purposive sampling method with a total of 400 respondents from the city of Bandung and aged between 15 to 64 years. The collected data were analyzed using multiple linear regression analysis techniques.

The findings of this study indicate that financial literacy has a positive and significant effect on consumptive behavior. Behavioral bias has a significant influence on consumptive behavior. Taken together, financial literacy and behavioral bias have a significant influence on consumptive behavior among productive age residents in the city of Bandung. Meanwhile, financial literacy and behavioral bias contribute 6.9% to consumptive behavior. Meanwhile, the remaining 93.1% were influenced by other factors and were not examined in this study.

The contribution of this research is to provide an understanding of the importance of financial literacy and the influence of behavioral biases in shaping consumptive behavior among people of productive age in the city of Bandung. This study also proposes recommendations for further research development, such as adding independent variables and taking samples at different locations. In a practical context, the results of this study provide advice to people of productive age to increase their financial literacy in order to better manage consumptive behavior. The government and related institutions are also expected to organize financial literacy education programs to help residents make wiser consumption decisions.

Keywords: Financial Literacy, Behavioral Bias, Consumptive Behavior, Productive Age, Population of Bandung City