Financial Literacy, Financial Technology & Financial Behavior Analysis in Increasing Generation Z's Interest and Investment Decisions in a Cashless Society

Made Ayu Jayanti Prita Utami[1], Ni Putu Rita Sintadevi[2], I Putu Okta Priyana[3] , and Gede Sedana Wibawa Yasa[4]

[1,2,3,4] Business Administration Department, Politeknik Negeri Bali, Bali, Indonesia
prita.utami@pnb.ac.id

Abstract. Financial literacy, financial technology & financial behavior are factors that influence investment interest and decisions. This research is expected to help in understanding the extent to which generation-Z has an understanding of basic financial concepts, such as money management, investment, savings, and debt. The results of this study indicate that the variables of financial literacy, financial technology & financial behavior partially affect the interest/ decision to invest from Gen-Z and Financial literacy, financial technology & financial behavior simultaneously/ together affect the interest/ decision to invest from Gen-Z. Next, the research was also conducted to find out the extent to which generation-Z uses and utilizes various fintech platforms, such as digital banking apps, digital payments, and online investments. This is important to identify barriers or challenges they may face in adopting these financial technologies. And finally, it can help in identifying their financial behavior patterns, preferences, risk propensity, and other factors that influence their financial decisions. Ultimately, they can increase their interest in investing and make better investment decisions.

Keywords: Cashless Society, Financial Behavior, Financial Literacy, Financial Technology

1 Introduction

In an era of globalization and rapid technological development, the financial industry is undergoing a significant transformation. Generation Z, a group of people born between 1997 and the early 2010s, grew up in an environment dominated by digital technology, easily accessible information, and dynamic changes in the global economy. With new opportunities and challenges, financial knowledge and the utilization of technology in financial management are key to increasing the interest and investment decisions of this generation (Arninputranto et al., 2018).

Indonesia has entered the era of Industrial Revolution 4.0 since 2011, this is characterized by increasing interaction, connectivity, and boundaries between machines, humans, and other resources that are increasingly centered on IT (information technology) and communication. The Industrial Revolution 4.0 also provides a new breakthrough in the financial sector, with the existence of financial

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technology better known as fintech (Asih et al., 2020). In addition, it can also be seen through the development of the internet which is experiencing rapid progress and is used by all levels of society, with technology and information systems that always give rise to many innovations, especially for fintech to meet various needs, one of which is to access financial services and transactions.

According to Bank Indonesia Regulation No. 19/12/PBI/2017, the definition of fintech is the use of technology for the financial system with services, models, technology, and products with modern business and influences efficiency, and monetary stability. The system, security, smoothness, and reliability are stable through payment methods. Fintech organizations consist of market support, payment systems, investment management, lending, financing, risk and capital financing as well as other financial services.

The fintech era has greatly impacted investment traditions and mindsets regarding finance have undergone significant changes along with technological advancements. Generation Z has grown up in an era where access to financial information, investment platforms, and innovative financial tools are easily accessible through digital devices. This opens the door for exploration and participation in various investment instruments (Syaliha et al., 2022). This has led Generation Z to become financially literate. Financial literacy is an important foundation for understanding the concepts of investment, risk, portfolio diversification, and financial management in general. Generation Z, although familiar with technology, often does not have an adequate understanding of important aspects of financial management.

Therefore, improving financial literacy is crucial to equip this generation to face the challenges and opportunities in the financial world (Anisyah et al., 2021). The introduction of financial technology (FinTech) has drastically changed the landscape of the financial industry. FinTech not only facilitates access to financial services but also provides innovative solutions in various aspects, including payment, lending, investment, and financial management. For Generation Z who are familiar with technology, the use of FinTech can be a powerful tool to strengthen their financial literacy and influence investment behavior (Mukti et al., 2022).

In addition to financial literacy & financial technology, financial behavior is also one of the elements that can influence Generation Z's investment interest. Financial behavior is a state of mind, assessment, and opinion by a person regarding finance. From the theory of social learning, 3 things can lock a behavior, event, and environment in various individuals to influence perceptions and actions in the study of financial attitudes and financial behavior. Behavior for the management of finances can be good and correct with the application of financial attitudes that are carried out properly (Silvy & Yulianti, 2013). Attitude towards finance can be interpreted as a state of opinion, thought, and evaluation regarding finance.

The attitude of personal finance is an important part of the success or failure of finance. Attitude towards finance is a tendency towards attitudes with positive or negative traits about money. Attitude toward finance can influence the condition of individual finances to live everyday life, if an individual cannot take an attitude and make a mistake in planning, of course, it can have an impact in the long run (Durvasula & Lysonski, 2007).

In today's digital era, financial technology (fintech) has significantly changed the global financial outlook. One of the main impacts is the development of a cashless society, where financial transactions are carried out electronically through various digital platforms. This non-cash transaction is carried out by taking into account aspects of accuracy, safety, skills, inclusiveness, and national interests, commonly referred to as GNNT (National Non-Cash Movement). 79.4% use digital payment, generation Z helps the development of a Cashless Society.

Generation Z, which is the generation that grew up with technology and the internet, has different habits and preferences in managing their finances. However, even though they are familiar with technology, they do not necessarily have an adequate understanding of sound financial and investment concepts.

It is interesting to analyze the relationship between financial literacy, financial technology utilization, and investment behavior in Generation Z. Understanding how financial literacy levels and financial technology penetration affect their investment interests and decisions can provide valuable insights for financial institutions, the government, and the general public in designing policies, education programs, and financial products that suit the needs and preferences of this generation. Thus, research on the analysis of financial literacy, financial technology, and investment behavior in Generation Z is expected to provide a deeper understanding of the factors that influence their investment interests and decisions, as well as provide a foundation for the development of relevant strategies and policies in improving financial inclusion and financial well-being of future generations (Ferdiansyah & Triwahyuningtyas, 2021).

This research focuses on Financial Literacy, Financial Technology & Financial Behavior in order to find out how they affect the increase in Generation - Z's Investment Interest and Decision in a Cashless Society.

2 Methodology

This study uses a correlational quantitative approach to determine the effect of Financial Literacy, Financial Technology, and Financial Behavior on Gen-Z's interest & decision to invest in a Cashless Society. The population of this research is 220 students of the Business Administration Department who have obtained courses related to financial literacy and financial technology. In selecting the sample, the researcher used a technique using the probability sampling method with a simple random sampling technique. The number of samples used in this study was 69 people. The data used is primary data or data obtained directly from respondents. The data collection method used by researchers is to distribute questionnaires directly. The answers provided in the questionnaire are in the form of a 1-5 Likert Scale. The data collected will be processed and analyzed using the Statistical Package for the Social Sciences (SPSS) version 26 application. The independent variables in this study are Financial Literacy, Financial Technology, Financial Behavior, and investment interest and decisions as dependent variables. The data analysis technique used is multiple linear analysis.

3 Result and Discussion

3.1 Result

Validity Test Results. The results of the validity test listed in Table 1 by distributing questionnaires to 69 respondents state that all indicators of the Financial Literacy (X1), Financial Technology (X2), Financial Behavior (X3), and investment decisions (Y) variables in this study have a Pearson correlation value of more than 0.30. These results indicate that all instruments in this study have met the validity requirements or can be declared valid.

Table 1. Validity test results

No	Variable	Instrument	Pearson correlation	Standard	Remark
1	Investment Decisions (Y)	Y.1	0.756	0.30	Valid
		Y.2	0.689	0.30	Valid
		Y.3	0.740	0.30	Valid
		Y.4	0.828	0.30	Valid
		Y.5	0.799	0.30	Valid
2	Financial Literacy (X1)	X1.1	0.599	0.30	Valid
		X1.2	0.734	0.30	Valid
		X1.3	0.679	0.30	Valid
		X1.4	0.656	0.30	Valid
		X1.5	0.723	0.30	Valid
3	Financial Technology (X2)	X2.1	0.730	0.30	Valid
		X2.2	0.703	0.30	Valid
		X2.3	0.820	0.30	Valid
		X2.4	0.816	0.30	Valid
		X2.5	0.808	0.30	Valid
4	Financial Behavior (X3)	X3.1	0.685	0.30	Valid
		X3.2	0,602	0.30	Valid
		X3.3	0.650	0.30	Valid
		X3.4	0.629	0.30	Valid
		X3.5	0.629	0.30	Valid

Reliability Test Results. Based on the results of the instrument reliability test in Table 2, it can be seen that the variable instruments in this study, namely the Financial Literacy strategy (X1), Financial Technology (X2), Financial Behavior (X3) investment decision (Y) have a Cronbach Alpha value greater than 0.60. This shows that all variable instruments in this study have a high level of reliability or can be declared reliable.

Table 2. Reliability test results

No.	Variable	Total instrument	Cronbach's Alpha	Remark
1.	Financial Literacy (X1)	5	0.705	Reliable
2.	Financial Technology (X2)	5	0.833	Reliable
3.	Financial Behavior (X3)	5	0.680	Reliable
4.	Investment Decision (Y)	5	0.635	Reliable

Normality Test Results. Based on the normality test as in Table 3, the Asymp. Sig. (2-tailed) is 0.200 which is greater than 0.05. This shows that the research data is normally distributed. It can be concluded that the model fulfills the assumption of normality.

Table 3. Normality test results

One-Sample kolmogorov-Smirnov test		
		Unstandardized Residual
N		69
Normal Parameters, b	Mean	.0000000
	Std. Deviation	1.57763456
Most Extreme Differences	Absolute	.058
	Positive	.058
	Negative	-.048
Test Statistic		.058
Asymp. Sig. (2-tailed)		.200c

Test distribution is Normal.
Calculated from data.
Lilliefors Significance Correction.

Partial Test (T-test). The t-test is used to determine the influence of the independent variables on the variance of the dependent variable. If t-count > t-table or p < t-table or p > significant (α). where α = 0.05. then Ha is rejected (Ghozali, 2016).

Table 4. Partial test (T-test)

Coefficients[a]						
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.620	1.767		-.917	.362
	Financial Literacy	.225	.093	.229	2.407	.019
	Financial Technology	.364	.084	.407	4.326	.000
	Financial Behavior	.308	.081	.337	3.823	.000

Dependent Variable: Investment Decision

Effect of Financial Literacy (X1) on Investment Decision (Y). From the Table 4, it appears that the t-count value = 2.407 compared to the t-table value = 1.669 and the sig value is 0.019 when compared to the alpha value α = 0.05, it turns out that the t-count value is greater than the t-table value, and the sig value is smaller than the α value, this means that partially Financial Literacy (X1) has a positive and significant effect on investment decisions (Y).

Effect of Financial Technology (X2) on Investment Decision (Y). From the table above, it appears that the t-count value = 4.326 is compared with the t-table value = 1.669 and the sig value is 0.000 when compared to the alpha value $\alpha = 0.05$, it turns out that the t-count value is greater than the t table value, and the sig value is smaller than the α value, this means that partially Financial Technology (X2) has a positive and significant effect on investment decisions (Y).

Effect of Financial Behavior (X3) on Investment Decision (Y). From the table above, it appears that the t-count value = 3.823 compared to the t-table value = 1.669 and the sig value is 0.000 when compared to the alpha value $\alpha = 0.05$, it turns out that the t-count value is greater than the t table value, and the sig value is smaller than the α value, this means that partially Financial Behavior (X3) has a positive and significant effect on investment decisions (Y).

3.2 Discussion

Respondents' responses regarding Financial Literacy and investment decisions show that Gen Z, especially in the PNB Business Administration Department, is more likely to decide to invest if knowledge about investment has been fulfilled, especially in the way Gen Z manages finances which can be seen from monthly financial expenses. Then, Gen Z will establish themselves to make an investment after going through considerations regarding investment information from all types of investments they want by setting a target return rate. Overall, Financial Literacy is the process of measuring a person's level of understanding in digesting financial information. Financial Literacy is a must for every individual in order to avoid financial problems because individuals are often faced with Trade Off, a situation where someone must sacrifice one interest for another. Therefore, having financial literacy can make it easier for someone, especially Gen Z at the Bali State Polytechnic Business Administration Department, when faced with making investment decisions.

Respondents stated that financial technology provides a platform that is easily accessible through mobile devices and the internet, which is very familiar to Generation Z. They can access investment information and services anytime and anywhere without the need to physically visit a bank or financial institution. They can access investment information and services anytime and anywhere without the need to physically visit a bank or financial institution. They also consider that Financial Technology provides transparent and easy-to-understand investment information and offers various educational tools and resources to help Generation Z understand investment products and strategies.

Z-generation within the Business Administration Department of Bali State Polytechnic who have good financial behavior tend to manage their money with more discipline. They budget, save regularly, and avoid unnecessary debt. With good management, they have more funds available to invest. Gen-Zs have long-term financial plans and tend to think about their future early on. They are more aware of the importance of long-term financial planning, including investments to achieve financial goals such as buying a house, retiring, or starting a business.

Based on the overall test results, it turns out that with a confidence level of 95%, an error of 5% and an independent degree of numerator 3 and a denominator degree of 65, the F-table value is 2.75 and the Fcount value is 39.685, so that when compared the F-count value is greater than Ftable and Fcount. This means that Financial Behavior (X1), and Financial Technology (X2) and Financial Literacy (X3) have a joint effect on investment decisions (Y).

These results are in line with research from (Restianti et al., 2022) which found that Financial Literacy, Financial Technology & Financial Behavior together have a positive and significant effect on investment decisions. Generation Z in the Business Administration Department of Politeknik Negeri Bali as respondents consider these three factors important and very influential on their interest and decision to invest in the current digital era. The existence of these three factors provides various benefits that are relevant and attractive to Generation Z, which in turn encourages them to be more active and confident in making investment decisions.

4 Conclusion

From the results of research and discussion, it can be concluded that the variables of financial literacy, financial technology, and financial behavior variables can positively and significantly influence Generation Z's interest and decision to invest.

The limitations of this study are that the sample used only focuses on students at the Bali State Polytechnic Business Administration Department and the factors used in this study are financial literacy, financial technology, and financial behavior, so further research needs to be done by adding other factors that can influence investment tendencies so as to create superior research.

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