

ABSTRACT

Along with the rapid increase in economic growth in Indonesia, Pekanbaru City is also one of the areas that is used as a trading center in Sumatra with the aim of achieving high economic growth. One of the reason for economic growth is the ever-growing population. Population problems cannot be separated from employment problems. With a high population growth rate, the supply of labor will also be high. However, as a result of Covid-19, it has a critical impact on employment and welfare, so that people's incomes are depressed and the necessities of life are not met. With this pandemic situation, people must survive in keeping up with technological advances and increasingly high lifestyles and can make these people tend to be consumptive. Living a consumptive lifestyle that is not balanced with financial literacy can have several negative impacts, including financial stress. Lack of knowledge about how to handle finances (financial literacy) will cause financial distress.

The purpose of this study was to determine the relationship between financial literacy and financial distress in young adults in Pekanbaru City. The method used in this study is a quantitative research method. Data was collected by distributing questionnaires to young adults in Pekanbaru City. The population of this study was 233,089 people and the selected sample was 400 people through purposive sampling. The measuring instrument in this study uses an ordinal scale for the financial literacy variable and the InCharge Financial Distress/Financial Well-being (IFDFW) scale for the financial distress variable. The analysis technique uses descriptive analysis and Pearson product moment parametric correlation analysis.

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

Keywords: *Financial Literacy, Financial Attitude, Financial Behavior, Financial Knowledge, Financial Distress, Young Adults, Pekanbaru City*