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Gen Z and Millennial Challenges: Personal Finance on Digital Age

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Abstrak

Tujuan dari penelitian ini adalah untuk mengetahui perbedaan faktor-faktor yang mempengaruhi Personal Finance, termasuk Literasi Keuangan dan Inklusi Teknologi Finansial antara Gen Z dan Milenial khususnya di Daerah Istimewa Yogyakarta. Populasi dalam penelitian ini adalah Gen Z dan Milenial di Daerah Istimewa Yogyakarta. Data yang digunakan adalah data primer berupa hasil kuesioner dan wawancara mendalam dengan Gen Z dan Millennials, Yogyakarta. Pengolahan data dalam penelitian ini menggunakan SPSS. Hasil dari penelitian ini menunjukkan bahwa Literasi Keuangan dan Gaya Hidup Millennials dan Gen Z memiliki pengaruh yang signifikan terhadap Keuangan Pribadi mereka, namun Inklusi Keuangan Teknologi Finansial tidak memiliki pengaruh yang signifikan terhadap Keuangan Pribadi mereka. Penelitian ini penting dilakukan untuk memahami faktor-faktor apa saja yang mempengaruhi generasi muda dalam mengelola keuangan pribadinya, terutama di era digital seperti sekarang ini dimana banyak sekali tantangan dalam mengelola keuangan pribadi bagi generasi muda.

Kata Kunci: *Digital Age, Teknologi Finansial, Gen Z, Millenial, Personal Finance*

Abstract

The purpose of this study is to find differences in factors that affect Personal Finance, including Financial Literacy and Financial Technology Inclusion between Gen Z and Millennials, especially in the Special Region of Yogyakarta. The population in this study is Gen Z and Millennials in the Special Region of Yogyakarta. The data used is primary data the form of questionnaire results and in-depth interviews with Gen Z and Millennials, Yogyakarta. The data processing in this study uses SPSS. The results of this study show that Financial Literacy and Lifestyle of Millennials and Gen Z have a significant influence on their Personal Finance, but Financial Technology Financial Inclusion does not have a significant influence on their Personal Finance. This research is important to understand what factors influence the younger generation in managing their personal finance, especially in this digital era where there are many challenges in managing personal finance.

Keywords: *Digital Age, Financial Technology, Gen Z, Millennial, Personal Finance*

INTRODUCTION

The development of money related innovation fintech is verification that computerized innovation has entered the budgetary segment. Fintech itself could be a term utilized to portray any sort of mechanical development that empowers or improves the arrangement of budgetary administrations. Administrations such as e-payments , electronic installments, peer-to-peer loaning , cryptocurrencies, and crowdfunding are illustrations of this frame of fintech (Hidayah & Apriani, 2023).

The presence of Fintech makes it less demanding for individuals to get to monetary administrations (money related consideration) rapidly and broadly. Individuals now not ought to come to the bank or line at ATMs to form installments or send cash, but can do so through portable phones utilizing versatile managing an account, web keeping money, or e-wallets. Not as it were that, the public can moreover get to budgetary administrations related to financing exercises through online advance applications effectively and rapidly, both within the frame of peer-to-peer loaning and crowdfunding. On the other hand, it can moreover be done for venture exercises by utilizing different accessible applications, such as Stockbit, MOST, and numerous others. It isn't shocking that monetary items based on advanced innovation can develop quickly in different parts of the world, counting Indonesia (Andiani & Maria, 2023).

Financial inclusion and financial literacy can be an influence on personal finance or financial control of a person in managing their finances to be wiser, knowing how to manage personal finances well from cash flow, saving, to the credit we have. The results of SNLIK by the Financial Services Authority (OJK) show a financial literacy index of 49.68

percent, up from 38.03 percent in 2019. Meanwhile, the financial inclusion index reached 85.10 percent, an increase compared to the SNLIK period in 2019, which was 76.19 percent (OJK, 2020).

Research conducted by OCBC NISP Financial Fitness Index aims to find out the financial literacy index in Indonesia among young people, the result is a score of 37.72. When compared to the score of 61 achieved by Singapore, of course, Indonesia's score is still low. From the same research, 85% of young people are declared financially unhealthy. As many as 46% of the younger generation admitted that they already had financial planning, but only 16% had an emergency fund. As many as 86% revealed that saving regularly, in fact there are 43% who are still financially dependent on family and relatives if they need an emergency fund (Savira et al., 2024).

Literally, based on Law No. 40 of 2009 concerning Youth, youth or the younger generation is defined as individuals aged 18 to 35 years. Based on this literature, it can be said that at this time those who are classified as the younger generation are people who are in the Millennial or Gen Z generation (Savira et al., 2024).

Even though they are classified as the same in the younger generation, millennials and generation Z cannot be equated in terms of characteristics, mindsets, and actions, including Personal Finance. Because millennials and Gen Z are experiencing different phases and developments in terms of lifestyle, environment and technologistsi (Daqar et al., 2020). Because there are differences between the millennial generation and also generation Z, in this study it is examined what are the differences in factors that affect the Personal Finance of the millennial and Gen Z.

Financial Literacy

The theory that explains the determinants of a behavior is *the Theory of Planned Behavior* (TBP). In TBP, an explanation is explained why someone does something. There are three main things related to TBP which consist of *personal attitudes*, *subjective norms* and *perceived behavioral control* which when translated are personal attitudes towards behavior, subjective norms and behavioral control. The association in this study is associated with financial literacy, consumptive behavior predicted through behavior and individual behavior control. In other words, if a person is literate and has a wider knowledge related to financial management, his Personal Finance will be better so that he can avoid a consumptive lifestyle. Individuals who have good abilities in knowledge to manage finances should not behave consumpively. Supported by the similarity of the

research results of Savira and colleagues where financial literacy has a positive effect on Millennial Personal Finance (Savira et al., 2024). Another study was also conducted by Paramitalaksmi and colleagues, where the lower the financial literacy, the higher the Personal Finance of Gen Z, especially women (Paramitalaksmi et al., 2022).

Fintech Financial Inclusion

Based on OJK Regulation No. 76 of 2016 (OJK Regulation No. 76 of 2016 POJK Number 76/POJK.07/2016.), financial inclusion is defined as a condition where every community has access to financial services, products, and financial institutions in accordance with their abilities and needs to improve their welfare in life. Financial inclusion has a significant influence on Personal Finance. This is because with easy access to finance, it will also facilitate individual economic activities. It is also explained that financial inclusion has a positive and significant influence on Personal Finance (Hidayah & Apriani, 2023).

Lifestyle

The lifestyle that a person lives is a pattern that reflects his activities and interests. The high mobility of ever-changing trends, easy access to information and technological developments today, make the lifestyle of today's young people tend to be consumptive today. The surrounding environment that affects the lifestyle of young people makes them negligent in allocating the appropriate use of money (Koto, 2023).

Personal Finance

Personal *finance management* behavior is needed so as not to cause losses to oneself, especially to today's young generation who are very familiar with technology. Research conducted by Hidayah Z and colleagues found that simultaneously Financial Literacy and Financial Inclusion have an influence on Gen Z Personal Finance in Indonesia (Hidayah & Apriani, 2023).

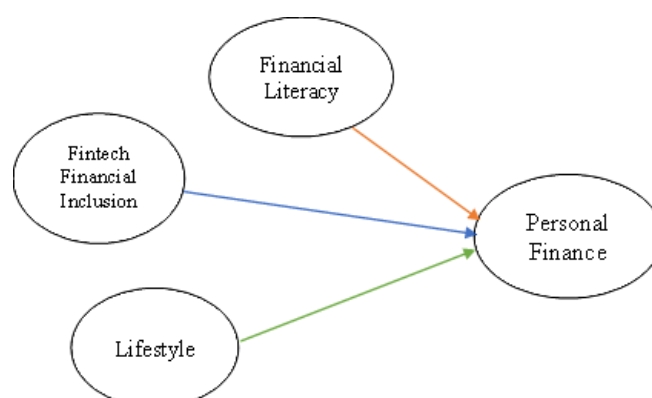


Figure 1. Research Concept Framework

RESEARCH METHOD

This investigate is quantitative, to be specific a strategy utilized to inquire about on a particular populace or test, this sort of inspecting procedure is by and large carried out haphazardly and information investigation is quantitative or factual, with the point of testing theories that have been built up with essential information (Sugiyono, 2018), As well as adding in-depth interviews with samples that will be researched to get maximum results. where the data was taken from the distribution of questionnaires and in-depth interviews.

In this study, the Millennial and Gen Z generations in the special region of Yogyakarta with an age range of 18 -35 years. The population in this study is the young generation of the Special Region of Yogyakarta. Sampling was conducted using the purposive sampling method which was then obtained by 200 respondents, consisting of 100 millennials and 100 Gen Z.

RESULT AND DISCUSSION

Table 1. Descriptive Statistical Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	200	19.00	59.00	49.0714	7.25782
Financial technology (fintech)	200	5.00	26.00	16.5714	3.62588
Financial Inclusion	200	13.00	44.00	25.9286	6.63177
Lifestyle	200	38.00	90.00	65.2429	9.78676
Personal Finance	200				
Valid N (listwise)	200				

Source: Data Proceed, 2024

Based on the results of the descriptive statistical tests that have been carried out, it shows about statistical measures, such as the size of the distribution, the size of the center, and the size of the location of the distribution of each independent variable of Financial Literacy, Financial Inclusion, and Lifestyle.

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		200
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	6,92891754
	Most Extreme Differences	Absolute
Positive		,070
Negative		-,058
Test Statistic		,070
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Data Proceed, 2024

Based on the table above, the results of the normality test are said to be normally distributed, if the Asymp Sig value > 0.05. As seen in the table above, *the Asymp Sig value* is 0.2, so the data is normally distributed (passed the normality test).

Table 3. Multiple Linear Regression Analysis Test

Model	Coefficients ^a		t	Sig.	Collinearity Statistics		
	Unstandardized Coefficients				Standardized Coefficients	Tolerance	VIF
	B	Std. Error			Beta		
(Constant)	9,230	8,649	1,067	,290			
Financial Literacy	,754	,185	,174	5,268	,009	,910	2,437
1 Financial technology (fintech) Financial Inclusion	-,016	,219	-,025	-,250	,768	468	1,023
Lifestyle	,748	,123	,521	5,923	,000	,963	1,048

a. Dependent Variable: Personal Finance

Source: Data Proceed, 2024

Based on the table above, the description of the multiple linear regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 9,230 + 0,754X_1 - 0,016X_2 + 0,748X_3 + e$$

The results of the equation show that the independent variable has a unidirectional influence on the dependent variable.

The Financial Literacy, judging from the value of its significance, the value of the t in the Financial Literacy variable is < 0.05 , which is 0.09 so Financial Literacy has an influence on Personal Finance, which is in line with the research by Savira et al (2024). However, it is not in line with the research by Paramitalaksmi et al. (2022). Financial literacy, defined as the knowledge and skills to manage financial resources effectively, plays a pivotal role in shaping personal finance outcomes. For Millennials and Gen Z, financial literacy is especially critical as they navigate increasingly complex financial systems, influenced by digital innovation, economic uncertainties, and evolving consumer behaviors.

The Financial technology (fintech) Financial Inclusion variable, judging from the value of its significance, the value of the t in the Financial Literacy variable is > 0.05 , which is 0.768 so Financial technology (fintech) Financial Inclusion has no influence on Personal Finance. This result rejects the results of the study by (Hidayah & Apriani, 2023). Financial inclusion has transformed access to financial services globally, but its direct impact on Millennials' and Gen Z's personal finance may not be as significant as often assumed. Despite technological advancements and increased availability of financial tools, several factors limit its influence on these generations' financial behaviors and outcomes.

Finally, the Lifestyle variable has a significance value < 0.05 , which is 0.02 so that Lifestyle has influence on the Personal Finance variable. The results of this study are in accordance with the research Paramitalaksmi et al. (2022) and Koto (2023). Lifestyle choices strongly influence personal finance by shaping how individuals allocate their financial resources. For Millennials and Gen Z, understanding the long-term implications of their spending, saving, and investing habits is essential. By aligning lifestyle preferences with financial goals and incorporating financial literacy, these generations can enjoy the benefits of their chosen lifestyles without compromising financial stability and future security.

CONCLUSION

The results of this study show that Financial Literacy and Lifestyle have a significant influence on Personal Finance for Millennials and Gen Z, thus supporting research by Paramitalaksmi et al (2022), Koto (2023) and Savira et al (2024). In contrast, Financial Inclusion on Financial technology (fintech) does not have a significant influence on Personal Finance for Millennials and Gen Z, thus rejecting the results of research from Hidayah & Apriani (2023). It is recommended for future research to add other variables such as Locus of Control and so on. Then for Millennials and Gen Z, to be more able to anticipate their lifestyle so as not to interfere with personal finances.

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