

The Effect of Financial Literacy and Financial Attitude on Financial Management Behavior in Generation Z in Bekasi Regency

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ABSTRACT

The Effect of Financial Literacy and Financial Attitude on Financial Management Behavior in Generation Z in Bekasi Regency. This research is to measure the effect of Financial Literacy and Financial Attitude on Financial Management Behavior in Generation Z in Bekasi Regency. This research is quantitative research where the object used by Generation Z is Papan Indah Housing, Bekasi Regency. The number of samples used in this study was 122 respondents. Data collection techniques used questionnaires and data processing and hypothesis testing using SmartPLS 4.0. The results of this study explain that Financial Literacy has a significant positive effect on Financial Management Behavior, and the Financial Attitude variable has a significant positive effect on Financial Management Behavior.

INTRODUCTION

In the Indonesian economy, it is recorded that economic growth has a positive increase in the fourth quarter of 2022 of 5.31% (bps.go.id 2022). Each generation certainly has a role and creativity related to the ideas needed by the Indonesian nation to build the country's economy. Generations are a group of people who have similarities in terms of years of birth, age, historical experience, and location which can have a significant influence on the growth phase. Indonesia is a country that has various generational groups. There are six generational groups in Indonesia based on the year a person was born, namely Pre-Boomers, Baby Boomers, Generation X, Millennial Generation, Generation Z, and Post Generation Z (bps.go.id, 2020).

Generation Z is the population that dominates Indonesia (bps.go.id, 2020). Generation Z ranks first with a large percentage of 27.94%, in second place is the millennial generation at 25.87%, in third place is Generation X at 21.88%, fourth is the Baby Boomer generation at 11.56%, and in last place is Post Generation Z with the lowest percentage of 10.88%. (bps.go.id, 2020). Meanwhile, according to data from the

Ministry of Home Affairs (Kemendagri), the total population of Generation Z who may currently be aged 10-24 years is 68,662,815 as of December 31, 2021.

West Java Province occupies the first position with a Generation Z population of 11,886,058 people and the last position is occupied by North Kalimantan Province with a Generation Z population of 189,403 people. The Central Bureau of Statistics (bps.go.id) Bekasi released the results of the 2020 population census based on data compiled by the population of the large city of Bekasi in 2020, there were 3.8 million people, an increase of 110 thousand people compared to the previous 2 years in 2010. (bekasikab.bps.go.id, 2023). The results of the census also show that Bekasi Regency is dominated by millennial youth (25-42 years old) and Generation Z (11-26 years old). It is estimated that the number of Generation Z in Bekasi Regency is 676,109 people with a large percentage of 26.58% and the total population in Papan Indah Housing is 2,334 people.

Generation Z is a generation that was born in the era of technology or can be referred to as "iGeneration" which is always connected to the virtual world. (Nisa & Haryono, 2022) Generation Z is often referred to as the "regeneration" or internet generation. The internet generation grows and develops along with digitalization in various aspects. They are experts in operating various technology media (digital natives) and have unique multi-tasking characteristics that differentiate them from previous generations (Christiani & Ikasari, 2020). Even so, there are lots of financial problems that are often faced by Generation Z because this generation is synonymous with the word wasteful where they experience difficulties in managing finances. There are high lifestyle demands, making people of this generation want to always spend their money to keep abreast of existing trends (Nisa & Haryono, 2022). Therefore, financial management in Generation Z is a good problem to carry out in research by looking at it from several scientific perspectives, one of which is management science.

Financial management behavior is very important in managing daily financial-related life to achieve prosperity. In managing finances, special abilities are needed to regulate expenditure and income. Failure to manage finances will certainly trigger problems of difficulty. Financial management is one of the main factors in how to manage financial goals so that it will continue to run well so as not to cause performance inhibition and gain access to financing (Pratiwi & Sulistyowati, 2022). This financial management behavior does not aim to prohibit generation Z from using their money, but rather this financial management behavior can help generation Z to have responsibility for making financial decisions.

Financial literacy is knowledge, skills and beliefs that can influence attitudes and behavior to improve the quality of decision making and financial management to achieve prosperity. financial literacy is useful for educating generation Z in Bekasi Regency about finance so that they can manage finances wisely and well. The importance of financial literacy and skills in managing personal finances, in generation Z is a must because at this age they are required to be able to manage their own finances. They are also included in a group that has a major contribution to the Indonesian economy because they will enter the world of work in the future (Syaliha et al., 2022). Financial attitude describe individual behavior towards their finances which is implemented into attitudes.

Financial attitude determine how individuals save, hoard, and spend money. According to (Griffin & Sibolang, 2022). Financial attitude is a person's condition that can

be measured and seen from a psychological point of view related to financial management practices. Financial attitudes can help someone behave towards finances both in financial management, budgeting, and how decisions will ultimately be taken (Syaliha et al., 2022). Financial attitudes certainly have an impact on financial planning and decision making as well as possible as shown in attitudes and behavior and management of finances. Therefore, without a good financial attitude there will be a great difficulty in obtaining financial benefits in the future.

In this study the age range for being used as research respondents was 19-24 years, this was because respondents with this age range had completed their education and had an income so that the research respondents at least had basic financial knowledge.

Based on the phenomena and differences in the results of several studies, this research is therefore entitled "The Effect of Financial Literacy and Financial Attitude on Financial Management Behavior in Generation Z in Bekasi Regency".

THEORETICAL REVIEW

Financial Management Behavior

Habib Ristiono in (Yunita, 2020), argues that financial management behavior is a process that includes views regarding personal finance, from a management point of view, both assets and available resources as a whole. Financial management behavior can be determined from the knowledge a person has. According to Cummis in (Yushita, 2017) states that one of the important factors to achieve success in life, a person must have the ability to manage properly and wisely.

According to (Aditya & Azmansyah, 2021), states that financial management behavior has the following indicators:

1. Regulate income
2. Manage expenses
3. Consider many things before shopping
4. Set aside money for savings
5. Set aside money for the future
6. Pay bills on time

Financial Literacy

According to (Rini Prihastuty & Rahayuningsih, 2018), financial literacy is a person's ability to understand how money works, how the person manages to get the money he earns, how the person can manage the money and how the person is able to change it for the better. According to (Safura Azizah, 2020), financial literacy is something that is important in order to avoid financial problems. Financial literacy can also be said as the ability to understand, know, and evaluate information related to financial management. Financial literacy is an ability and knowledge that can assist each individual in making a financial decision in order to improve financial condition.

According to (Augustin et al., 2020), states that financial literacy has the following indicators:

1. Basic personal finance.
2. Money management.
3. Savings and investment.

4. Risk management.
5. Cognitive.
6. Behavior or action.

Financial Attitude

(Griffin & Sibilang, 2022), financial attitude is a person's condition that is measured and viewed from a psychological perspective related to financial management practices. Good financial management practices begin with bringing a good financial attitude to the environment in which they live. Therefore, financial attitude can be interpreted as an assessment of the individual's state of mind and opinion in determining his attitude. (Estuti et al., 2021) explains that financial attitude is a psychological tendency that is expressed when evaluating recommended financial management practices with several levels of agreement and disagreement, by having a good financial attitude, individuals will be able to manage finances well and implement things Accordingly, it is felt that it will be difficult for individuals to have a surplus of money allocated for future savings, let alone have the capital to invest.

According (Aditya & Azmansyah, 2021), states that financial attitude has the following indicators:

1. The mindset of financial management.
2. Attitude of shopping satisfaction.
3. The attitude of not feeling enough.
4. The attitude of not wanting to spend money.
5. Independence in money management.

Based on the theoretical relationships described above, several research hypotheses can be formulated, including the following:

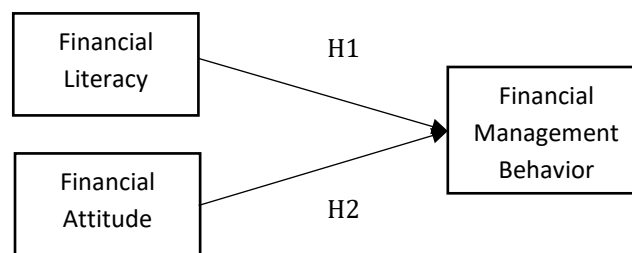


Figure 1. Conceptual Framework

H1 : There is a positive and significant effect of Financial Literacy on Financial Management Behavior.

H2 : There is a positive and significant effect of Financial Attitudes on Financial Management Behavior

METHODOLOGY

This research is a quantitative research where the object used by generation Z is Papan Indah Housing, Bekasi Regency. The number of samples used in this study were 122 respondents. Data collection techniques used questionnaires and data processing and hypothesis testing using SmartPLS 4.0.

RESULTS

This study uses data analysis in the form of partial least squares (PLS), which consists of three analyzes, namely the outer model test, the inner model test and hypothesis testing.

Measurement Models

Testing the validity and reliability of a measurement model is a possibility. Cross loading and latent variables can be used to test discriminant validity, while an AVE score with a minimum of 0.5 can be used to measure convergent validity. While Cronbach alpha and composite reliability can be used to assess test reliability. Table 1 displays the measurement model which includes reliability (composite reliability and Cronbach's alpha), convergent validity (AVE), and discriminant validity (Factor/Cross Loading).

Table 1. Factor Loadings, Composite Reliability, Cronbach's Alpha and AVE

Variable	Items	Factor Loadings	Composite Reliability	Cronbach's Alpha	AVE
Financial Literacy	FL1	0,773	0,867	0,796	0,620
	FL2	0,774			
	FL3	0,816			
	FL4	0,786			
Financial Attitude	FA1	0,711	0,811	0,850	0,590
	FA4	0,823			
	FA5	0,767			
Financial Management Behavior	FMB3	0,815	0,907	0,844	0,764
	FMB4	0,921			
	FMB5	0,884			

According to (Ghozali, 2015) all scores for Factor Loadings, Composite Reliability, and Cronbach's Alpha are greater than 0.7, as shown in Table 1. All AVE values > 0.5, it can be said that they meet the requirements of discriminant validity (Ghozali, 2015) as shown in Table 1. Therefore, each variable and indicator can be used. The upper square root of AVE with vertical latent correlation is greater than the other constructs, as seen in Table 2. Therefore, it is possible to achieve discriminant validity for this investigation using latent variable correlations.

Table 2. Latent Variable Corelation

	Financial Literacy	Financial Attitude	Financial Management Behavior
FL1	0,773	0,513	0,510
FL2	0,774	0,533	0,527
FL3	0,816	0,432	0,567
FL4	0,786	0,412	0,500
FA1	0,554	0,711	0,515
FA4	0,391	0,823	0,500
FA5	0,427	0,767	0,475
FMB3	0,503	0,594	0,815
FMB4	0,599	0,546	0,921
FMB5	0,645	0,564	0,884

Structural Model Assessment

There are three approaches to implementing the Inner Model. Examining R Square (R²), Predictive Relevance (Q²), and Goodness of Fit (GoF) is the third method. Unlike the GoF formula which requires searching the GoF value in PLS-SEM manually, the Q² formula is $Q^2 = 1 - (1 - R^2_1)(1 - R^2_2)(1 - R^2_p)$. To find out the relationship between variables or constructs related to the significance value of the research model, an inner model analysis or structural model is performed. The significant value based on the t-statistic value is used to assess the structural model. The bootstrapping technique can be used to see the evaluation results of the Inner model in SmartPLS 4.0 software. The following is a picture of the output display from the structural model after the bootstrapping process:

Table 3. Path Coefficients

	T Statistics (O/STERR)	P – Values	
Financial Literacy => Financial Management Behavior	6,134	0,000	Significant
Financial Attitude => Financial Management Behavior	4,24	0,000	Significant

Financial literacy has a direct influence on financial management behavior, as shown in table 3, and has a statistically significant effect due to the large value of the P-value $0.000 < 5\%$. Whereas the financial attitude variable has a direct influence on

financial management behavior, as shown in table 3, and has a statistically significant effect because of the large value of the P-value $0.000 < 5\%$.

Hypothesis test

H1: There is a positive and significant effect of Financial Literacy on Financial Management Behavior.

Based on the test results, it can be concluded that the original sample is significant because it has a positive value of 0.437, a t-statistic value of 6.134 or 6.134% (> 1.985) and a p-Values of 0.000 or 0.00% (according to the 5% significance requirement). According to the test results, financial literacy has a beneficial (43.7%) and significant (0.00%) effect on employee performance. This finding allows for the conclusion that H1 is acceptable.

H2: There is a positive and significant effect of Financial Attitude on Financial Management Behavior.

Based on the test results, it can be concluded that the original sample is significant because it has a positive value of 0.387, a t-statistic value of 4.642 or 4.642% (> 1.985) and a p-value of 0.000 or 0.00% (according to the 5% significance requirement). According to the test results, financial attitude has a beneficial (38.7%) and significant (0.00%) effect on employee performance. This finding allows for the conclusion that H2 is acceptable.

DISCUSSION

The Effect of Financial Literacy on Financial Management Behavior

Based on the results of hypothesis testing carried out through the results of data processing, it was found that financial literacy has a positive and significant effect on financial management behavior. Judging from several indicators of financial literacy, the LK3 indicator has the greatest influence among other indicators on financial management behavior. This is shown from the results of the outer model of 0.816 and the result of the inner model of 16.248. The results of this study are in line with previous research conducted by (Anggraini et al., 2022; Hikmah & Rustam, 2022; Sari, 2021). His research states that there is a significant influence between financial literacy on financial management behavior, which means that if a person's level of financial literacy is high, the level of financial management behavior is also high.

Someone with good financial literacy will have the skills to think and overcome challenges in life, so they will tend to have more appropriate strategies to meet their needs, in this case generation Z with a good level of financial literacy will have an impact on the level of good financial management behavior as well. as a strategy used to meet their needs, namely for short-term or long-term finances. Therefore, generation Z in Papan Indah Housing, Bekasi Regency, needs to increase their financial literacy.

The Effect of Financial Attitudes on Financial Management Behavior

Based on the results of hypothesis testing carried out through the results of data processing, it was found that financial attitude had a positive and significant effect on financial management behavior. Judging from several indicators of financial attitude, the SK4 indicator has the greatest influence among other indicators on financial management behavior. This is shown from the results of the outer model of 0.823 and the result of the

inner model of 13.387. The results of this study are in line with previous research conducted by (Aditya & Azmansyah, 2021; Pratiwi & Sulistyowati, 2022; Dewanti et al., 2022). His research states that there is a significant influence between financial attitude on financial management behavior, which means that if the level of a person's financial attitude is high, the level of financial management behavior is also high.

The awareness of Generation Z, especially at Papan Indah Housing, Bekasi Regency, in using money wisely influences their personal financial management behavior in the future. Modernization often blinds individuals to live too consumptively because every product and process can be easily obtained. However, even so, Generation Z as the generation that will enter the world of work should be financially literate and be a smart consumer. Generation Z's decision to follow a luxurious lifestyle, consumption based on desire, being too generous with a brand, extravagant association will of course make it difficult for them to manage their finances in the future. Conversely, if Generation Z has a good financial attitude, it will certainly prefer to save rather than spend money and promote other positive financial attitude.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to investigate and understand the effect of financial literacy and financial attitude on financial management behavior in generation Z at Papan Indah Housing, Bekasi Regency. After analyzing the data and discussing the results of the research, the following conclusions can be drawn:

1. Financial literacy has a positive and significant influence on financial management behavior in generation Z at Papan Indah Housing, Bekasi Regency.
When financial literacy in generation Z is high, this will certainly encourage them to behave in managing finances better and wiser so that generation Z avoids problems related to finance in the future.
2. Financial attitude has a positive and significant influence on financial management behavior in generation Z at Papan Indah Housing, Bekasi Regency.
When the financial attitude of Generation Z is high, it can encourage them to manage money so that they prefer to saving expenses rather than spending money to buy products because of trends or just joining in

FURTHER STUDY

This research has object limitations that are only carried out on generation Z at Papan Indah Housing in Bekasi Regency and the age of the respondents is from 19 years to 24 years. The limitations in this study combine financial literacy and financial attitude towards financial management behavior in Generation Z in a study that carried out at the Papan Indah Housing Complex, Bekasi Regency. This can be used as a suggestion for future researchers, it is hoped that Generation Z will improve even more related to financial literacy and financial attitude so that they can apply activities related to their effective and responsible financial management behavior.

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