The Influence Of Technology And Social Media In Improving The Financial Literacy Of Generation Z (Financial Application Users)

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Abstract

Generation Z needs to understand financial literacy, with this knowledge they can plan better for the future and avoid financial problems. The purpose of this study is to determine how technology and social media in generation Z can influence financial literacy. This type of research is quantitative. The population in this study is Generation Z born between 1996 and 2010 with a sample size of 150 generation Z who are financial application users. The data collection technique in this study was obtained from primary data sources in the form of questionnaire data collection from respondents using a five-point Likert scale questionnaire. In this study using multiple linear regression data analysis techniques with the SPSS program analysis tool while the instrument test was carried out by validity test and reliability test. The results of this study indicate that technology and social media have a significant effect partially and simultaneously and all variables have a significant effect.

Keywords: Generation Z, Financial Literacy, Social Media, Technology

INTRODUCTION

Generation Z refers to the generation born between 1996 and 2010, after the Millennial Generation or Generation Y. Generation Z grew up with technology, the internet, and social media, which is sometimes why they are described as technology-obsessed, anti-social, or aggressive.Generation Z is similar to Generation Y, but Generation Z can do all activities at the same time (multitasking), such as social networking through mobile devices, searching for information through PCs, and using music earphones. All of them are connected to most internet browsers [1].

Generation z needs to understand financial literacy, with this knowledge they can better plan for the future and avoid financial problems and skills that must be mastered by each individual to improve their standard of living, understand how to plan and allocate financial resources appropriately and effectively. Financial literacy can also be defined as a person's ability to utilize financial information and make wise budgeting, and wealth management decisions [2]. Financial literacy is important because it is related to financial management, especially for Generation Z who tend to have high consumptive behavior [3]. Therefore, financial literacy is needed in order to make individual plans and make the right financial decisions to achieve the desired goals, namely financial well-being in the future, especially for Generation Z. It is important for generation Z to develop good financial literacy in order to sort out which information is accurate and reliable.

Many of Generation Z have grown up with technology, they may lack an understanding of the basic principles of financial literacy. For example, regarding security and privacy issues, as more and more financial transactions are conducted online, the risk of fraud and identity theft also increases. Therefore, with technology influencing financial literacy, Generation Z can easily understand choosing to use financial applications that have detailed privacy policies and clear understanding. And also related to the speed of transactions, where generation Z lacks understanding of the risks regarding transactions, they are too fast in making online transactions so they do not check the details carefully. So it is necessary to understand financial literacy in making wise financial decisions. According to [4] the emergence of fintech innovations that are widely used by the millennial generation in both personal and MSME contexts. Fintech helps companies get easier access to financing and how fintech contributes to society can improve financial literacy.

According to [5] the result of this study is that in terms of fintech, the impact can increase financial literacy, especially the people of DKI Jakarta who were used as respondents. Then according to [6] also in his research states that the results of this study show the role of fintech has a negative and insignificant impact on increasing millennial financial knowledge during the Covid-19 pandemic while millennial fintech users have a positive and significant impact on financial literacy during the Covid-19 pandemic.

Currently, generation Z uses their technology more on social media, so that the loss of generation Z's attention related to financial literacy, they prefer to spend time on social media rather than focus on financial planning. Trust can improve the quality and credibility of information on social media with accurate and accountable information [7]. The low level of financial literacy is what results in many Indonesian generation Z being trapped as victims of illegal investments and fraud, even though with the existence of social media, generation Z can learn about financial management, not only used for things outside of finance. But it can be utilized as a source of financial literacy knowledge such as generation Z's understanding of how social media can help generation Z in understanding the features of financial applications well. Also reviews and ratings on social media can have a positive impact on the development of generation Z and the quality of content on social media regarding finance can increase generation Z's understanding of better financial topics. According to [8] The use of social media is related to influencing students' financial literacy, this means that increasing students' access to information on social media that provides news and information at the same time has a positive impact on influencing financial literacy.

Then according to [9] in his research states that the ability to manage personal finances in social media is an important skill today. It is important to master the ability to make good financial decisions and invest in the right tools to ensure personal well-being. Therefore, social media variables have an influence on the level of financial literacy of students.

With the problems in improving financial literacy, it is necessary to provide solutions by creating an idea that can help especially generation Z in managing finances so that they can understand the importance of financial literacy for the future. Based on the arguments and previous research on the background, the researcher is interested in examining the influence of technology and social media in improving generation Z's financial literacy.

METHODOLOGY

This type of research is quantitative research. Quantitative research is research related to a research method that prioritizes numerical measurements and numbers. In this research, sampling techniques are generally carried out randomly or randomly, data collection uses research instruments, and data analysis is quantitative or statistical with the aim of testing predetermined hypotheses.

In this study there are several variables, namely there are independent variables (free) and dependent variables (bound), where the independent variable is X_1 (technology) and variable X_2 (social media) while the dependent variable is Y (financial literacy). This technique is used to find the relationship between one variable and another.

A. Population and Sample

The population in this study is Generation Z who was born between 1996 and 2010. The sampling technique is simple random sampling method, with the number of samples being 150 generation Z who are users of financial applications.

B. Data Collection Technique

This research data was obtained from primary data sources in the form of questionnaire data collection from respondents. The questionnaire was given to respondents to answer the statements provided via google form for 3 (three) weeks. This study uses a Likert scale measurement model, which is generally used to measure the attitudes, opinions, and perceptions of a person or group of people about certain social phenomena.

C. Data Analysis Technique

In this study using multiple linear regression data analysis techniques with the SPSS (Statistical Program for Social Science) program analysis tool, while the instrument test was carried out with validity and reliability tests.

The multiple linear regression equation in this study is :

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon}$$

Where: Y= financial literacy, α is a constant, β is a regression coefficient parameter, X_1 is a technology variable, X_2 is a social media variable, e is another variable outside the regression model.

Test t

a) If the Sig. value t table then there is an influence of variable X on variable Y.

b) If the Sig. value> 0.05 or t count < t table then there is no effect of variable X on variable Y.

T table = t (α/2 ; n-k-1) = t (0.025 ; 147)= 1.976

F test

a) If the Sig. F table, there is a simultaneous influence of variable X on variable Y.

b) If the Sig. value> 0.05 or F count < F table then there is no simultaneous influence of variable X on variable Y.

F table = F (k ; n-k) = F (2 ; 148) = 3.06

The operational definitions of the variables developed in this study are as follows :

Table 1. Variable Definitions and Indicators

Variables Research	Concept Research Variables	Measurement Indicator
Technology (X_1)	Technology is the application of science, the development of machines and processes to extend and augment human existence in various aspects as well as a set of rational principles or methods associated with the creation of an object.	a. Internet Access b. User Satisfaction Level c. Transaction Speed d. Application Security e. Number of app downloads [10]
Social Media (X_2)	Social media is an online medium where users can easily participate, share and create content, including blogs, social networks, wikis, forums and virtual worlds.	a. Forms of Social Media b. Reviews and Ratings c. Content Quality d. Convert [11]
Financial Literacy (Y)	Financial literacy can be defined as financial knowledge that aims to achieve good welfare in the area of financial management, which is the solution to various problems, including poverty reduction.	a. Financial Behavior b. Everyday Financial Troubleshooting c. Ability to Manage Budget d. Basic Financial Knowledge [12]

Source: researcher processed data, 2023

RESULTS AND DISCUSSION

results and discussion in this study contain research findings and their explanations.

A. RESULT

Respondent Overview

Below is an overview of the characteristics of the respondents used in this survey based on age and gender. For more details, information from the general description of respondents is presented in table 2 as follows.

Table 2. Results of Respondent Overview

Characteristics Respondents	Total	%
Gender		
Male	65	43,4 %
Female	85	56,3 %
Age		
13-18	4	4,3 %
18-27	144	95,4

Source: researcher processed data, 2023

Table 2 above shows that Generation Z is more dominant in the age of 18-27, namely 144 people or 95.4% and then the female gender dominates 85 people or 56.3% compared to the male gender.

Validity Test and Reliability Test

Validity and reliability tests are carried out to ensure that the measuring instruments or research instruments used refer to accuracy and consistency in their measurements. Based on the results of the validity test, the correlation coefficient value is greater than the r table value = 0.159 (r table value for n = 150), which means that each statement on this questionnaire is declared valid and the next process can be carried out, namely the reliability test, the reliability test results show that the value is said to be reliable if the Cronbach alpha value is greater than 0.6, which means that each statement on this questionnaire is declared reliable.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to predict the amount of influence of independent variables (technology and social media) on the dependent variable (financial literacy).

Table 3. Multiple Linear Regression Analysis Results

	Coefficient	T count	Sign	Result
Constant	3,432			
Technology	,179	3,783	,000	Accepted
Social Media	,683	11,531	,000	Accepted
F-Statistics	208,309			
Sig. F statistic	,000			
R Square	,739			
Adj. R Square	,736			

a. Dependent Variable: Financial Literacy (Y)

Source: researcher processed data, 2023

Based on table 3. Above, the multiple linear regression equation can be written as follows:

Financial Literacy = 3.432 + 0.179 (Technology) + 0.683 (Social Media) + e

Based on the linear regression equation above, the constant value obtained is 3.432, meaning that if the technology and social media value is 0, then financial literacy has a value of 3.432. The regression coefficient of the technology variable (X_1) is 0.179, meaning that if the other independent variables are fixed and technology increases by 1 level, financial literacy will increase by 0.179. While the regression coefficient of the social media variable (X_2) is 0.683, meaning that if the other independent variables are fixed and social media increases by 1 level, financial literacy will increase by 0.683.

The t test is conducted to determine whether or not there is a partial influence given by the independent variable on the dependent variable. The technology variable t value> t table (3.783> 1.976) and significance t table (11.531> 1.976) and significance < 0.05 (0.000 < 0.05), it can be concluded that social media partially affects financial literacy.

The F test is conducted to determine whether or not there is a simultaneous influence (together) given by the independent variable on the dependent variable. For the effect of technology (X_1) and social media (X_2) simultaneously on financial literacy (Y) is with a significance value of 0.000 F table 3.06, so it can be concluded that it is accepted which means that there is an effect of the effect of technology (X_1) and social media (X_2) simultaneously on financial literacy (Y).

The R test2 is conducted to determine how many percent of the influence given by the independent variables simultaneously on the dependent variable. The R square value is 0.739, in this case it means that the percentage of influence of technology variables (X_1) and social media (X_2) simultaneously on financial literacy variables (Y) is 73.9%.

DISCUSSION

1. Effect of Technology (X_1) on Generation Z Financial Literacy

Based on the research, it can be seen that 0.000 t table 1.976, which means that the technology variable has a significant effect on generation z's financial literacy partially. This is in accordance with the statement that technology does have a significant impact on financial literacy. With the development of technology, access to financial-related information has become easier and faster. Digital applications and platforms make it possible to learn about investing, financial planning and personal financial management more efficiently and understand choosing financial applications that have detailed privacy policies and clear understanding.

If technology is growing rapidly, it should be accompanied by high financial literacy in Generation Z. This is because it can affect the level of understanding of finance. Because it can affect the level of understanding about finance. So with financial literacy, generation z can easily use and understand security products in financial applications such as accounts, savings and credit cards.

For example, there are many apps that can help Generation Z manage their personal finances, ranging from online transactions, recording expenses, and budget planning. Thus, generation Z can more easily understand their financial condition and make better financial decisions. The results of this study are in line with research conducted by [4] which states that in his research the technology variable has a positive influence on financial literacy. Meanwhile, according to [13] where financial literacy is a step in managing finances and understanding banking, investing, how to manage personal finances.

2. **The Effect of Social Media (X_2) on Generation Z Financial Literacy**

Based on this research, it can be seen that 0.000 t table 1.976, which means that social media variables have a significant influence on the financial literacy of generation Z partially. In this study, social media has a positive influence on generation Z's financial literacy. Currently, generation Z in using technology is more inclined to social media. Moreover, generation Z is an effective generation in the digital era, because they were born when social media has advanced and developed.

Many social media accounts and influencers focus on financial education. They often share tips and tricks, latest news and other information related to finance that can help improve financial literacy and many financial experts are also active on social media and often share their knowledge and insights related to finance.

With social media, Generation Z can learn about good financial management so that they do not become victims of illegal investments or fraud. Many social media platforms such as YouTube and Instagram have learning features where Generation Z can find videos and articles on various financial topics and help Generation Z in increasing knowledge about financial literacy. The results of this study are in line with research conducted by [11] which states that in his research on social media variables has a positive influence on financial literacy. Meanwhile, according to [8] social media that provides news and information to strengthen financial literacy tends to have a positive impact on influencing financial literacy.

3. **The Effect of Technology (X_1) and Social Media (X_2) on Generation Z Financial Literacy**

Based on this research, it can be seen that 0.000 F table 3.06 which means that there is an effect of technology and social media simultaneously on financial literacy. In this study, technology and social media have a significant influence on generation Z's financial literacy. Where generation Z more easily access information related to finance. As there are many online resources including blogs, web, videos and online articles that provide knowledge on various financial topics, ranging from money management to investment.

Technology has enabled the creation of financial apps and platforms that can help Generation Z manage their finances. Financial apps can easily help in tracking expenses, budgeting, and learning about investments.

Through social media, many online platforms and apps offer courses and trainings on financial management that can enhance Generation Z's knowledge. Technology and social media also help in increasing transparency. Generation Z can easily compare financial products and services, read reviews from other users and make better financial decisions.

CONCLUSION

Based on the discussion and analysis of the research results that have been described, technology (X_1) partially has a significant influence on the financial literacy of generation Z and social media (X_2) partially has a significant influence on the financial literacy of generation

Z. Likewise, the results of the f test state that technology (X_1) and social media (X_2) simultaneously or together have a significant influence on the financial literacy of generation Z for financial application users.

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