



The Influence of Financial Behavior and Financial Experience on Financial Literacy among Generation Z

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Article Info

Article history:

Received 9 April 2025

Received in revised form 21

May 2025

Accepted 3 June 2025

Keywords:

Gen Z

Financial Literacy

Financial Experience

Financial Behaviour

JEL Classification:

D14, G53, I21, A20

Abstract

Financial literacy plays a crucial role in supporting sustainable development and is a fundamental need for individuals in managing their finances. Although Generation Z (Gen Z) is considered tech-savvy, this skill does not always correlate with a high level of financial literacy. The main challenge faced by Gen Z is the increasing temptation of consumerism, driven by various digital facilities such as e-commerce apps and electronic payment services, which make spending easier without proper planning. Despite their relatively high financial literacy, consumer behavior influenced by digital technology remains an obstacle. This study aims to analyze the impact of financial behavior and financial experience on the level of financial literacy among Gen Z, who play a significant role in the digital economy. This research is a quantitative study with a survey approach. The purposive sampling technique was used to select the research sample, with a sample size of 160 respondents calculated using the Hair formula. Data collection was conducted by distributing questionnaires to Gen Z respondents (born between 1995-2012) who are pursuing higher education (diploma or bachelor's degree) at colleges or universities and reside in Purworejo Regency. The data analysis technique used is quantitative analysis with multiple linear regression analysis method using smartPLS 3.3.9 software. The research findings show that financial behavior and financial experience have a positive and significant partial impact on financial literacy among Generation Z in Purworejo. Therefore, it is important to enhance Generation Z's understanding and involvement in daily financial activities to strengthen their financial literacy.

Introduction

Financial literacy has become an essential skill for individuals in the modern era. Technological advances and digitalization have made it easier to access financial services, both conventional and sharia. However, this convenience is often not balanced with good financial understanding, so many individuals are trapped in consumer behavior and are less wise in managing their finances. Financial literacy is a person's ability to understand, manage, and utilize finances effectively to achieve a prosperous life (Shah & Patel, 2020; Lone & Bhat, 2022). Financial literacy is essential to support sustainable development, so it must be a basic need for every individual to manage finances (Swiecka et al., 2020; Kumar et al., 2023). This is important because mistakes in financial management can trigger various financial problems, including economic difficulties. According to the Financial Services Authority (2016), monetary challenges are caused by low income and errors in financial management. Therefore, financial literacy is crucial to help people avoid financial problems in the future.

Modern progress and massive digitalization encourage individuals, especially the younger generation, to be consumerist. The lifestyle of a society will be different from that of another society, depending on the social, economic, and cultural factors that develop in their environment (Ekowati & Puspitasari, 2014). Generation Z (Gen Z), often referred to as “Digital Natives” or “Internet Generation,” is a demographic group born between the mid-1990s and the early 2010s (Hafidz, 2022; Choudhary et al., 2024; Zaka & Al Juboori, 2023). Generation Z, often called iGeneration, is a group born after the Millennial generation, usually the children of Generation X and Generation Y couples (Akbar & Armansyah, 2023). They are growing up in an era of rapidly developing digital technology, where access to the internet, social media, and smart devices have become an integral part of their daily lives. These characteristics influence how they manage their finances, from shopping to investing. However, even though they are considered technologically literate, this skill is not automatically directly proportional to good financial literacy skills. The main challenge they face is the temptation of consumerism, which is strengthened by various digital facilities, such as applications, e-commerce, and electronic payment services, which make it easier to spend without careful planning (Laturette et al., 2021; Mohamad et al., 2022).

Based on the 2024 National Survey of Financial Literacy and Inclusion (SNLIK) conducted by Otoritas Jasa Keuangan (OJK) & Badan Pusat Statistik (BPS), the financial literacy index in Indonesia reached 65.43%. This means that out of every 100 people aged 15-79, only around 65 have good financial understanding (Well Literate). However, there is a gap between conventional financial literacy, which reaches 65.08%, and sharia financial literacy, which is lower, namely 39.11%. This data shows that although financial literacy is increasing, specific segments still require special attention, especially in Sharia finance. This can be seen in Figure 1.

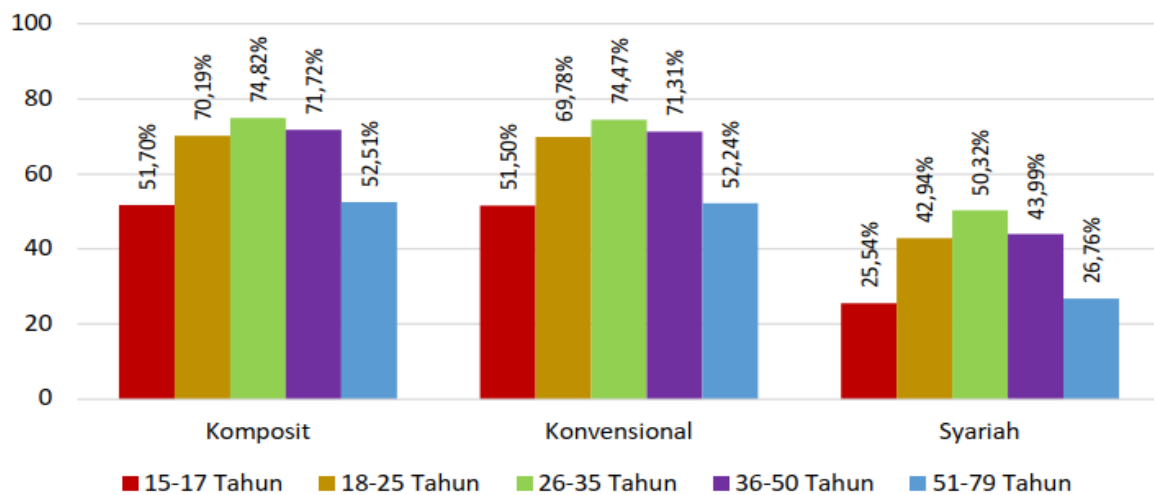


Figure 1. Financial Literacy Index by Age Group

Figure 1 shows that the 26-35-year, 36-50 year, and 18-25-year age groups have the highest levels of financial literacy, with a composite literacy index of 74.82%, 71.72%, and 70.19%, respectively. The conventional literacy index for this group was recorded at 74.47%, 71.31% and 69.78%, while sharia literacy reached 50.32%, 43.99% and 42.94%. In contrast, the 15-17-year-old and 51-79-year-old age groups recorded literacy levels the lowest, with a composite literacy index of 51.70% and 52.51%, conventional literacy of 51.50% and 52.24%, and sharia literacy of only 25.54% and 26.76%.

Generation Z, born between 1997 and 2012 and mainly in the 18-25 age group, shows a high financial literacy index. The composite literacy index for this group was recorded at 70.19%, conventional literacy at 69.78%, and sharia literacy at 42.94%. This reflects a relatively good understanding of finances compared to younger and older age groups. Gen Z has excellent potential to manage finances wisely as a generation transitioning from financial dependence on parents to financial independence. However, even though their level of financial literacy is relatively high, consumer behavior influenced by the ease of digital technology remains a significant challenge, as Kenale Sada (2022) stated. These challenges could hinder Gen Z's ability to utilize financial knowledge and achieve long-term financial prosperity optimally. Looking at this data, financial literacy has become an increasingly relevant priority, especially among the younger generation, such as Gen Z, who play an important role in the digital economy.

Financial behavior reflects how individuals manage finances by preparing budgets, controlling expenses, saving, investing, and paying obligations on time (Rahmayanti et al., 2019). Based on the Katadata Insight Center (KIC) and Zigi (2022) survey, Gen Z is considered quite consumptive. Of the 5,204 respondents, 72.9% of expenditure was used for routine communication needs, followed by shopping for groceries (34.9%), fuel (26.4%), holidays (9.3%), and fashion or accessories. However, the amount spent on savings is almost close to spending on fashion, showing awareness of the importance of saving among Gen Z.

Rahmayanti et al. (2019) found that financial behavior has a positive and significant effect on financial literacy, meaning that saving, investing, and preparing budgets requires a deep understanding of financial principles, encouraging increased financial literacy. On the other hand, consumptive and unplanned financial behavior indicates limited financial knowledge, which can hinder an individual's ability to achieve financial stability and prosperity. However, Raza et al. (2024) found different results, namely a negative and insignificant relationship between financial behavior and financial literacy of students at Sindh University MBBS Campus Dadu, which shows that in specific contexts, good financial behavior is not always directly proportional to the level of financial literacy. This difference in findings shows a gap in research related to the influence of financial behavior on financial literacy. Therefore, further research is needed to understand how finances behave and influence financial literacy in different contexts, especially among Gen Z, which plays an important role in the digital economy.

Another factor that influences financial literacy is a person's financial experience. Ameliawati & Setiyani (2018) found that financial experience positively and significantly impacts financial literacy. This shows that if someone has much experience in the financial aspect (financial experience), they will have a good level of financial literacy. However, if someone does not have much financial experience, then their level of financial literacy will still be low. Raza et al. (2024) also confirmed similar findings that financial experience positively and significantly impacts students' financial literacy at Sindh University MBBS Campus Dadu. Frijns et al. (2014) emphasize that practical experience in finance and theoretical education are essential in improving financial literacy, such as using stock market simulations to deepen financial understanding and behavior.

It is important to carry out this research to analyze the influence of financial behavior and experience on the level of financial literacy, especially among Gen Z. The novelty of this research lies in its specific focus on Gen Z in Purworejo Regency. This area of financial literacy has not been widely researched, especially regarding financial experience and behavior. Most previous financial literacy research has focused more on age groups or urban areas that are

more economically advanced. In contrast, Gen Z in non-metropolitan areas such as Purworejo have different social and economic dynamics. Therefore, this research is very relevant to understanding how these factors influence financial literacy in regions with different characteristics. The findings from this research can provide new contributions to designing more effective financial literacy education programs, considering the local context and real financial experiences faced by Gen Z in Purworejo. Thus, this research can help develop more targeted financial policies and support increasing financial literacy among Gen Z in non-metropolitan areas.

Literature Study

The Influence of Financial Behavior on Financial Literacy

Rahmayanti et al. (2019) explained that financial behavior reflects how individuals manage their finances by preparing a budget, controlling expenses, saving, investing, and paying obligations on time. Good financial behavior is proven to positively and significantly influence financial literacy. Rahmayanti et al. (2019) found that saving, investing, and managing a budget requires a deep understanding of financial principles, such as inflation, compound interest, and risk diversification, increasing individual financial literacy. On the other hand, consumptive and unplanned financial behavior reflects limited financial knowledge, which can hinder a person's financial stability and well-being.

Laturette et al. (2021) added that individuals with good financial habits tend to be more careful in making financial decisions, such as investing or applying for loans, which also encourages increased financial literacy. On the other hand, unplanned consumer behavior often shows a lack of financial knowledge, thus hindering a person's ability to manage finances effectively. Raza et al. (2024) also underscore the importance of direct experience with financial instruments, such as savings and investments, in enriching individuals' financial knowledge and increasing their financial literacy. Based on these findings, healthy financial behavior reflects good financial understanding and contributes significantly to deepening one's financial literacy. Based on this, the proposed hypothesis formulation is:

H₁: Financial behavior has a positive and significant influence on financial literacy

The Influence of Financial Experience on Financial Literacy

Ameliawati & Setiyani (2018) explain that financial experience includes knowledge individuals gain through direct involvement in various daily financial activities in formal and informal contexts. These activities include having a bank account, investing, or understanding the financial policies that apply in society. Financial experience is proven to influence a person's financial literacy significantly. Ameliawati & Setiyani (2018) found that financial experience positively and significantly contributes to financial literacy. Individuals with a lot of financial experience, such as interacting with financial products and services, tend to have a higher level of financial literacy. In contrast, individuals with limited financial experience tend to show low levels of financial literacy. Similar findings were also confirmed by Raza et al. (2024), which shows that financial experience positively and significantly impacts students' financial literacy at Sindh University MBBS Campus Dadu.

Frijns et al. (2014) emphasized the importance of practical experience in increasing financial literacy, primarily through stock market simulations that can deepen understanding and financial management skills. Ergün (2017) also shows that individuals who face financial challenges tend to be encouraged to more effectively manage their resources through budgeting or expense management, which ultimately increases their financial literacy. Sohn et al. (2012)

added that financial experience is important in helping individuals understand complex financial concepts and make wiser financial decisions. Their research revealed that individuals with more experience with financial products and services demonstrated a better understanding of finances, while individuals with less experience tended to have limited financial capabilities. These findings confirm that financial experiences, both through direct exposure to financial products and everyday economic challenges, enrich individuals' understanding of finance. Based on this, the proposed hypothesis formulation is:

H2: Financial experience has a positive and significant influence on financial literacy.

Methods

This research is quantitative research with a survey approach. Sekaran & Bougie (2017) explain that quantitative research emphasizes objective measurement and analysis of numerical data obtained through surveys, questionnaires, or other statistical tools. This approach aims to identify relationships, patterns, or influences between variables using data that can be measured mathematically. Quantitative research is often used to test hypotheses, evaluate effectiveness, or understand trends based on measurable data. In this research, a survey approach was used to collect primary data through questionnaires distributed to respondents, which allows broad and representative data collection to be analyzed statistically.

The variables used in this research are financial behavior (X1), financial experience (X2), and financial literacy (Y), which is depicted in the conceptual model in Figure 2.

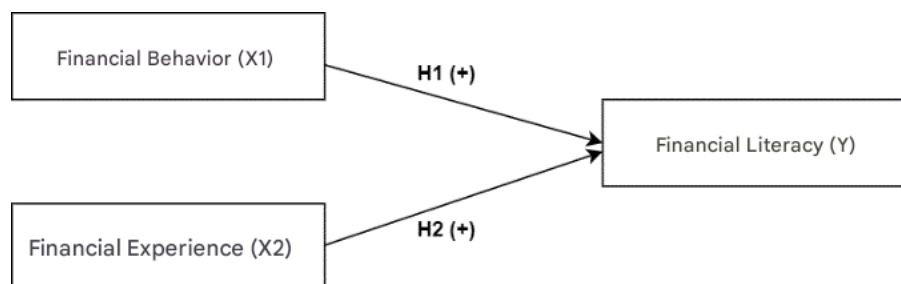


Figure 2. Research Conceptual Model

Financial Literacy (Y)

Swiecka *et al.* (2020) define financial literacy as an individual's ability to understand, manage, and make rational financial decisions. This literacy includes understanding basic financial concepts, such as saving, debt, and consumption, which play an important role at every stage of a person's financial life. Financial literacy involves knowledge, abilities, and attitudes that encourage making the right decisions for financial well-being. Meanwhile, according to the Financial Services Otoritas Jasa Keuangan (OJK) (2024), financial literacy is a combination of knowledge, skills, beliefs, attitudes, and behavior that influence the quality of decision-making and financial management of individuals or communities to achieve financial prosperity. The Financial Services Authority (OJK) identified five main parameters in financial literacy, where each indicator reflects individual criteria that are "well literate." In this research, these parameters have been adjusted to the characteristics and needs of Generation Z as research subjects so that they are more relevant to their financial behavior patterns.

Knowledge Parameters

Measures the extent to which individuals understand the basic concepts of financial services and products, including financial service institutions, types of financial products (savings, investment, and credit), and the use of digital services such as *mobile banking and e-wallets*.

Skill Parameters

Assess an individual's technical ability to manage finances, such as calculating interest on savings or credit, preparing a monthly financial budget, and estimating savings needs for the future, such as education or holidays.

Confidence Parameters

Measures an individual's level of confidence in the financial system and their ability to manage finances. This includes confidence in the security of digital financial applications and managing personal finances independently.

Attitude Parameters

This measure reflects an individual's orientation toward long-term financial management. The attitudes measured include awareness of the importance of saving regularly, efforts to control spending for lifestyle needs, and understanding the importance of wise financial management.

Behavior Parameters

It measures concrete actions in managing finances, such as setting aside a portion of income for savings or investments and having reserve funds for urgent needs such as health costs or sudden repairs.

Financial Behavior (X₁)

Financial behavior refers to an individual's actions, habits, or ways of managing personal finances, covering various aspects such as using, planning, controlling, and storing financial resources (Shah & Patel, 2020). Indicators for measuring financial behavior, according to Gunawan & Syakinah (2022), include: 1) Pay bills on time; 2) Create an expense budget; 3) Record income and expenses; 4) Prepare unexpected funds; 5) Save regularly; 6) Compare prices before buying

Financial Experience (X₂)

Safitri & Kartawinata (2020) explained that financial experience refers to incidents or incidents related to financial aspects that have been experienced, whether they have been going on for a long time or have just happened. This financial experience is not only limited to personal experience but can also be obtained from other people's experiences, such as family or friends. According to Safitri & Kartawinata (2020), financial experience can be measured using the following five indicators: 1) Banking related experience; 2) Experience related to insurance products; 3) Experience related to pension funds; 4) Pawnshop related experience; 5) Experience related to capital markets

The population in this study is all Gen Z in the Purworejo Regency area. Research samples were taken using purposive sampling techniques, where respondents are selected deliberately based on specific criteria relevant to the research objectives (Sekaran & Bougie, 2017). The criteria for respondents in this study are that individuals are Generation Z (born 1995-2012), who are currently pursuing higher education (diploma or bachelor's degree) at a college or university and live in Purworejo Regency. This criterion ensures that respondents have characteristics that match the research focus so that the data obtained is more representative.

The sample size was calculated using the Hair *et al* (2014), which states that a good sample size is at least 100 respondents, with a sample ratio to number of indicator items of around 5:1 or more. This means the number of samples must be five times greater than the number of indicator items analyzed. If you use a ratio of 10:1, the sample size will be more optimal. In

this research, the number of indicator items used in the questionnaire was 16 items. Based on these rules, the required sample size is a minimum of 5 times 16, namely 80 respondents; however, to increase the validity and representativeness of the data, the sample used was 160 respondents, with a ratio of 10:1.

The primary research data was collected by distributing questionnaires to Gen Z respondents. The measurement scale used in this research is *linked* with a score of 1-5. The analysis technique used is descriptive analysis, which aims to describe the characteristics of respondents and respondents' perceptions of research variables, as well as quantitative analysis using the Multiple Linear Regression Analysis method. *The software* smartPLS 3.3.9 was used to see the influence of the relationships formed in the research model.

Result and Discussion

Descriptive Analysis

The respondents in this study consisted of 68 men and 92 women, indicating that most respondents were women. Based on the results of the 2024 National Survey of Financial Literacy and Inclusion (SNLIK) Otoritas Jasa Keuangan (OJK) & Badan Pusat Statistik (BPS) and Central Statistics Agency (BPS), the financial literacy index for women was recorded at 66.75%, while for men it was 64.14%. These findings indicate that women have a higher level of financial literacy than men, which is in line with the findings in this study, which also shows the dominance of female respondents. Thus, gender is an important factor in influencing financial literacy. This shows the need for a more inclusive and gender-based strategy to increase financial literacy among men and women, considering the differences that can influence financial decision-making in society.

Respondents in this study consisted of 120 individuals aged 18-23 years and 39 individuals aged 24-29 years. Based on the results of the 2024 National Survey of Financial Literacy and Inclusion (SNLIK) conducted by Otoritas Jasa Keuangan (OJK) & Badan Pusat Statistik (BPS), the 18-25 year age group has a financial literacy index of 70.19%, while the 26-35 year age group has a financial literacy index of 74.82%. These findings indicate that the level of financial literacy in the 18-25 year age group is slightly lower than in the 26-35 year age group. Lestari et al. (2023) also show that individuals aged 18-22 have limited financial knowledge, even though they have good financial attitudes and skills. However, the level of financial literacy in the 18-25-year age group still needs to be improved to ensure a better understanding of personal financial management. Thus, age is an important factor influencing financial literacy, which requires more intensive education and socialization regarding financial management among young individuals. This can help strengthen their ability to make wiser financial decisions and manage personal finances more effectively in the future.

Respondents in this study comprised 25 people who were pursuing Diploma Education (D1/D2/D3) and 135 people in undergraduate education, indicating that most respondents were undergraduate students. Research by Anggraini & Cholid (2022) shows that the higher the level of education, the better the individual's financial management. The results of this research show that the level of education has a positive effect on financial behavior, with individuals with a higher education level tending to have better financial management. Thus, the level of education being pursued is a significant factor in influencing financial behavior because higher education provides broader insight into the importance of sound financial management. Therefore, increasing financial literacy among students, especially those pursuing undergraduate studies, is very important to ensure they can manage their finances more wisely

and make more informed financial decisions. Complete data on respondent characteristics can be seen in Table 1.

Table 1. Data on Respondent Characteristics

No	Characteristics		Frequency	%
1	Gender	Man	68	43%
		Woman	92	58%
	Amount		160	100%
2	Age	12-17 Years	0	0%
		18-23 Years	120	75%
		24-29 Years	39	25%
	Amount		159	100%
3	Education Status	Diploma (D1/D2/D3)	25	16%
		S1	135	84%
	Amount		160	100%
4	Domicile Status	Still	149	93%
		Temporary	11	7%
	Amount		160	100%

Source: Data Processing, Researcher, 2025

Table 1 also shows that the majority of respondents, as many as 149 people, have permanent domicile status in Purworejo, while the remainder, as many as 11 people, have temporary domicile status. This suggests that most respondents have a more permanent attachment to Purworejo, which may influence their habits and behavior in terms of financial literacy. The existence of a permanent domicile is often related to social and economic stability, which can affect individuals' access and understanding of financial information. Meanwhile, respondents with temporary domiciles may have different life dynamics, such as changes in residence influence managing their finances. This difference in domicile status is important to consider in the analysis, because residential environmental factors can have an impact on respondents' financial behavior and financial literacy.

Quantitative Analysis

Quantitative analysis has two main stages: the study of the outer model and *the inner model*. *The outer model tests* the validity and reliability of research constructs by examining latent variable indicators.

Validity Test

Validity is tested through convergence and discriminant, while reliability is measured by *Composite Reliability (CR)* and *Variance Extracted (AVE)* to ensure instrument consistency and accuracy.

Convergent Validity

Convergent validity measures the validity of indicators against latent variables using values *outer loading*. In SmartPLS, the value *outer loading* of the ideal is > 0.7 (Hair *et al.*, 2017), but a value of 0.5 - 0.6 is considered adequate for Ghozali (2021) initial exploratory research. After testing is carried out, several indicators with values *outer loading* < 0.5 is eliminated, namely

X1.22 (-0.030), X1.23 (-0.036), X1.24 (-0.014), X2.13 (0.202), (0.270), X2.19 (0.256), After elimination, all scores *outer loading* the remaining indicators meet the criteria (> 0.5), so that all indicators are declared valid for use. The test results are shown in Figure 3.

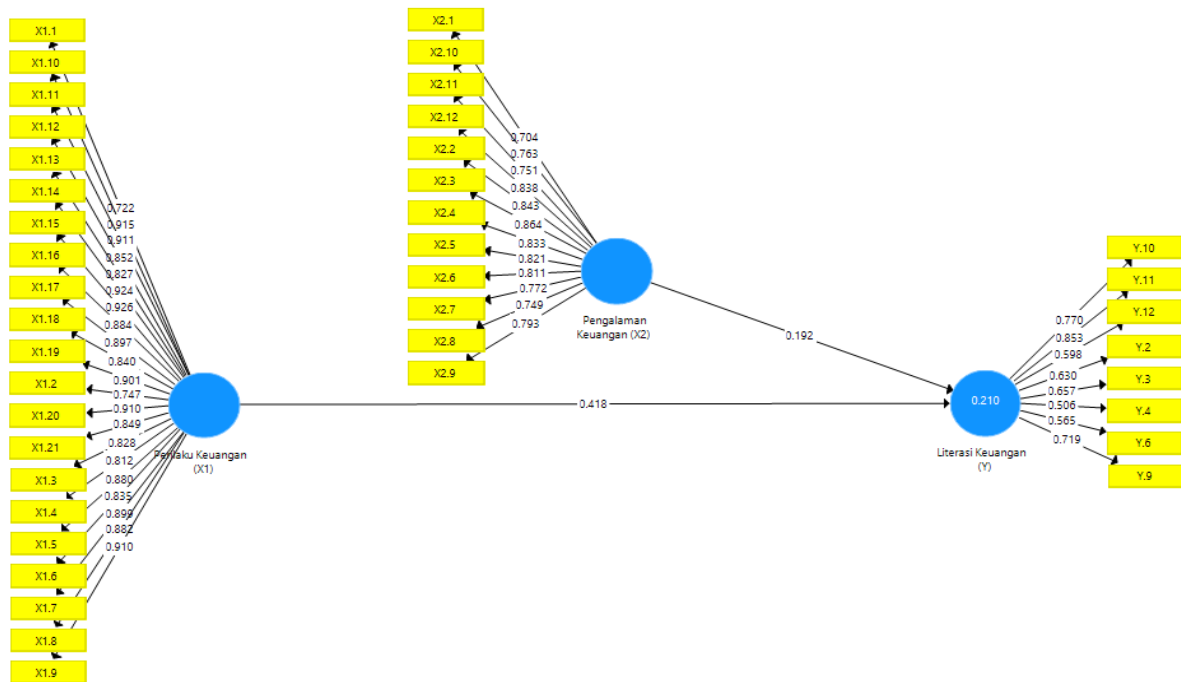


Figure 3. Test Results Convergent Validity

Average Variance Extracted (AVE)

Validity testing can also be done by looking at the values of *Average Variance Extracted* (AVE), where the recommended value is > 0.50 (Ghozali, 2021). However, under certain conditions, an AVE value of 0.40 is still acceptable if the *Composite Reliability* (CR) value meets the requirements > 0.60 (Hair *et al.*, 2017). Mark *Average Variance Extracted* (AVE) can be seen in Table 2.

Table 2. Output Test Average Variance Extracted (AVE)

	<i>Composite Reliability</i>	<i>Average Variance Extracted (AVE)</i>	Information
Financial Behavior (X1)	0,864	0,450	Valid
Financial Experience (X2)	0,954	0,634	Valid
Financial Literacy (Y)	0,987	0,750	Valid

Source: Data Processing, Researcher, 2025

Based on Table 2, the analysis results show that the value *Average Variance Extracted* (AVE) on the Financial Experience and Financial Literacy variables has met the construct validity criteria, namely greater than 0.50. This indicates that these two variables have a good ability to explain the variance of the indicators. Meanwhile, for the Financial Behavior variable, even though the AVE value obtained is above 0.40 but below 0.50, the construct validity is still acceptable because the value *composite reliability* generated exceeds the minimum threshold of 0.60. All indicator items in the Financial Experience, Financial Literacy, and Financial Behavior variables are declared valid based on a combination of these two criteria. This shows

that each variable can represent the construct consistently and relevantly according to the research model.

Discriminant Validity

Discriminant validity measures the extent to which a variable differs significantly from another variable. According to Ghozali (2021), the discriminant validity test can be carried out by comparing the square root value of AVE with the correlation between latent constructs using *the Fornell-Larcker Criterion*. Discriminant validity is fulfilled if the square root value of a variable's AVE is greater than the correlation value between constructs in the model. The test results are shown in Table 3.

Table 3. *Output AVE Square Root and Correlation Between Latent Constructs*

	Financial Literacy (Y)	Financial Experience (X2)	Financial Behavior (X1)
Financial Literacy (Y)	0,671		
Financial Experience (X2)	0,189	0,797	
Financial Behavior (X1)	0,416	-0,006	0,866

Source: Data Processing, Researcher, 2025

The test results show that the Financial Literacy variable (Y) has a square root AVE of 0.671, which is greater than the correlation value between construct Y and Financial Behavior (X1) of 0.416 and with Financial Experience (X2) of 0.189. This shows that Financial Literacy has good discriminant validity. Furthermore, the Financial Experience variable (X2) has a square root AVE of 0.797, which is greater than the correlation value between the X2 construct and Financial Behavior (X1) of -0.006 and with Financial Literacy (Y) of 0.189. These results indicate that Financial Experience also has adequate discriminant validity. Finally, the Financial Behavior variable (X1) has a square root AVE of 0.866, more significant than the correlation value between constructs. Thus, it can be concluded that all variables in this model have good discriminant validity, indicating that each latent variable has apparent conceptual differences and does not overlap with the other construct.

Reliability Test

Reliability is measured using *composite reliability*, which shows the questionnaire's consistency as research measuring tool. A variable is considered reliable if its composite reliability value is > 0.7 (Ghozali, 2021) Table 4 shows the test results in *composite reliability*.

Table 4. *Output Reliability Test*

	<i>Composite Reliability</i>	Information
Financial Behavior (X ₁)	0,984	Reliable
Financial Experience (X ₂)	0,954	Reliable
Financial Literacy (Y)	0,864	Reliable

Source: Data Processing, Researcher, 2025

Table 4 shows that the value *composite reliability of all variables* is > 0.7, so it can be said that all variables are *reliable*.

After testing the outer *model* for construct validity and reliability, the next step is testing the inner *model* to evaluate the relationship between constructs. This research involves two stages of analysis, namely:

Hypotheses Testing

Ghozali (2021) states that hypothesis testing can be done by looking at the t-value statistics on the output Path Coefficient. If p-value < 0.05, the hypothesis is accepted, which means there is a significant influence between the exogenous variable (X) and the endogenous variable (Y). The structural results of hypothesis testing can be seen in Figure 4. At the same time, the values Path Coefficient (Mean, STDEV, T-Values, and P-Values) for each relationship between constructs are shown in Table 5.

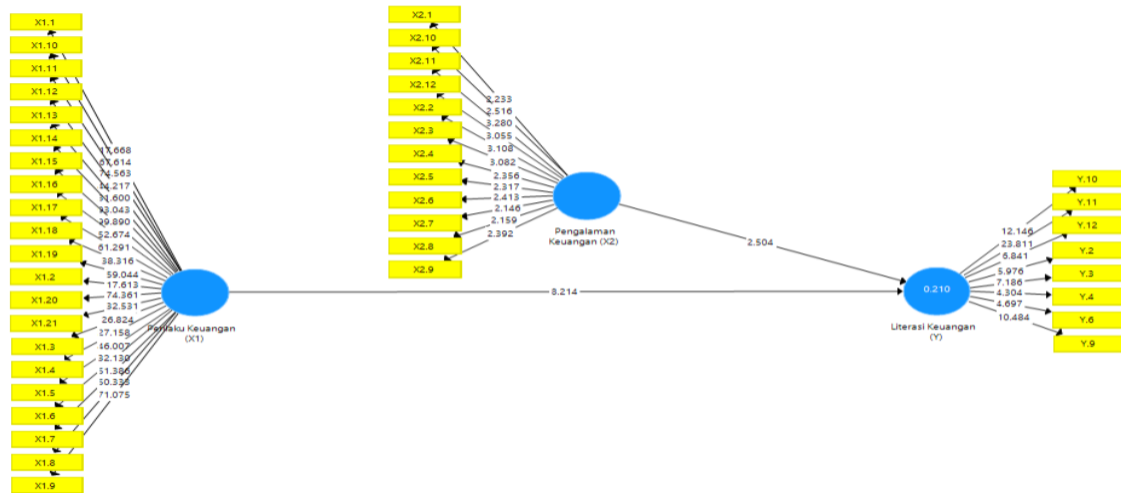


Figure 4. Output Hypothesis Testing Overall Structural

Table 5. Path Coefficient (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Financial Experience (X2) -> Financial Literacy (Y)	0,192	0,239	0,076	2,504	0,013
Financial Behavior (X1) -> Financial Literacy (Y)	0,418	0,415	0,051	8,214	0,000

Source: Data Processing, Researcher, 2025

The test results shown in Table 5 produce the following analysis:

The Influence of Financial Behavior on Financial Literacy

The original sample value (O) was 0.192 (positive), which shows a positive influence between financial behavior and financial literacy. A P-value value of 0.000, more diminutive than 0.05, supports H1. This means that financial behavior positively and significantly affects financial literacy among Generation Z in Purworejo Regency. This aligns with Rahmayanti et al. (2019), who state that financial behavior, such as preparing a budget, saving, and investing, reflects an understanding of financial principles, such as inflation, compound interest, and risk diversification. Good behavior helps individuals make wise financial decisions, while consumptive behavior shows limited financial literacy.

Additionally, the demographic aspects of respondents provide additional perspective. The majority of respondents in this study were women, who, according to the 2024 National Survey of Financial Literacy and Inclusion (SNLIK), have a higher level of financial literacy than men. Respondents aged 18–25 years had slightly lower levels of financial literacy than those aged 26–35 years, indicating the need for intensive education for young individuals. Most

respondents were undergraduate students with better financial management than respondents with a diploma education, as stated (Anggraini & Cholid, 2022). The domicile factor is also a concern, where respondents with permanent domiciles tend to have more stable financial habits than those with temporary domiciles. Thus, good financial behavior reflects practical financial management skills and is an important factor in increasing financial literacy. Efforts to increase financial literacy must consider gender, age, education level, and domicile to achieve a more optimal impact.

The Influence of Financial Experience on Financial Literacy

The original sample value (O) was 0.418 (positive), indicating a positive influence between financial experience and financial literacy. A *P-value* of 0.013, which is smaller than 0.05, supports H2. This means that financial experience positively and significantly affects financial literacy among Generation Z in Purworejo. This is consistent with the findings of Ameliawati & Setiyani (2018), who emphasized that financial experience, either through direct interaction with financial products such as bank accounts and investments or understanding financial policies, increases individual financial literacy. These experiences enable individuals to understand financial concepts better, make wise financial decisions, and manage financial resources effectively. Furthermore, Raza et al. (2024) also support this finding by showing that students with financial experience, such as using banking services or facing economic challenges, tend to have higher financial literacy. Frijns et al. (2014) strengthen this argument by emphasizing the importance of practical experience, such as stock market simulations, in deepening understanding of financial management. This is relevant for the respondents in this study, the majority of whom are undergraduate students who permanently reside in Purworejo because they tend to have better access to financial resources and services.

Descriptive analysis shows that the majority of respondents are women (92 people) with a higher financial literacy index than men (68 people), which is in line with the 2024 Financial Services Authority (OJK) report. In addition, the 18-23-year age group dominates the respondents (120 people) with a slightly lower level of financial literacy than the 24-29-year age group. These findings support Lestari et al. (2023), which show the need to increase financial education among young individuals. The majority of respondents, 135 people, were undergraduate students who, according to Anggraini & Cholid (2022), had better financial literacy because a higher level of education provided broader insight into financial management. Additionally, most respondents have a permanent domicile in Purworejo, which supports their social and economic stability, thereby contributing to better financial habits.

Coefficient of Determination (R²)

The predictive power of the structural model was evaluated using *R-Square* (coefficient of determination). The test results can be seen in Table 6.

Table 6. *Output R-Square*

	R Square	R Square Adjusted
Financial Literacy (Y)	0,210	0,200

Source: Researcher Data Processing, 2025

Based on the table, the independent variables (financial behavior and financial experience) explain 21% of the variation in the dependent variable (financial literacy). This shows that only a tiny part of the changes or variations in financial literacy can be explained by these two variables. At the same time, the remaining 79% is influenced by other factors not included in this research model. With an R² value = 0.21, this research model is weak, indicating that

although financial behavior and experience influence financial literacy, the overall impact is insignificant. Other factors not measured in this study, such as education level, family influence, access to financial information, or social environment, likely contribute more to financial literacy. This weak R^2 value can be a basis for exploring other potential variables that influence financial literacy to improve the model and have better predictive power in subsequent research.

Conclusion

Based on the analysis of research results, it can be concluded that: 1) Financial behavior has a positive and significant influence on financial literacy. Wise financial management, such as budgeting and controlling expenses, helps individuals understand financial concepts and improve their financial decision-making abilities; 2) Financial experience also has a positive and significant effect on financial literacy. Direct involvement with financial products or services, such as bank accounts and investments, enriches an individual's understanding of financial concepts and effective financial management skills.

Based on the results of the research analysis and discussion, the following are several suggestions that can be given: 1) Educational institutions and local governments need to strengthen financial education programs that are integrated with the curriculum, especially for students in Purworejo Regency. This program may include personal financial management, investment strategies, and introduction to financial products.; 2) Financial institutions and educational institutions can work together to provide financial simulations, investment training, or internship programs that allow individuals to be directly involved in financial activities. This can increase relevant practical experience to understand financial concepts in more depth; 3) Utilizing *platform* digital, such as applications or online modules, can be an effective way to increase financial literacy among Generation Z. This technology-based educational content can cover topics such as budget management, investment and financial risk; 4) The government and related institutions need to increase the accessibility of financial information for the public, especially Generation Z. This information can be delivered through seminars, public campaigns, or free consultation services that focus on personal financial management. Referring to the finding that women's financial literacy tends to be higher, programs to increase financial literacy need to be designed to be more inclusive, paying attention to specific needs based on *gender* and age to ensure equal distribution of financial knowledge and skills across societal groups.

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