

## THE EFFECT OF FINANCIAL KNOWLEDGE AND FINANCIAL ATTITUDE ON GEN Z's FINANCIAL MANAGEMENT BEHAVIOR

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**Abstrak:** Riset yang dilakukan memiliki maksud untuk mengetahui adanya pengaruh dari pengetahuan keuangan dan sikap keuangan pada perilaku manajemen keuangan generasi Z. Riset menggunakan teknik penelitian kuantitatif dengan jumlah sampel 40 dengan menggunakan rumus slovin. Data dalam variabel penelitian kemudian secara kuantitatif diuji statistik regresi linier berganda untuk melakukan pembuktian dari uji hipotesis yang telah ditentukan. Sesuai dari hasil temuan penelitian memberikan hasil jika perilaku manajemen keuangan generasi Z dipengaruhi secara parsial dan simultan oleh pengetahuan keuangan dan sikap keuangan dari generasi Z tersebut.

**Keywords:** *pengetahuan keuangan, sikap keuangan, perilaku manajemen keuangan*

**Abstract:** The research aims to determine the influence of financial knowledge and financial attitude on the financial management behavior of Generation Z. Research was conducted using a quantitative research method with a sample size of 40 respondents determined by the Slovin formula. To prove the predetermined hypotheses, data from the research variables were quantitatively analyzed using multiple linear regression statistics. According to the research findings, the financial management behavior of Generation Z is partially and simultaneously influenced by their financial knowledge and financial attitude.

**Keywords:** *financial knowledge, financial attitude, financial management behavior*

### INTRODUCTION

Young people or teenagers are part of Generation Z, a group that is particularly vulnerable to the influences of the modern world. Being part of the younger generation, Generation Z can readily adopt technology and keep up with trends that shape their behavior. Teenagers engage in these behaviors as part of their lifestyle, developing their preferences (Gunawan et al., 2022). To feel comfortable and be recognized in society, some individuals increasingly focus on pleasures that are perceived to align with technological advancements and modern trends. Generation Z is particularly prone to this behavior, as teenagers often prefer to spend their money on things they want. Behavioral changes influenced by lifestyle are driven by technology and current trends. Generation Z is active on social media, prefers to spend leisure time in malls and entertainment venues, and has a strong tendency to spend and waste money (Gunawan et al., 2022).

All people, especially Generation Z, need to know about financial management behavior and how to apply it in daily life to use financial products effectively and make wise financial decisions based on their resources. Kosanke (2019) asserts that other variables influence management behavior, namely financial attitude, which

involves knowledge about the right financial attitude that can enhance the ability to manage finances for Generation Z. Financial management behavior refers to an individual's ability to manage finances, which includes daily planning, budgeting, checking, controlling, tracking, and saving financial resources. The impact of an individual's desire to meet their basic needs on their income level can lead to the emergence of financial management behavior.

## **THEORETICAL FRAMEWORK AND HYPOTHESES**

Nurazizah and Indrayenti (2022) specifically explained that to use financial instruments and have strong financial knowledge, individuals must learn certain skills. In theory, everyone needs to be financially literate to evaluate their financial attitude. Learning about finance can come from both formal and informal education channels. Formal education can be obtained through extracurricular activities in high school or college, seminars, and training sessions. Informal education can be obtained through the environment, including family, friends, coworkers, and also personal experiences.

Nurazizah and Indrayenti (2022) noted that a person's financial attitude affects how they manage their money, plan for their financial future, and make investment decisions. Examples of financial management activities include planning, budgeting, checking, managing, controlling, finding, and saving money, which vary based on a person's organizational skills and financial knowledge. According to Rahmayanti (2019), a financial attitude is about learning to behave positively when handling money. It also refers to a person's opinions, thinking, and judgments about finances. Good financial management and attitude can greatly impact the development of Generation Z. Andrian (2022) stated that Generation Z who manage their finances well are more likely to see their ventures grow. A key issue is how a person's financial management skills are linked to making wise investment decisions.

Generation Z is in a transitional period where their lifestyle is changing, and as a result, they must take responsibility for the problems that arise, particularly in the financial sector. Therefore, Generation Z needs to practice good money management. Today's younger generation has been raised with the habit of making quick online credit decisions, engaging in wasteful spending, and embracing consumerism, all supported by easily accessible online shopping platforms. However, this behavior is not balanced with insights or practices related to financial obligations, as many in this generation still rely on parental support to meet their needs. Additionally, personal financial management behavior can help control spending, ensuring that finances are used efficiently and in appropriate amounts (Waty et al., 2021). According to research by Dayanti et al. (2020), financial management behavior is the ability to manage finances in daily life, including planning, budgeting, checking, managing, organizing, saving money, and earning money.

Based on the results of previous research conducted by Gunawan et al. (2022), it was explained that there is a positive influence of financial knowledge on financial management behavior. In line with these findings, another study stated that locus of control behavior also influences financial knowledge and financial management (Pradiningtyas & Lukiastuti, 2019). These results are further supported by research that links financial knowledge and financial management behavior, which can be strengthened by considering the effect of self-control as a moderating variable (Nur et al., 2022).

In the financial attitude variable, test results indicate that financial attitude have a significant and positive effect on the locus of control of the young generation (Pradiningtyas & Lukiastuti, 2019). A significant correlation between financial attitude and financial management behavior has also been found in other studies. These research findings will help determine whether Generation Z's financial management behavior impacts their financial perspective (Nurazizah & Indrayenti, 2022). This has prompted researcher to undertake a study titled "The Influence of Financial Knowledge and Financial Attitude on Generation Z's Financial Management Behavior."

This research aims to test whether financial knowledge and attitude influence the financial management behavior of Generation Z. The hypotheses for this study are formulated as follows:

- H1= Financial knowledge influences the financial management behavior of Generation Z.  
H2 = Financial attitude influences the financial management behavior of Generation Z.  
H3 = Financial knowledge and financial attitude simultaneously influence the financial management behavior of Generation Z.

## RESEARCH METHODS

The population for this study consists of Generation Z college students at a campus in East Java, totaling 952 college students. The Slovin formula was applied to determine a representative sample size. With a margin of error set at 15%, a sample of 40 respondents, or approximately 4.2% of the total population was selected for this research. The questionnaire was given to Generation Z students enrolled in the Bachelor's Management program at Universitas Islam Balitar Blitar from June to September 2022. This quantitative research aims to examine the potential influence of independent variables on dependent variable using the multiple linear regression method.

The independent variables selected for this research are financial knowledge and financial attitude. The indicators of financial knowledge include knowledge of financial management, financial planning, income and expenditure, money and assets, and basic investment concepts. The indicators of financial attitude includes orientation towards personal finance, views on debt, money security, and personal financial evaluation. The dependent variable chosen for this study is financial management behavior, with indicators such as budget planning, saving activities, insurance involvement, credit and debt management, and financial monitoring.

## RESULTS AND DISCUSSION

### a. Result

The results of this research conducted on the influence of financial knowledge and financial attitude on the financial management behavior of Generation Z are as follows:

Table 1 Normality Testing Results

		Unstandardized Residual
N		160
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.39495544
Most Extreme Differences	Absolute	.136
	Positive	.136
	Negative	-.130
Test Statistic		.136
Asymp. Sig. (2-tailed)		.062 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

Source: data processed, 2022

According to the findings from the normality test, the asymptotic significance (Asymp.Sig) value is 0,062, indicating that the data is normally distributed, as the significance level is greater than 0,05.

The results of the t-test for each variable are as follows:

Table 2 Results of the t-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.340	2.819		1.540	.132
	Financial Knowlegde	.287	.140	.298	2.057	.047
	Financial Attitude	.599	.181	.479	3.299	.002

a. Dependent Variable: Financial Management Behavior

Source: data processed, 2022

### Financial knowledge influences the financial management behavior of Generation Z.

The results of the significance test show a value of  $0,047 < 0,05$ , and the calculated t-value for financial knowledge is 2,057, which is higher than the t-table value of 1,688. Therefore, it can be concluded that the financial knowledge factor significantly influences Generation Z's financial management behavior.

### Financial attitude influences the financial management behavior of Generation Z.

The results of the significance test show a value of  $0,002 < 0,05$ , and calculated t-value for financial attitude is 3,299, which is higher than the t-table value of 1,688. This result indicates that financial attitude significantly influence the financial management behavior of Generation Z.

### Financial knowledge and financial attitude both simultaneously influence the financial management behavior of Generation Z.

Table 3 Results of the F Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.085	2	35.542	17.329	.000 <sup>b</sup>
	Residual	75.890	37	2.0541		
	Total	146.975	39			

a. Dependent Variable: Financial Management Behavior

b. Predictors: (Constant), Financial Attitude, Financial Knowledge

Source: data processed, 2022.

The significance test results show a value of  $0,000 < 0,05$ . This indicates that financial knowledge and financial attitude have a significant influence on the financial management behavior of Generation Z.

Table 4 Results of The Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 <sup>a</sup>	.484	.456	1.432

a. Predictors: (Constant), Financial Attitude, Financial Knowledge

b. Dependent Variable: Financial Management Behavior

Source: data processed, 2022.

The Adjusted R Square test result of 0,456 indicates that this study explains 45,6% of the variation in the dependent variable.

### b. Discussion

#### Financial Knowledge influences the financial management behavior of Generation Z.

The findings of this research suggest that financial behavior in Generation Z is influenced by financial knowledge. Financial knowledge has a significant impact on financial management, and various actions stem from the chosen policy (Sarah, 2009). The way individuals manage their finances can be a key factor contributing to their financial satisfaction or dissatisfaction. Theoretical viewpoints suggest that understanding how financial markets work can influence individuals to make the right decisions (Robb & Woodyard, 2011).

Having good financial knowledge is crucial for guiding individuals in solving their financial problems. It is beneficial in both short-term and long-term aspects of life, contributing significantly to individual welfare. Financial knowledge serves as valuable capital in decision-making.

This research align with the findings of Gunawan et al. (2022), which also highlight the significant influence of financial knowledge on financial management behavior.

#### Financial attitude influences the financial management behavior of Generation Z.

This research indicates that Generation Z's financial management behavior is shaped by financial attitude. This reflects an individual's understanding of financial matters, focusing on effectively managing their finances.

Individuals with the right financial attitude will have strong beliefs and be capable of enhancing and growing their finances in the future (Aminatuzzahra, 2014).

Understanding the concept of correct financial attitude can help individuals comprehend their relationship with money. Financial attitude is defined as a state of mind, perspective, and way of evaluating money. The formation and changes in individual attitude is influenced by internal factors, specifically how an individual selectively responds to the external environment, so that not everything encountered is immediately accepted or rejected. External factors also play a role, as they involve circumstances outside the individual that contribute to shaping or altering the individual's attitude (Walgito, 2003).

A financial attitude reflects an individual's mindset regarding the use of money, their opinions about finances, and how they evaluate money. The financial attitude individuals possess influence how they manage their finances. Understanding the correct financial attitude helps individuals grasp their beliefs about their relationship with money. Those who approach financial matters with rationality and confidence, grounded in accurate financial knowledge, are more likely to exhibit profitable financial behavior (Aminatuzzahra, 2014).

Financial attitude guides individuals in managing their financial behaviors. Individuals with the right financial attitude make better decisions in various financial situations and develop a thoughtful approach to using money. So that they will be able to exercise self-control over consumptive behaviors, maintain a balanced cash flow by managing expenses and income, saving and investing, and managing their debts responsibly (Herdjiono & Damanik, 2016). The research conducted has the same results as research from Pradiningtyas and Lukiastuti (2019), which found that the financial attitude variable has a positive and significant effect on the locus of control of students.

#### **Financial knowledge and Financial Attitude Simultaneously Influence The Financial Management Behavior of Generation Z.**

According to the research results, Generation Z's money management behavior is influenced by their financial knowledge and attitude. These findings indicate a significant impact of the independent variables on the dependent variable. In other words, Generation Z's financial management behavior is simultaneously shaped by their financial knowledge and attitude.

#### **CONCLUSION**

Based on the research findings on the influence of financial knowledge and financial attitude on the financial management behavior of Generation Z, the following conclusions can be drawn: (1) Financial knowledge has effect to the financial management behavior of Generation Z; (2) Financial attitude has effect to the financial management behavior of Generation Z; (3) The financial management behavior of Generation Z is effect by both financial knowledge and financial attitude.

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