

The Influence of Financial Literacy on Consumptive Behavior in Gen Z in Medan City

Zakia Fadila¹, Prianda Pebri², Ahmad Rivai³, Amin Hou⁴, Deby Siska Oktavia Pasaribu⁵

¹Politeknik Unggul LP3M

²STIE Muhammadiyah Asahan

^{3, 4, 5}Universitas Mahkota Tricom Unggul

ARTICLE INFO

Article history:

Received Jun 20, 2023

Revised Jun 30, 2023

Accepted Aug 07, 2023

Keywords:

Financial Literacy
Consumption
Behaviour
Gen Z

ABSTRACT

Research to determine the effect of financial literacy on Gen Z Consumptive Behavior in Medan City. This type of research is Qualitative. The population was 896 people and the sample used accidental sampling as many as 100 Gen Z who were respondents in this study, the data analysis technique used multiple regression tests and hypothesis testing. The results showed that financial literacy has a positive and significant effect on Consumption Behavior on Gen Z products in Medan City. The results of the determination test above show that the coefficient of determination (seen from R Square) is 0.560, this means that 56% of the variance in the value of Consumption behavior on Gen Z in Medan City is determined or explained by the independent variable, namely Financial Literacy, while the remaining 44% is influenced by other variables not examined in this study such as economy and occupation.



Corresponding Author:

Zakia Fadila
Akuntansi
Politeknik Unggul LP3M
Email: bundakiagomez@gmail.com

1. INTRODUCTION

Financial literacy is one of the most important things for everyone to know, and Generation Z or Gen Z is no exception. Some facts say that Gen Z finds it difficult to manage their finances wisely. According to a study from Deloitte in 2022, it was found that almost half of Gen Z or 46% in the world financed their living needs from their salary and were worried that they would not be able to cover their expenses. The same study found that more than a quarter of Gen Z or 26% in the world are not sure they can retire comfortably (Desy, 2023).

On the other hand, sometimes this reality makes it difficult for them to organize and manage their finances wisely. Whereas the fulcrum of a nation's progress, especially in the economic field, is highly expected from the expertise, knowledge and experience of its younger generation, which is currently played by Gen Z. Financial behavior is closely related to financial literacy. Because financial literacy can be interpreted as a person's ability to manage finances with the aim of achieving prosperity. The Financial Services Authority (OJK) reports that by 2022 the financial inclusion index will have reached 85.10% and the financial literacy index 49.68%.

However, it still needs to be improved so that the gap between financial inclusion and literacy is not too large, which currently still reaches 34%. One of the priority targets of financial literacy and inclusion in 2023 is students (Gen Z).

For this reason, increasing the financial literacy of Gen Z needs to continue to be driven together by all groups including academics or teachers, said Compliance Director Florence Army. From this background, Tokio Marine Life in collaboration with Orbit Future Academy held a socialization and training for students from Merdeka Campus on understanding financial planning from an early age. The focus is to increase the value of students to the industrial world through

various educational activities, skills training, and work practices in the context of the Merdeka Campus Certified Internship (MBKM). On the other hand, it also sees how important it is for Gen Z to understand financial knowledge and planning from an early age. Because this is not taught in the majority of their academic activities at their respective campuses.

Financial literacy is important for Generation Z as they will be the generation facing increasingly complex financial challenges. Generation Z will face increasingly expensive tuition fees, fierce job competition, and volatile stock markets, among other challenges in managing their own finances. With good financial literacy, Generation Z can avoid uncontrollable debt, manage their money wisely, and prepare themselves for a more financially stable future. They can also understand concepts such as how to invest, how to save, managing risk and insurance, which will help them make better financial decisions. In addition, financial literacy will also help Generation Z to avoid financial scams and understand their rights and obligations in financial contracts.

This is very important, as a lack of financial literacy can make one vulnerable to unethical or non-transparent financial practices. Overall, financial literacy is essential for Generation Z to prepare for a complex financial future and ensure they have a solid foundation to make good financial decisions.

2. RESEARCH METHOD

Type of Research

Research uses a type of quantitative research is a method of research in which it uses many numbers. From the process of data collection to its interpretation. The research method is a deep study and full of caution of all facts. According to the Journal (Nirmalasari & Amelia, 2020) quantitative research is a systematic, planned, and structured type of research. Many mention that quantitative methods are traditional methods. Because quantitative tode has been used for quite a while so it became a tradition in research.

Population and Sample

The population of this study is Gen Z City Medan community Medan New Medan Merdeka Village with criteria a. women and men b. ages 17 – 25 know years and number 896 people. The sampling method in the study used non probability sampling method, which Sugiyono said (Sugiyono, 2018) is “a sampling technique that does not provide equal opportunities or opportunities for each element or population member to be selected into a sample”. Then the technique used to take samples in this study is accidental sampling. Because the population in this study is not homogeneous, Gen Z community Medan City Medan sub-district Medan Merdeka Village which number 100 people in this study.

Data Analysis Technique

According to (Hasa et al., 2022) Data analysis is conducted using multiple regression analysis. Test classic assumptions and hypothesis test. Data analysis is tested using SPS Version 25 software.

3. RESULTS AND DISCUSSIONS

a. Characteristics of respondents

Table 1 Characteristics of respondents Based on gender

No	Gender	Total	Percentage
1	Male	45	45%
2	Female	55	55%
	Total	100	100%

Source : Data processed authors 2023

Based on the table above, the respondents found that the majority of respondents were women, which is 55% female. While male respondents were 45 people with a percentage of 45%.

Table 2 Characteristics of respondents Based on Age

No	Age	Total	Percentage
1	17 - 20 Years	37	37%
2	21 - 25 Years	63	63%
	Total	100	100%

Source : Data processed authors 2023

Based on the table above, the respondents' age indicates that the majority of respondents were 17-20 years old, which is 37 people with 37% percentage, and respondents with 21-25 years old as many as 63% with 63% percentage.

b. Validity Test And Reliability Test

Table 3 Validity test

Variable	Item	correlation	r tabel	description
Financial Literacy (X)	No.1	0,982	0,273	Valid
	No.2	0,979	0,273	Valid
	No.3	0,918	0,273	Valid
	No.4	0,968	0,273	Valid
	No.5	0,916	0,273	Valid
	No.6	0,922	0,273	Valid
	No.7	0,928	0,273	Valid
	No.8	0,709	0,273	Valid
Consumption Behaviour (Y)	No.1	0,780	0,273	Valid
	No.2	0,886	0,273	Valid
	No.3	0,823	0,273	Valid
	No.4	0,815	0,273	Valid
	No.5	0,921	0,273	Valid
	No.6	0,846	0,273	Valid
	No.7	0,893	0,273	Valid
	No.8	0,855	0,273	Valid
	No.9	0,849	0,273	Valid

Source : Data processed authors 2023

The results of the variable validity test of financial literacy and consumption behavior of the whole item are said to be valid because the value of the p-value is smaller than the r-table 0.273 then the whole variable item is declared valid.

Table 4 Reliability test

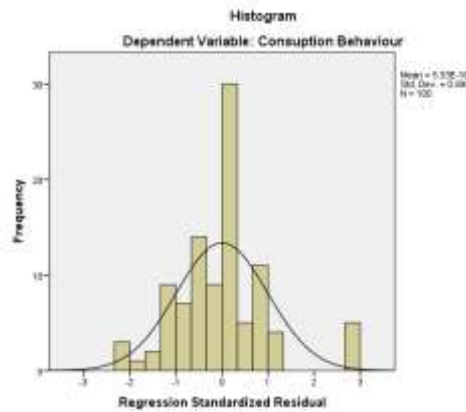
Variabel	Reliability Statistics		
	Cronbach's Alpha	N of Items	Status
Financial Literacy (X)	.926	8	Reliabel
Consumption Behaviour	.924	9	Reliabel

Source : Data processed authors 2023

Based on the table above reliability test results for Financial Literacy variables of $0.926 > 0.60$ and reliability test results for variable Consumption Behaviour of $0.924 > 0.60$ which means that the question item on this study is considered reliable or feasible.

c. Classical Assumptions Test

1) Normality test



Picture 1. Normality test

Based on the histogram chart above it can be seen that histogram charts provide symmetrical distribution. Thus the chart shows that the regression model does not violate the assumption of normality.

2) Multicollinearity test

Table 5 Multicollinearity test

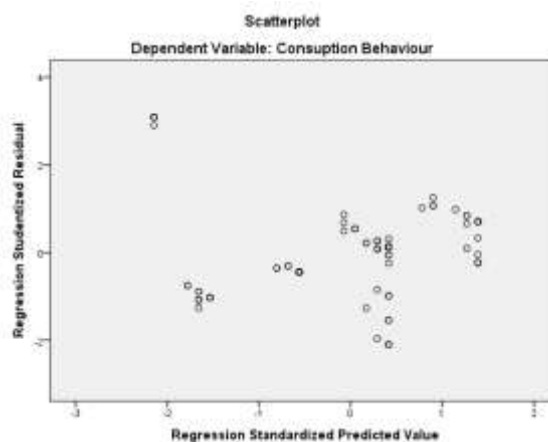
Coefficients ^a		Collinearity Statistics	
		Tolerance	VIF
Model 1	(Constant)		
	Financial Literacy	0,432	2,314

a. Dependent Variable: Consumption Behaviour

Source : Data processed authors 2023

From the table above it can be seen that the results of the analysis calculations show that the VIF values of each independent variable are smaller than 10 and the tolerance value is greater than 0.10 so it can be concluded that the regression model does not contain any symptoms of multicollinearity.

3) Hererokedasticity Test



Picture 2. Hererokedasticity Test

From the test results with the above graphic method can be seen the output of the Scatterplot above it is seen that the points spread and do not form a specific pattern that is clear. Thus, it can be concluded that there is no problem of heteroskedasticity.

d. Multiple regression Test

Table 6. Multiple Regression test

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	11,631	1,970		5,904	,000
	Financial Literacy	,740	,066	,749	11,175	,000

a. Dependent Variable: Consumption Behaviour

Source : Data processed authors 2023

Based on the calculation of multiple linear regression on the table above can be known the formula as follows: $Y = 11,631 + 0.740 (X) + e$

From the regression equation above it can be explained that:

- 1) If the value of the variable X (Financial Literacy) is constant or equal to zero, then the magnitude of the Y (Impulsive Buying) variable is 11,631.
- 2) Variable coefficient value (X) of 0.740. Positive signs indicate the direct change of variable (X) to variable (Y), which means if the X1 variable increases 1 times, then the Y variable will increase 0.740.

e. Hypothesis Test

Table 7. Partial test

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	11,631	1,970		5,904	,000
	Financial Literacy	,740	,066	,749	11,175	,000

a. Dependent Variable: Consumption Behaviour

Source : Data processed authors 2023

Based on the above table obtained the value of thitung = 11,175 which means thitung > ttable (11,175 > 1,977) with a significant $0.000 < 0.05$ then H_a accepted and H_o denied the hypothesis (H1) indicates the results of financial literacy have a positive and significant effect on Consumption Behaviour on Gen Z products in Medan City.

Table 8. Simultaneous test

Model		ANOVA ^a			F	Sig.
		Sum of Squares	df	Mean Square		
1	Regression	3656.518	1	3656.518	124.879	.000 ^b
	Residual	2869.482	98	29.280		
	Total	6526.000	99			

a. Dependent Variable: Consumption Behaviour
b. Predictors: (Constant), Financial Literacy

Source : Data processed authors 2023

Based on the calculation results of the calculation F-Value = 124,879 and the results obtained for F table are 3,179 So the results of the calculation F-Value > Ftable (124,879 > 3,179 with the obtained sig value ($0,000 < 0.05$) then simultaneously independent variable financial literacy positively and significant Consumption Behaviour on Gen Z products in Medan City.

Table 9 Determinant Test

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749 ^a	.560	.556	5,411

a. Predictors: (Constant), Financial Literacy
b. Dependent Variable: Consumption Behaviour

Source : Data processed authors 2023

The results of the above determination test are seen that the value of determination coefficient (seen from R Square) of 0.560, which means 56% of the value variance of Consumption behavior in Gen Z in Medan City is determined or explained by the independent variable, Financial Literacy, while the remaining 44% are affected by other variables that are not studied in this study such as economics and employment.

DISCUSSION

The result of thitung = 11,175 which means thitung > tables (11,175 > 1,977) with a significant 0.000 < 0.05 then Ha was accepted and Ho was rejected means hypothesis (H1) showed the results of financial literacy positively and significantly affect Consumption Behaviour on Gen Z products in Medan City. The results of the above determination test are seen that the value of determination coefficient (seen from R Square) of 0.560, which means 56% of the value variance of Consumption behavior in Gen Z in Medan City is determined or explained by the independent variable, Financial Literacy, while the remaining 44% are affected by other variables that are not studied in this study such as economics and employment. The research is supported by research results (Fungky et al., 2021) and (Sustiyo, 2020) in its journal that financial literacy is very important for Gen Z because it will affect the consumptive rate among Gen Z.

Driven observations are known for the reason Gen Z behaves consumptively in addition to the lack of financial literacy, the first reason is driven by technological advances. Today there are many digital applications that provide ease in applying for loans such as fintech joint funding and paylater. If you first apply for a loan, you need to do face-to-face, the loan can be done digitally, the terms are easier and practical. In addition to loan applications, there are also applications for online shopping either e-commerce, ticket booking applications, and food booking applications. Shopping and traveling is easier. Especially if the app offers paylater service, we can buy it first and pay it later. This is included in consumer debt. For this reason, it is important to address the technological advancement and ease of various digital applications wisely.

4. CONCLUSION

Based on research on the influence of financial literacy on the consumptive behavior of Gen Z in Medan City can be concluded as follows: Financial literacy has a positive and significant effect on Consumption Behaviour in Gen Z products in Medan City.

REFERENCES

- Amelia, R., & Ayani, S. (2020). Optimalisasi Membangun Brand Image Terhadap Customer Loyalty Melalui Customer Value Dan Customer Retention Sebagai Variabel Intervening. *Ekonomi Bisnis*, 26(1).
- Bakti, C. P., & Safitri, N. E. (2017). Peran Bimbingan Dan Konseling Untuk Menghadapi Generasi Z Dalam Perspektif Bimbingan Dan Konseling Perkembangan. *Jurnal Konsuling*, 3(1). <https://jurnal.umk.ac.id/index.php/gusjigang/article/view/1602>
- Desy, P. Y. (2023). *Separuh dari Kelompok Gen Z Khawatir Soal Keuangan di Masa Depan Artikel ini telah tayang di Katadata.co.id dengan judul "Separuh dari Kelompok Gen Z Khawatir Soal Keuangan di Masa Depan"*, <https://katadata.co.id/lonaolavia/finansial/6442008101d2a/separuh>, <https://katadata.co.id/lonaolavia/finansial/6442008101d2a/separuh-dari-kelompok-gen-z-khawatir-soal-keuangan-di-masa-depan>

- Dikria, O., & Mintarti, S. U. (2016). Pengaruh Literasi Keuangan Dan Pengendalian Diri Terhadap Perilaku Konsumtif Mahasiswa Jurusan Ekonomi Pembangunan Fakultas Ekonomi Universitas Negeri Malang Angkatan 2013. *Jurnal Pendidikan Ekonomi*, 9(2). <http://journal.um.ac.id/index.php/jpe/article/view/7161>
- Fungky, T., Sari, T. P., & Sanjaya, V. F. (2021). Pengaruh Gaya Hidup Serta Literasi Keuangan Terhadap Perilaku Konsumtif Generasi Z Pada Masa Pandemi (Studi Kasus Mahasiswa/I Manajemen Bisnis Syariah, Uin Raden Intan Lampung Angkatan 2019). *Jurnal Ilmiah Ilmu Manajemen Dan Kewirausahaan*, 1(1).
- Hasa, W. H., Hervina, E., Angraini, Amelia, R., Pertiwi, D., & Amalia, F. (2022). *Memahami Keputusan Pembelian Sikap Konsumen dalam Melakukan Trading Forex* (M. P. Muhamad Basyrul Muvid (ed.); 1st ed.). Global Aksara Pers. https://www.researchgate.net/profile/Fiqrida-Amalia/publication/361023717_Buku_Monograf_Memahami_Keputusan_Pembelian_Sikap_Konsumen_dalam_Melakukan_Trading_Forex/links/6298502cc660ab61f859814f/Buku-Monograf-Memahami-Keputusan-Pembelian-Sikap-Konsumen-dala
- Hilgert, M. A., Hogarth, J. M., & Beverly, S. (2003). Household Financial Management: The Connection Between Knowledge and Behavior. *Federal Reserve Bulletin*, 89(11). https://www.researchgate.net/publication/5039164_Household_Financial_Management_The_Connection_Between_Knowledge_and_Behavior
- Nirmalasari, & Amelia, R. (2020). The Role of Job Satisfaction in the Effect of Compensation on Employee Performance. *International Journal of Business Economics (IJBE)*, 2(1), 52–59. <https://doi.org/10.30596/ijbe.v2i1.5721>
- Raymond Tambunan. (2015). Remaja dan Perilaku Konsumtif. *Jurnal Psikologi Dan Masyarakat*, 11(5). <https://www.scribd.com/document/12007850/Remaja-Dan-Perilaku-Konsumtif#>
- Santosa, E. T. (2015). *Raising children in digital era* (1st ed.). PT. Elexmedia Komputindo. https://dspace.uui.ac.id/bitstream/handle/123456789/15388/05.2_bab_2.pdf?sequence=6&isAllowed=y
- Stillman, D., & Stillman, J. (2017). *Generasi Z: memahami karakter generasi baru yang akan mengubah dunia kerja*. PT. Gramedia Pustaka Utama. https://pustaka.kemdikbud.go.id/libdikbud/index.php?p=show_detail&id=41163
- Sugiyono. (2018). *Metode Penelitian Kualitatif dan Kuantitatif*. CV. Alfabeta. <https://baixardoc.com/documents/sugiyono-metode-penelitian-kuantitatif-kualitatif-dan-r-d-5dc08ab156748>
- Sumartono. (2017). Terperangkap dalam Iklan: Meneropong Imbas Pesan Iklan Televisi. *Jurnal Manajemen Dan Bisnis*, 4(3). http://etheses.iainkediri.ac.id/3533/4/931313115_bab2.pdf
- Sustiyo, J. (2020). *Apakah Literasi Keuangan Mempengaruhi Perilaku Konsumsi Generasi Z ?* 04(01), 1–10.
- Vitt, L., Anderson, C., Kent, J., Lyter, D. M., K, J., Siegenthaler, & Jeremy Ward. (2000). Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S. *Institute for Socio-Financial Studies*. https://www.researchgate.net/publication/240619141_Personal_Finance_and_the_Rush_to_Competence_Financial_Literacy_Education_in_the_US
- Wiedmer, T. (2021). Generations Do Differ: Best Practices in Leading Traditionalists, Boomers, and Generations X, Y, and Z. *Delta Kappa Gamma Bulletin*, 9(3). [https://www.scirp.org/\(S\(i43dyn45teexjx455qlt3d2q\)\)/reference/referencespapers.aspx?referenceid=2954137](https://www.scirp.org/(S(i43dyn45teexjx455qlt3d2q))/reference/referencespapers.aspx?referenceid=2954137)
- Xu, L., & Zia, B. (2012). Financial Literacy Around the World: An Overview of the Evidence with Practical Suggestions for the Way Forward. *World Bank Policy Research Working Paper*, 6107. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2094887