

**UNDERSTANDING FINANCIAL LITERACY AND
CONSUMER LIFESTYLE IN THE GEN-Z GENERATION****Ijah Mulyani Sihotang^{1*}, Fatmawarni²**^{1,2}Universitas Muhammadiyah Sumatera Utara

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***Email:** ijahmulyani@umsu.ac.id**ABSTRACT**

This research aims to describe the understanding of financial literacy and its relationship to consumer lifestyles in the Gen-Z generation. The background to this research problem is that based on current societal phenomena, it can be seen that there are many conveniences to be had in meeting the needs of consumers. For example shopping online. This phenomenon will have an impact on consumers who lack knowledge about financial literacy. This research is a qualitative descriptive research. The research instrument uses literature studies both from reading references and from several previous studies related to financial literacy skills and consumption lifestyles, especially the Gen-Z generation. The analysis technique is by reviewing the literature and the conclusion is that Gen-Z's understanding of financial literature is still in the low category. Understanding financial literacy influences consumer lifestyles, in this case Gen-Z. A good understanding of financial literacy will influence Generation Z's lifestyle in spending their money.

INTRODUCTION

The 21st century era has characteristics including the availability of information anywhere at any time so that people are free to see whatever they want. The convenience of various kinds of information leads people to know more, especially about the newest products they want, it is easier to find out about products that are sold both online and offline. This condition drags people into financial problems if they are not wise in spending their money. Understanding how to manage finances is called financial literacy. Financial literacy according to a circular from the Financial Services Authority (OJK) in 2014 states that financial literacy is a series of processes or activities to increase the knowledge, skills and beliefs of consumers and the wider community so that they have an understanding and are able to manage finances. Understanding how to manage finances is one of the most basic things for society, especially the younger generation, as the biggest contributor to development as well as an obstacle to the development of a nation. The younger generation is expected to be able to manage finances well and correctly. According to Lusardi & Mitchell (2010) financial literacy can be defined as financial knowledge, with the aim of achieving prosperity. Understanding financial literacy is related to controlling how to spend money, planning where the available money will be used. This means that the expenditure made is not only based on desires but more on needs. Research conducted by Yushita, (2017) Financial literacy helps individuals avoid financial problems, especially those that occur due

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to financial mismanagement. Mistakes in financial management will have an impact on human life in the short and long term. Remembering that living humans must fulfill their needs, especially primary needs so that humans can live properly. Limited income requires correct financial management so that needs are met based on a priority scale. Qolbi (2021) said that setting priorities in life can produce a lifestyle that is right on target, so that life runs straight according to goals and is beneficial for the surrounding environment. Not to curb human desires in terms of spending their money. Research conducted by Rasyid (2012) states that financial literacy in the form of understanding all aspects of personal finance is not intended to make it difficult or restrict people from enjoying life, but rather with financial literacy, individuals or families can enjoy life by utilizing their financial resources appropriately in order to achieve personal financial goals. The problem of understanding financial literacy does not only occur in generation Z but also affects adults. This was stated by Gunawan (2019) that: Lecturers at the Faculty of Economics and Business at UMSU have a low level of financial literacy, which gives an idea that even though the respondent is a teacher at the Faculty of Economics and Business at UMSU, he has sufficient knowledge about financial management, a good understanding of the field of economics. good but still in the category of individuals who have not been able to manage their finances well and are even still in the category of not having good financial planning so they always fail to make the right financial decisions.

Currently, the various kinds of products offered by the public, for example the proliferation of places to eat and drink, has become a special attraction for young people to gather with friends and this is an incentive for young people to live more consumptive lives. The availability of online shops makes it easy for consumers to spend money without spending money. have to leave the house so that people are encouraged to live more consumptive lives and there are many other kinds of products along with the increasing number of creative products being discovered by the younger generation today. This kind of lifestyle changes consumer patterns in spending their money, it could be said to become more consumptive. A consumptive lifestyle is a problem for families, especially families with limited incomes. It is often found in society that good financial knowledge is supported by the level of education, but in terms of financial management it is still weak, because it is supported by the phenomena described previously. This is in line with research conducted by Oleg Gunawan (2019) which states that positive behavior someone in managing finances as a result of a good level of knowledge and financial skills so that the future can be planned well, including preparation for a prosperous retirement. However, there are other findings that financial education is not able to optimally support someone to increase their knowledge and skills in managing personal finances, so it is an illustration that the financial education obtained is not successful in increasing their financial literacy. The third National Survey of Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) in 2019 showed the financial literacy index reached 38.03% and the financial inclusion index 76.19%. This figure has increased compared to the results of the 2016 OJK survey, namely a financial literacy index of 29.7% and a financial inclusion index of 67.8%. The ability to manage money is supported by lifestyle. Phenomena found in society are related to lifestyle, for example the large number of places where young people hang out.

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Hanging out places have various functions, as a place to discuss with friends, as a place to eat and drink and as a place to find friends, a place to joke around with friends. Whatever you do at this hangout place you will definitely spend money, another example is how easy it is to get what you want by shopping online. This phenomenon has a very significant impact on a person's understanding of financial literacy. The younger generation is a small part of society who live in the same family and should gain an understanding of financial literacy from an early age. The young generation referred to in this research is the Z-generation who were born between 1997-2012 or aged between 27-12 years, according to the Indonesian Central Bureau of Statistics (BPS) in the 2020 Population Census. The population of the Gen-Z generation is 71,509,082 ($\pm 26\%$) of the total population of Indonesia (270,203,917). This generation in the next 10 years will be the generation that leads the nation. Initial skills in financial literacy can be acquired through school and family. Families focus more on children's habits in spending money, while schools are where children gain knowledge about financial literacy. Widayati (2012), states that the family is the most dominant place in the process of socializing children regarding financial matters. The parenting style of parents in the family influences children's attitudes when it comes to spending money. Money that is spent on target will make the family more organized and less stressed, because money can be said to be the second life in the household. This statement is also in line with research conducted by Rapih (2016) in his research stating that the family is the first community and the people closest to the child are very significant in instilling the values of financial literacy education in children. Thoughts that are formed in the family and become good habits will certainly have a good impact on the child in the future. Good understanding in managing finances is a necessity, not making children act stingy towards themselves and others, but rather making children empathetic to others.

METHOD

This research is a literature study, reviewing several previous studies related to financial literacy and consumer lifestyles in the Gen-Z generation. The research variables consist of financial literacy and consumer lifestyle which focuses on the Gen-Z generation. Financial Literacy in this research is knowledge and understanding of finance aimed at welfare, consumer lifestyle is consumer behavior in spending their money to meet their needs and desires, especially in generation Z. The research analysis technique is a qualitative descriptive analysis technique that examines several previous research results and conclude from several of these studies.

RESULTS

The data used in this research is research data conducted by a number of previous researchers:

No	Researcher Name	Research Title
1	Gunawan, A., Pulungan, D. R., & Koto, M. (2019)	Financial Literacy Level of Lecturers at the Faculty of Economics and Business Universitas Muhammadiyah Sumatera Utara

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2	Gunawan, A., Fradya, W., & Fauziah, F. (2022)	The Influence of Financial Literacy and Lifestyle on Consumptive Behavior (Case Study of Management Department Students, Faculty of Economics and Business Universitas Muhammadiyah Sumatera Utara).
3	Pulungan, D. R., & Febriaty, H. (2018).	The Influence of Lifestyle and Financial Literacy on Student Consumptive Behavior
4	Romadoni, 2015	The Influence of Socioeconomic Status and Financial Management Education in the Family on the Financial Literacy of Students at SMK Negeri 1 Surabaya
5	Wahyuni, S. F., Radiman, R., & Kinanti, D. (2023)	The Influence of Financial Literacy, Hedonic Lifestyle and Personal Financial Attitudes on Student Financial Behavior
6	Laturette, K., Widianingsih, L. P., & Subandi, L. (2021)..	Financial Literacy in Generation Z
7	Maro, Y., Tang, S. A., & Sabu, J. M. S. (2023)	Analysis of the Influence of Financial Literacy, Student Characteristics and Campus Environment on Student Personal Financial Management
8	Pradinaningsih, N. A., & Wafiroh, N. L. (2022)	The Influence of Financial Literacy, Financial Attitudes and Self-Efficacy on Housewives' Financial Management
9	Samhudi, A., & Pardani, S. R. R. (2023).	The Influence of Financial Literacy and Lifestyle on Employee Consumptive Behavior (Case Study at SPBU 61.707. 01 61.707. 01 Banjarbaru)
10.	Arofah, A. A., & Kurniawati, R. (2021).	The Influence of Financial Literacy and Self-Efficacy on Financial Behavior

DISCUSSION

Understanding Financial Literacy and Consumer Lifestyle in the Gen-Z Generation Research conducted by several previous researchers was discussed as follows:

1. Gunawan, A., Pulungan, D. R., & Koto, M. (2019)
Title: Financial Literacy Level of Lecturers at the Faculty of Economics and Business, Universitas Muhammadiyah Sumatera Utara.
The research results show that the financial literacy level of the lecturers who were respondents is still in the low category. This is contrary to research conducted by (Mahdzan & Victorian, 2013) that there is a positive influence between education level and financial literacy. There is also the same research that supports this statement that the level of education influences financial literacy.
2. Gunawan, A., Fradya, W., & Fauziah, F. (2022)
Title: The Influence of Financial Literacy and Lifestyle on Consumptive Behavior (Case Study of Management Department Students, Faculty of Economics and Business, Universitas Muhammadiyah Sumatera Utara).

Research Results: The influence of Financial Literacy on Consumptive Behavior obtained a calculated t value of 4.481 while t table 1.992 and has a significant number of $0.000 < 0.05$ or t calculated $4.481 < t$ table 1.992. Based on the decision making criteria, it can be concluded that H_0 is rejected (H_a is accepted), this shows that there is a significant influence between the Financial Literacy variable on Consumptive Behavior. The results of this research conclude that partially there is a significant influence of the Financial Literacy variable on consumer behavior among students.

3. Pulungan, D. R., & Febriaty, H. (2018)

Title: The Influence of Lifestyle and Financial Literacy on Student Consumptive Behavior.

Research Results: There are 2 hypotheses in this research, namely the influence of lifestyle (X1) on consumptive behavior (Y), testing the second hypothesis, there is an influence of financial literacy (X2) on consumptive behavior (Y). The second hypothesis test uses the t test, to find out whether financial literacy has a significant individual (partial) effect on consumer behavior or not. At the level $\alpha = 0.05$ the t value for $n = 100 - 2 = 98$ is 1.984. Judging from the t count, the value is 4,189. Therefore, tcount is greater than ttable $4,189 > 1.984$ and the significant value of product quality is $0.033 < 0.05$, meaning that H_0 is rejected and H_a is accepted. This means that the higher the financial literacy skills of students majoring in management, the lower the student's consumptive behavior.

4. Romadoni, 2015

Title: The Influence of Socio-Economic Status and Financial Management Education in the Family on the Financial Literacy of Students at SMK Negeri 1 Surabaya.

Research Results: parents' socio-economic status has a direct and significant positive effect on the financial literacy of class XI Accounting students at SMK Negeri 1 Surabaya. This means that the higher the parents' socio-economic status, the higher the student's financial literacy. Financial management education in the family also has a direct and significant positive effect on the financial literacy of class XI Accounting students at SMK Negeri 1 Surabaya. This means that high or low financial management education in the family directly influences financial literacy. The socio-economic status of parents has a direct and significant positive effect on financial management education in the families of class XI Accounting students at SMK Negeri 1 Surabaya. This means that the higher the parents' socio- economic status, the influence on financial management education in the family. The socio-economic status of parents has a significant direct effect on financial literacy along with financial management education for class XI Accounting students at SMK Negeri 1 Surabaya. This means that parents' socio-economic status and family financial management education have a significant positive influence on students' financial literacy.

5. Wahyuni, S. F., Radiman, R., & Kinanti, D. (2023)

Title: The Influence of Financial Literacy, Hedonic Lifestyle and Personal Financial Attitudes on Student Financial Behavior.

Research Results: Financial literacy has a significant effect on financial behavior among Management Study Program students at Universitas Muhammadiyah Sumatera Utara.

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This matter shows that the more students understand about financial literacy, the more aware they become he carries out consumer behavior in everyday life. This research is in line with research (Nirmala, Muntanganah, & Achadi, 2022). Research that has been carried out states that people who have literacy High financial tendencies have an influence on financial behavior somebody. Furthermore, research (Arofah & Kurniawati, 2021) states that Financial literacy influences students' financial behavior.

6. Laturette, K., Widianingsih, L. P., & Subandi, L. (2021)

Title: Financial Literacy in Generation Z.

Research Results: This research was conducted on students at Citra Berkat High School, Surabaya. It was found that there were differences in the results of understanding financial literacy before the financial literacy training was given and after the financial literacy training was given. And the result was an increase in understanding of financial literacy after purchasing the training. And it is hoped that this young generation will be more rational in spending their money in order to achieve a prosperous life.

7. Maro, Y., Tang, S. A., & Sabu, J. M. S. (2023)

Title: Analysis of the Influence of Financial Literacy, Student Characteristics and Campus Environment on Student Personal Financial Management.

Research Results: Partially, the financial literacy variable (X1) has a significant effect on the personal financial management variables of students at the Faculty of Economics Tribuana Kalabahi University, Alor Regency, which is shown by grades t test significance is 0.000. According to Atika, (2017) in Maro (2023) that, "personal financial management is a process of planning, implementing and evaluating finances carried out by individuals or families. This means that financial literacy has an influence on personal financial management because personal financial management includes components ranging from planning, implementing and evaluating finances so that spending is more focused and orderly.

8. Pradinaningsih, N. A., & Wafiroh, N. L. (2022)

Title: The Influence of Financial Literacy, Financial Attitudes and Self-Efficacy on Housewives' Financial Management.

Research Results: The Effect of Financial Literacy (X1) on Mother's Financial Management Household (Y). Based on the results of testing the first hypothesis data shows a P-Value value of 0.045 and a Path Coefficients value of 0.147. It can be concluded that the first hypothesis is accepted, namely financial literacy (X1) influences the financial management of housewives (Y). It means with the basic knowledge that housewives have getting better, making housewives' financial management better too. This matter This is due to the financial knowledge and understanding you have, you can become the basis for housewives to prevent, handle and take decisions in various financial conditions that occur in the family.

On the other hand, low knowledge can cause things to happen undesirable. Supported by the theory put forward that financial literacy is the most important factor for individuals to achieve prosperity economics, with an understanding of financial management there is prosperity life will be achieved.

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9. Samhudi, A., & Pardani, S. R. R. (2023).
Title: The Influence of Financial Literacy and Lifestyle on Employee Consumptive Behavior (Case Study at Gas Station 61.707. 01 61.707. 01 Banjarbaru).
Research Results: The influence of Financial Literacy (X1) on consumptive behavior (Y) partially has an influence on consumptive behavior, with a t table value $> t$ count or $2.135 > 2.109$ and a sign value of $0.047 < 0.05$, there is a significant influence between the Financial Literacy variable on Consumptive Behavior variables among employees at SPBU 61.707.01 Banjarbaru. Rahman (2011) concluded that the factors that influence financial literacy include the role of parents, income, education and parental income. Meanwhile, gender, age and classroom/formal financial education do not have a significant effect.
10. Arofah, A. A., & Kurniawati, R. (2021).
Title: The Influence of Financial Literacy and Self-Efficacy on Financial Behavior
Research Results: The population in this study were all public high school students in Purbalingga Regency, totaling 2640 people and used proportional stratified random sampling in sampling with a sample size of 150 respondents. The hypothesis states that there is a significant influence between financial literacy and financial behavior. The results of hypothesis testing show that the path between financial literacy and financial behavior variables has an original sample value of 0.224 and a t-value of $2.420 > 1.96$. These results indicate that the financial literacy variable has a positive and significant effect on financial behavior, meaning that the hypothesis is proven. This condition is demonstrated firstly by the fact that students feel helped in managing their personal finances after gaining financial literacy in the form of basic personal finance which involves knowledge regarding considering the benefits of goods and services as well as knowledge of determining the priority scale of needs. Second, students feel helped in planning their finances and managing their personal finances after students gain financial literacy in the form of money management which involves knowledge about cost and income budget planning. Third, students feel helped in managing their personal finances after gaining financial literacy in the form of saving investment which involves knowledge about savings and investment, so that students can carry out savings activities and plan funds for the future, including for unexpected expenses.

CONCLUSION

This literature study concludes from several previous studies that: Generation Z's financial literacy knowledge is still in the low category. Understanding financial literacy has a very positive influence on the lifestyle of Generation Z consumers. Factors that influence generation Z's understanding of financial literacy include the role of parents, parents' income, education/training on financial literacy related to planning, implementation and supervision of finances. Advice from educational researchers regarding financial literacy in generation Z is that it is best to start from the family because how to spend money is also related to the character of a person who believes that a simple life is better and can improve life in the future.

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