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Gen Z Financial Behavior in The Cashless Era

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Abstract

Research on Financial Behavior in Generation Z in the Cashless Society Era needs to be carried out. Increasing the use of technology by making everything easier for community activities. towards the Industrial Revolution 5.0 is inevitable, where the role of digital business is very strong. To support public transactions, especially generation Z, they use FinTech, which includes e-wallets. Apart from Fintech, another consideration in Financial Behavior is Financial Attitude. Financial attitude describes the way people practice financial behavior that is related to a person's personality in managing finances based on their experience. Financial Behavior, which is action in making decisions in the financial sector, is very important. Therefore, this research aims to analyze the influence of Digital Financial and Financial Attitude on Financial Behavior in Generation Z both partially and simultaneously to prove previous theories and research related to the determinants of Financial Behavior. The research method uses linear regression analysis. Previously, a classical assumption test analysis was carried out. The data used is primary data with a Likert scale of 1 to 5. Before the questionnaire is distributed to obtain data, it is necessary to test the questionnaire instrument with validity and reliability tests. The results of this research show that digital financial literacy has a positive and significant effect on financial attitude. Digital financial literacy has a positive influence on financial management behavior. Financial Attitude has a positive and significant effect on Financial Management Behavior and digital literacy, financial literacy has a positive and significant effect on financial management behavior through financial attitude.

Keywords: Digital Financial Literacy; Financial Attitude; Financial Behavior.

A. INTRODUCTION

In the era leading to the Industrial Revolution 5.0, technology has become a habit for people in carrying out daily activities. This includes transactions carried out by the public. Technological developments provide up-to-date demands and adaptations following technological changes. Technology provides many services that make it easy to do anything and anywhere. Currently, various sectors use technology as part of the sector, including the financial sector. The financial sector uses (Yanti et al., 2022) IT to maximize the use of technology to speed up financial services, known as financial technology (FinTech) (Novianti & Retnasih, 2023).

Fintech is revolutionizing financial transactions with digital payments, online loans, investments, and personal financial management (Lidiana et al., 2024). Transactions are all activities carried out by organizations or individuals that will transform assets or finances owned. For example, buying and selling, paying employee salaries, paying debts, or other transactions (Rahmaningsih et al., 2022). Where these transactions can be carried out via digital E-Wallet. Digital e-wallet is one of the most common FinTechs which has a role as a place to store electronic money for users. This is to make it easier for users to disburse funds in the marketplace and e-commerce transactions. Where e-commerce is a platform built by business actors to market their products. Marketplaces are platforms provided by third parties for sellers from various industries. Meanwhile, e-commerce is a platform created by related business actors to market their products (Yanti et al., 2022). Using the E-Wallet service offers practical and easy-to-use transactions for people in Indonesia. The positive effects caused by using FinTech are as great as the negative effects caused. This is because the ease of using FinTech makes Indonesian people's consumption habits tend to be impulsive (Andana & Yuniningsih, 2023). Proven research proves that fintech influences financial behavior (Firli & Fathiya, 2022), (Farida et al., 2021) and (Bire et al., 2023).

Apart from finTech, what influences people's financial behavior is financial attitude. Financial attitude describes how people practice financial behavior related to a person's personality in managing finances based on their experience. Apart from that, financial attitude is related to a person's capability to plan for the future and have savings (Azzahra & Kartini, 2022). Financial attitude is a state of thinking, debating, and evaluating finances (Arifin, 2018). Result Reserach of (Arifin, 2018)., Sandi et al. (2020) and Adiputra et al. (2021) prove that financial attitude has a significant effect on financial behavior. Different research conducted by Damayanti et al. (2023) has not proven that financial attitude significantly affects financial behavior. Financial Behavior, which is action in making decisions in the financial sector, is very important.

Based on the background explanation above, the importance of financial management for society and the various research results. So research on Fintech and Financial Attitudes on the Financial Behavior of Generation Z in the Cashless Society Era needs to be carried out. The problem formulation in this research is: how does Fintech analyze the Financial Behavior of Generation Z in the Cashless Society Era? And what is the analysis of Financial Attitude on the Financial Behavior of Generation Z in the Era of Cashless Society?

B. METHODOLOGY OF RESEARCH

Types of research

This research is explanatory, a research method that explains the position of the variables studied and the influence between one variable and another (Sugiyono, 2016). This research describes the testing of the proposed hypothesis. This is done to strengthen or reject the hypothesis proposed based on the results of previous research.

Research Population and Sample

The research population is Generation Z, often shortened to Gen Z and colloquially known as Zoomers, born from 1997 to 2012. Sampling in this study used a purposive sampling technique, with the criterion of using FinTech in transactions.

Data Type

The data required in this research includes primary data. Data was obtained using a questionnaire with a Likert scale of 1 to 6.

Operational Definition of Variables

The variables used in this research are digital financial literacy, financial attitude, and financial management behavior, with operational definitions as follows:

Table 1. Operational Definition of Variables

Variable	Definition and Indicators	Quisioner
Digital Finansial Literacy (DFL)	Digital financial literacy (DFL) or digital financial literacy is the knowledge, skills, and confidence to use digital financial services safely Digital financial literacy (DFL) or digital financial literacy is the knowledge, skills, and confidence to use digital financial services safely (Novianti & Retnasih, 2023). This indicator variable, according to Morgan et al. (2019), is as follows: 1. Experience and knowledge of payments using electronic money, mobile wallets, crypto assets, and money transfer services. 2. Experience and knowledge of using asset management such as	1. I understand well about digital payments E-Debit, E-Credit, E-Money, Mobile/Internet banking, and E-Wallet. 2. I understand well about digital loan products such as Bibit, Kredivo. 3. I have a good understanding of digital insurance products, such as Asuransiku.id and Rajapremi. 4. I understand well the rights and protection of customers as well as service complaint

	internet banking, online brokerage, crypto asset trading and personal financial management, mobile trading 3. Experience and knowledge of alternative finance: Crowdfunding, peer-to-peer (P2P) lending, online balance lending, invoice and supply chain finance, etc. 4. Experience and knowledge of internet-based insurance services, etc.	procedures from digital financial service providers. 5. I have used digital payment products, such as OVO, Gopay and Link Aja.
Finansial Attitude (FA)	According to Arifin (2018), financial attitude is a state of thinking, debating, and evaluating finances. The indicators of financial attitude are: 1. Attitude of not wanting to spend money 2. Convenience of having money 3. Don't feel like you have enough income	1. I will use personal money for shared family needs. 2. I assume that money has an important role in life and can solve every problem. 3. I feel satisfied with my current financial condition.
Financial Management Behavior (FMB)	According to Goyal et al. (2021), Financial management behavior is a person's ability to manage daily finances. The indicators of financial management behavior are: 1. Knowledge of budget preparation. 2. Knowledge of interest and credit. 3. Knowledge of how to open an insurance policy.	1. I provide funds for unexpected expenses (emergency savings fund). 2. I understand the aspects considered in taking out credit and loan interest. 3. I understand the benefits of insurance and the factors to consider in choosing the type of insurance.

Data analysis:

Classic Assumption Test consisting of Normality Test, Heteroscedasticity Test, Multicollinearity Test and Linearity Test as requirements for carrying out Linear Regression. Linear regression was carried out to determine the effect of the independent variable on the dependent variable. Then a t test analysis was carried out to analyze the influence of each independent variable on the dependent variable. And the F test is carried out to determine the effect of the independent variable on the dependent variable. Then test R2 to determine the percentage of ability of all independent variables in explaining the dependent variable studied.

C. RESULT AND DISCUSSION

Characteristics of Research Respondents

The respondents were 100 with the respondent profile: 52% men and 48% women. 8% of respondents were 18-20 years old, 68% were 21-23 years old and 24% were 24-25 years old. The income of 10% of respondents is < Rp. 1,800,000, 67% of respondents earned Rp. 1,900,000-IDR 2,900,000 and 23% earned > IDR 2,900,000. The occupation of each respondent is 7% entrepreneur, 43% employee and 50% student.

Instrument Testing with Smart-PLS

1. Research Model Path or Concept

The concept of the research model is carried out with indicators that have reflective properties; this characteristic occurs when changes in indicators do not change other variables. After that, build the model in a path diagram by showing the relationship between indicators and the related variable, namely purchasing decisions. The path diagram in this research is as follows:

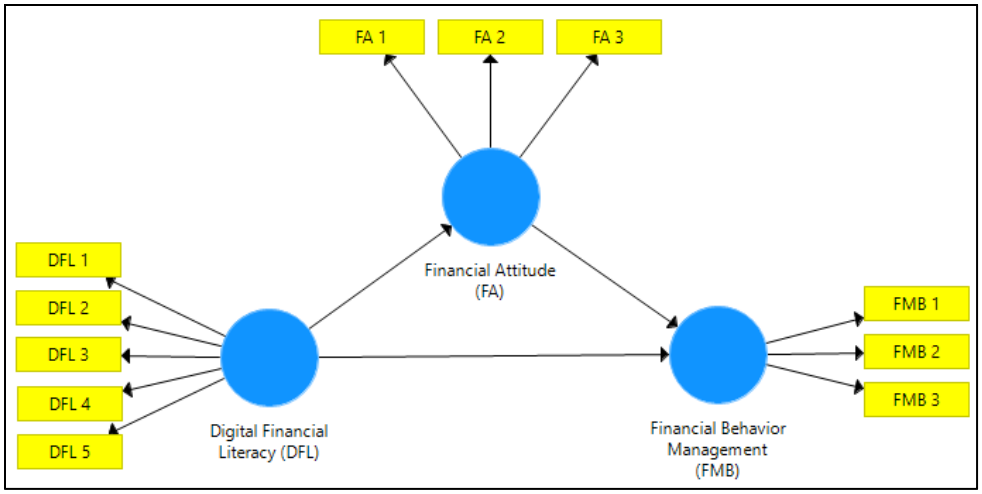

Figure 1. Research Result Path Diagram

2. Measurement Model (Outer Model)

Measurement models can be used to verify variables and indicators for their validity and reliability so that they can be tested in the next stage. The measurements are carried out with 2 models, namely:

a. Convergen Validity

Table 2. Convergent Validity Test

Variable	Indicator	Outer Loading	AVE	Explanation
Digital Financial Literacy (DFL)	DFL 1	0.833	0,654	Valid
	DFL 2	0.740		
	DFL 3	0.866		
	DFL 4	0.819		
	DFL 5	0.779		
Financial Attitude (FA)	FA 1	0.898	0,797	Valid
	FA 2	0.904		
	FA 3	0.876		
Financial Behavior Management (FMB)	PMK 1	0.837	0,684	Valid
	PMK 2	0.823		
	PMK 3	0.821		

Source: Processed Primary Data (2024)

Based on the convergent validity test table above, it can be seen that the outer loading value from the DFL 2,3,4,8 and 9 indicators is more than 0.7, so it is declared valid. Likewise, with FA 2,3,4 and PMK 2,3,4 of 0.7 more it is declared valid. As for the overall AVE value variable, it is more than 0.5, so all variables can be declared valid.

b. Reliability Test

Reliability testing is done by looking at the Composite Reliability and Cronbach Alpha values. The results of the test in this study are:

Table 3. Reliability Test

Variable	Composite Reliability	Cronbach's Alpha	Explanation
Digital Financial Literacy (DFL)	0.868	0.886	Reliable
Financial Attitude (FA)	0.874	0.895	Reliable
Financial Behavior Management (FMB)	0.769	0.769	Reliable

Digital Financial Literacy (DFL)	0.868	0.886	Reliable

Source: Processed Primary Data (2024)

Based on the reliability testing results above, it is known that the indicators for these 4 variables can be good or reliable benchmarks between variables. This is because the Composite Reliability value for each variable indicator is > 7. Likewise, the Cronbach's Alpha value for each variable is > 0.6.

3. Test the Relationship Between Variables

The method can provide an overview of the relationship between each variable by producing R-square (R2) results. This test is used as a measurement of variations in changes between variables. The R2 test results in this research are:

Table 4. R-square test (R2)

Variable	***R-Square***	***Adjusted R-Square***	Explanation
Financial Attitude (FA)	0.178	0.169	Moderate
Financial Behavior Management (FBM)	0.486	0.475	Moderate

Source: Processed Primary Data (2024)

Based on the table above, it is known that the results of the R2 test show that variables Z and Y in this study have a moderate level of variation in changing between variables.

4. Hypothesis Testing

Hypothesis testing was carried out using a 500x bootstrapping calculation process with a sample size of 100 respondents from generation Z. This testing was done by knowing the results of the t-statistical value and the p-value between variables on the line coefficient. If the t-statistic value is > 1.96 and the p-value is < 0.05 then the hypothesis can be accepted (Duryadi, 2021). The results of hypothesis testing in this research are as follows:

a. Test-Path Coefficient

This test is used to measure the relationship between these variables and answer the hypothesis in this research. The test results in the research are:

Table 5. Test-Path Coefficient

	Original Sample (O)	Mean Sample (M)	Standart Deviasi (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Financial Literacy (DFL) → Financial Attitude (FA)	0.421	0.431	0.088	4.773	0.000
Digital Financial Literacy (DFL) → Perilaku Manajemen Keungan (PMK)	0.509	0.505	0.098	5.203	0.000
Financial Attitude (FA) → Financial Management Behavior (FMB)	0.308	0.325	0.115	2.685	0.007

Source: Processed Primary Data (2024)

Based on the table, it is known that the results of several research hypotheses are as follows:

Digital Financial Literacy (DFL) → Financial Attitude (FA)

Based on the results of the table above, it is known that the P-Values value for Digital Financial Literacy-> Financial Attitude is 0.000. This value can be said to be influential because it has a value of less than 0.05. Likewise, with the T-Statistics results, the results obtained were 4,773 > 1,960 from the T-Table. Therefore can be stated to have a significant and positive effect. Kaur & Sahni (2024) found that digital literacy, financial literacy, had a positive and significant effect on financial attitude.

Digital Financial Literacy (DFL) → Financial Attitude (FA)

Based on the results of the table above, it is known that the P-Values value for Digital Financial Literacy-> Financial Attitude is 0.000. This value can be said to be influential because it has a value of less than 0.05. Likewise, with the T-Statistics results, the results obtained were 4,773 > 1,960 from the T-Table. Therefore tt can be stated to have a significant and positive effect. Kaur &

Sahni (2024) found that digital literacy, financial literacy, had a positive and significant effect on financial attitude.

Digital Financial Literacy (DFL) → Financial Management Behavior (FMB)

Based on the table results, it is known that the P-Values value for Digital Financial Literacy -> Financial Management Behavior is 0.007. This value can be said to have no effect because it has a value of more than 0.05. Likewise with the T-Statistics results, the results obtained were 2,685 < 1,960 from the T-Table. Therefore, Digital Financial Literacy on Financial Management Behavior can be stated to have no significant or positive influence. These results are in accordance with Abdallah et al. (2024) revealed that digital financial literacy has a positive effect on financial management behavior.

Financial Attitude (FA) → Financial Management Behavior (FMB)

Based on the table results, it is known that the P-Values value for Financial Attitude -> Financial Management Behavior is 0.001. This value can be said to be influential because it has a value of less than 0.05. Likewise with the T-Statistics results, the results obtained were 3,462 > 1,960 from the T-Table. Therefore, financial attitudes towards financial management behavior can be said to have a significant and positive influence. These results are in accordance with research by n Zaimovic et al. (2024) Financial Attitude has a positive and significant effect on Financial Management Behavior.

b. Mediation Testing

This test is used to measure the relationship between variables, focusing more on variables mediating between the independent and dependent variables. The condition that variables can mediate these variables can also be known through the P-Values value in Specific Indirect Effect > 0.05 which is said to be unable to influence it and the T-Statistics value > 1.960 (Duryadi, 2021). The test results in the research are:

Table 6. Testing of Specific Indirect Effects

	Original Sample (O)	Mean Sample (M)	Standart Deviasi (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Financial Literacy (DFL) → Financial Attitude (FA) → Financial Management Behavior (FMB)	0.130	0.141	0.061	2.144	0.032

Source: Processed Primary Data (2024)

Based on the table, it is known that the results of several research hypotheses are as follows:

Digital Financial Literacy (DFL) à Financial Attitude (FA) à Financial Management Behavior (FMB)

Based on the results of the table above, it is known that the P-value value for Digital Financial Literacy à Financial Attitude à Financial Management Behavior is 0.032. This value can be said to have no positive effect, because it has a value of more than 0.05. Likewise, with the T-Statistics results, the results obtained were 2.144 > 1.960 from the T-Table. Therefore, Digital Financial Literacy on the Financial Management Behavior variable through Financial Attitude can be stated to have a significant and positive influence. These results are in accordance with research Kaur & Sahni (2024), which showed that digital literacy, financial literacy on financial management behavior through financial attitude had a positive and significant effect.

D. CONCLUSIONS

The conclusion from the results of this research is that digital literacy and financial literacy have a positive and significant effect on financial attitudes. Digital financial literacy has a positive influence on financial management behavior. Financial Attitude has a positive and significant effect on Financial Management Behavior. Digital literacy financial literacy has a positive and significant effect on financial management behavior through financial attitudes.

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