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Determinants of Financial Management Skills Among Indonesia's Gen Z

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Abstract

New to the workforce, Gen Z's financial management skills are crucial. This study explores how factors like financial literacy, family education from family, financial attitude, hedonism lifestyle and financial knowledge on Generation Z's financial management skills. A survey of 257 Gen Z members explored financial management skills using Structural Equation Modelling (SEM) analysis via SmartPLS 3.0 software. Financial education from family, hedonism lifestyle, and financial knowledge has no significant impact on Generation Z's financial management skills. however, financial literacy and financial attitude have an impact. Research implications This Research's findings impact policymakers, financial institutions and academic. Academic institutions should provide sufficient financial education for Generation Z to empower them on financial choices. Policymakers must encourage prudent financial habits among Generation Z. This research focuses on Generation Z who are new to the workforce and many of the variations in the determinants of financial management skills have not been explored in previous research.

Keywords: Financial Management Skills; Generation Z.

1. Introduction

Today's technological advances enable people to complete their daily activities easily and digitally. However, the benefits of such digital convenience in addition to having a positive impact can also have a negative impact. For instance, frequently purchasing online and having a fear of missing out (FOMO) habit on pointless items can become consumer influences. This, in turn, can lead to bad habits in managing the public's finances when not balanced with good and proper financial management (Badoa et al., 2023). Young people who are just starting their careers may face difficulties due to inadequate financial guidance. While they may face challenges in managing their finances, they are compelled to make tough financial choices at a young age, which can lead to making wrong decisions that harm their future (Yahaya et al., 2019). Generation Z is a generation born into technological advances and accustomed to using technology for managing their finances. However, this reliance on technology for financial matters has become problematic, as it is often used for purchasing consumer goods rather than making long-term investments (Fietroh, 2023).

According to a previous study by (Fungky et al., 2021), Generation Z adheres to the principle of "you only live once," or YOLO, which emphasizes enjoying life without considering future consequences. It is a known fact that instead of saving money for the future, a large portion of Generation Z prefers to spend it on frivolous items. Generation Z is the generation born from 1994 to 2010 (Dabija, 2020). Personal financial management is uncommon for many people and is new due to the lack of authority and inadequate financial management. This phenomenon has become the focus of many parties, requiring support on understanding and controlling financial management, which is increasingly difficult to cope with (Bado et al., 2023).

Past studies have measured financial management skills and the factors influencing them, one of which is by Satria et al. (2020), where the study focused on lecturers and administrative staff to examine how they prepare for retirement. Another study, discussed by (Vera et al., 2020), evaluated the level of financial literacy in the millennial age, examining the connection between intelligence, abilities, stance, and behaviour. Meanwhile, this research focus on a different generation, namely Gen Z, who has just entered the workforce. A study by (Bado et al., 2023) investigating

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the effects of family financial education on money management yielded some unexpected negative findings. However, the research sample only included fifty-four members of Generation Z.

Based on findings from previous study reports, there is still evidence that the subject of this research remains incomplete. There are still inconclusive aspects in the survey of each variable, sample quantity, and a lack of correspondents on the topics of financial literacy, financial education from family, financial attitudes, hedonism lifestyle, and financial knowledge relating to ability to manage finances. Therefore, research on this topic needs to be continued with a more specific focus, namely Gen Z with a birth range from 2000 to 2005. This is because Gen Z individuals within this age range have recently entered the workforce, thus experiencing new income streams, growing up amidst the development of technological conveniences, and attempting to manage their personal finances.

2. Literature Review

2.1. Financial Literacy

As defined by Gunawan (2019), financial literacy encompasses the comprehension of financial choices, discussions, and challenges, all geared towards effective future planning. (Baptista & Dewi, 2021) financial literacy refers to an individual's endeavours to enhance their understanding and proficiency in the realm of financial. Humaidi et al (2020) defined financial literacy as the ability of an individual to utilize financial insights in decision-making based on available information and financial advice to achieve future financial stability. Maris et al. (2021) defined financial literacy as the process of making individual decisions based on information, abilities, and discretion when deciding on financial matters, taking into account the consequences and risks associated with the decisions made. The research by Adetunji & David-west (2019) focused on examining the link between financial literacy and financial inclusion in Nigeria The research highlighted the appropriate demographic groups to enhance financial literacy. The research revealed a significant positive impact of financial literacy on societal saving behaviour, but the demographic group of young women living in rural areas tended to have weak financial literacy and were financially disadvantaged due to low economic literacy.

Complementing the existing research, Bhandare (2021) further explains in his research on the influence of financial literacy models on individual financial behaviour that there are two models, namely the logit and Fairlie decomposition models, which found variations in the financial habits of people with formal and semi-formal literacy in financial literacy.

2.2. Financial Education From Family

Sansone et al, (2019) stated that parents and families contribute to improving children's financial stability through various means, including financial policies and literacy programs. Letkiewicz et al (2019) defined parental and familial financial socialization as a method to in still and enhance values, standards, norms, and regulations regarding financial behaviour for future individual well-being. On the other hand, (Sihite & Manullang, 2022) conducted research on how financial literacy within families is crucial because it heavily influences students' saving habits. Ideally, children receive financial education at both home and school. This can be achieved by involving parents in school financial literacy programs. Increased parental involvement strengthens their guidance on saving behaviors, ultimately leading to a positive and significant impact on students' interest in saving. Complementing previous research, Oktiarso & Nadira (2019) further explained in their research on financial parenting that the quality of communication among parents or families on financial topics became the most powerful predictor for the personal financial well-being of their children.

2.3. Financial Attitude

Yudha & Pradana (2022) stated that financial attitudes are the way individuals approach financial problems. It involves having the confidence to make the right financial decisions. It can be said that an individual's financial attitude can improve their financial capacity. According to Yoopetch & Chaithanapat (2021), research on financial behaviour can cause a business owner or manager to adopt a different way of financing a business. Based on Kurniasari & Ratnawati (2023) study, the need for preventative savings, interest in financial matters, worry, decision-making styles, and spending tendencies are the five fundamental aspects of consumer financial attitudes and behavior. According to (Syaliha, Sutieman, Pasolo, & Pattiasina, 2022) defines financial attitude as an individual's action guided by financial principles when making financial decisions. This attitude influences financial behaviors such as management, budgeting, and ultimately, decision-making.

2.4. Hedonism Lifestyle

According to (Rumianti, 2022) hedonistic lifestyles are built on the idea that happiness comes from maximizing pleasure and enjoyment. In other words, those who subscribe to this philosophy believe that actively seeking out as much pleasure as possible aligns with their ultimate goals for living. As stated by Susanti et al., (2019), a hedonistic lifestyle can interfere with spiritual intelligence and personal financial management. Some bad habits in socializing for things that aren't so important, such as gathering, walking, participating in culinary arts, watching movies, and other activities, are factors that can drive a person's increased spending every month. According to (Sari & Ulum, 2023) there's a perception that today's students lean towards a more hedonistic or luxurious lifestyle. This is often seen in their preference for spending time in expensive places, likely to project a certain image. This behavior can negatively impact their financial habits, leading to wasteful spending and feelings of deprivation. In some cases, students might resort to debt as a quick fix to cover the gap between their desires and their financial means.

Based on a past study reported by (Tirtayasa & Ramadhani, 2023) the desire for pleasure, or hedonism, also plays a role in purchasing decisions. This lifestyle prioritizes activities that maximize enjoyment, such as spending leisure time outside, engaging in recreational activities, immersing oneself in the city's energy, and acquiring desirable luxury or branded items. Additionally, individuals with a hedonistic lifestyle often crave the spotlight. R & Perumandla (2023) used structured equation modeling to analyze the effects of hedonistic values (exhilarating existence, enjoyment, a happy life, contentment, and social acceptance), age, gender, and income have an impact on one's preferences for investments in India, which include fixed-income alternatives, gold, precious metals, stock exchanges, and real estate. Studies reveal a strong relationship between hedonism and preferences for investing in stocks and real estate. Furthermore, a negative relationship between hedonism and wealth and age was demonstrated.

2.5. Financial Knowledge

According to (Susanto & Fridayani, 2022) having mastery of a range of topics pertaining to the financial world, including financial instruments and financial abilities, can also be understood as having financial knowledge. Any financial event that occurs in daily life is the subject of financial knowledge, as argued by (Felantika, 2022) understanding economics with reference to money is known as financial knowledge. The goal is to acquire financial skills that will allow for effective and efficient money management in order to build a prosperous life. Based on the studies by (Banthia & Dey, 2022), one of the elements is the person's understanding of money and financial ideas, which is used to assess their level of financial literacy. Growing financial literacy may change how risk is perceived in relation to investment opportunities. However, the value of life satisfaction is higher for those who possess an advanced degree of financial literacy.

2.6. Financial Management Skills

One of the main ideas of the financial discipline is financial management behaviour. The identification, procurement, allocation, and utilisation of financial resources—typically with a broad objective in mind—are considered financial management activities by (V.Sovitha & D.Thavakumar, 2020), according to (Setianingsih, Dewi, & Chanda, 2022) an individual's financial management behaviour is determined by how they handle, manage, and make use of their accessible financial resources. Responsible money management behaviours include creating a budget, setting aside funds, exercising self-control over spending, investing, and making on-time bill payments. According to past research (Firli & Hidayati, 2021) also stated that the following four indicators are used to measure financial management behaviour: (1) consumption, which is the behaviour of an individual in carrying out their consumption activities (i.e., the products they buy and the reasons behind them); (2) cash-flow management, which is the behaviour of an individual in managing cash flow by balancing money coming in and going out; (3) saving and investment, which is the behaviour of an individual in managing savings and investment from their income that is directed towards future goals and benefits; and (4) credit management, which is the behaviour of an individual in managing debt to enhance welfare. Based on the problem statement and the existing literature review, this research examines whether financial literacy, financial education from family, financial attitude, hedonistic lifestyle, and financial knowledge have a significant positive relationship with the financial management skills of Gen Z (birth 2000–2005).

2.7. Financial Literacy & Financial Management Skills

Building upon the work of Gunawan (2019) who found a link between financial literacy and financial management behaviour and based on the tests conducted (Haudi, 2023) further investigated this relationship and confirmed that financial literacy influences personal financial decisions. They found that an individual with a sufficient level of financial literacy can effectively manage his finances and make wise financial decisions, enabling him to fully engage in personal financial management.

2.8. Financial Education From Family & Financial Management Skills

According to (Nelson, Rootman, & Struwig, 2019) good financial education from parents during early life may work as a deterrent to careless financial behaviour and as a means of passing along high levels of financial literacy from parents to their offspring, Kurniasari & Ratnawati (2023) conducted a study revealing a strong correlation between parents' financial actions and their children's financial situation

H_2: Financial education from family affects financial management skills.

2.9. Financial Attitude & Financial Management Skill

In their research, (Astaginy, Zulbay, & Kornelius, 2023) specifically chose housewives as participants. This selection recognizes the crucial role housewives play in shaping a family's financial character and overall well-being. Housewives typically handle household finances and make important financial decisions, making them a prime target group for investigating this link. The study's results demonstrated a positive and significant influence of financial attitude on financial behavior.

H3: Financial attitude affects financial management skills.

2.10. Hedonism Lifestyle & Financial Management Skills

Yana & Setyawan (2023) explored the impact of hedonistic lifestyles and financial literacy on student financial management. Their findings revealed a partial negative influence of hedonistic lifestyles, indicating that as students' spending habits become more lavish, managing their finances becomes increasingly challenging.

H4: Hedonism lifestyle affects financial management skills.

2.11. Financial Knowledge & Financial Management Skills

Building on research examining the influence of financial knowledge on financial management behaviour, (Chuah, Kamaruddin, & Singh, 2020) specifically focused on among university students and found a positive relationship between financial knowledge and the financial management actions. Further bolstering these findings, (Siregar & Simatupang, 2022) conducted a study focusing on the impact of household mothers' financial knowledge on their personal finances in Dendong Deli Serdang village. Their research reinforces the connection by demonstrating a positive correlation between higher financial knowledge and improved financial behaviour among these mothers. A householder who possesses this knowledge is prone to oversee their family finances carefully & to save and spend money based on needs. When it comes to managing one's finances and making decisions, having a solid understanding of finance may be a valuable asset in assisting people in managing risk. Financial literacy must be acquired by each person through both formal education—from prior experiences—and informal sources—from friends and family. Individuals may find it easier or harder to adopt more responsible financial behaviour, depending on the financial information they have acquired from their past experiences. This implies that people with a high degree of financial literacy will be more motivated to choose wisely when it comes to their investments, financial management, spending, and saving

H5: Financial knowledge affects financial management skills.

3. Methods

Partial least squares, or PLS, is the data analysis method utilized in this work. PLS is a structural equation modelling (SEM) model that utilizes component-based and variance-based SEM as its foundation. Because PLS may remove the assumptions of ordinary least squares (OLS), such as regularly distributed data and the lack of multicollinearity, it is a highly effective analytical technique. We mostly use Smart PLS because it requires a modest minimum quantity of samples and does not necessitate data that is regularly distributed (Tanika, William, & Hartanto, 2022). Additionally, we decided to use a questionnaire as the study's data gathering tool. A total of 257 people responded to this survey, which was distributed directly via a Google Form link. Generation Z is the sample that we employ in this investigation, with a birth range of 2000–2005. They are assumed to be newcomers to the workforce, facing challenges in securing income, living in an era of technological advancement, and managing their personal finances independently, all of which are relevant to the research which conducted. Furthermore, the tool produces numerical information, enabling a score or value to be ascribed to every statement item. This guarantees the reliability and accuracy of the data gathered. The research use the Likert scale as a grading system.

Table 1. Likert Scale As An Assessment System

Variable	Indicators	Scale
Humaidi et al (2020) define financial literacy as the ability of an individual to leverage financial knowledge and utilize it in making informed financial decisions. This capability is built upon available information and financial advice, ultimately aiming to achieve financial stability in the future and potentially contribute to research efforts.	1. Understanding how to make a financial budget 2. Understanding way to control debt 3. Understanding ways to safeguard oneself from financial fraud 4. Understanding how to calculate a simple yield	Likert (Bado et al., 2023)
(Felantika, 2022) understanding economics with reference to money is known as financial knowledge. The goal is to acquire financial skills that will allow for effective and efficient money management in order to build a prosperous life.	1. Knowledge of bank savings 2. Investment knowledge 3. Insurance knowledge 4. Bank credit card 5. Depositing bank deposits	Likert (Yudha & Pradana, 2022)
Financial Attitude Yudha & Pradana (2022) financial attitudes are the way individuals approach financial problems. It is about having the confidence to make the right financial decisions.	1. Individual financial focus 2. Financial security 3. Evaluate individual finances 4. Pension planning attitude	Likert (Bado et al., 2023).
Financial Education in Family Letkiewicz et al (2019) defined the financial socialization of parents and families as a way to accept and improve values, standards, norms, and regulations of financial behaviour for individual well-being in the future.	1. The habit of saving regularly 2. Acting responsibly as a buyer. 3. Contrasting the cost and the quality 4. Handling pocket money 5. Teaching about how to invest	Likert (Bado et al., 2023).

Variable	Indicators	Scale
Hedonism Lifestyle (Feralda et al., 2022) A hedonistic lifestyle can interfere with spiritual intelligence and personal financial management. Some bad habits in socialising for things that aren't so important, such as gathering, walking, participating in culinary arts, watching movies, and some other activities, are factors that can drive a person's increased spending every month.	1. Exciting Life 2. Happiness 3. Comfortable Life 4. Social Recognition 5. Pleasure	Likert (Devi & Perumandla, 2023)
According to (Setianingsih, Dewi, & Chanda, 2022) an individual's financial management behaviour is determined by how they handle, manage, and make use of their accessible financial resources. Responsible money management behaviours include creating a budget, setting aside funds, exercising self-control over spending, investing, and making on-time bill payments.	1. Skill in saving 2. Skill in expenditure management 3. Skill in debt management 4. Skill in investing 5. Skill in money management	Likert (Bado et al., 2023)

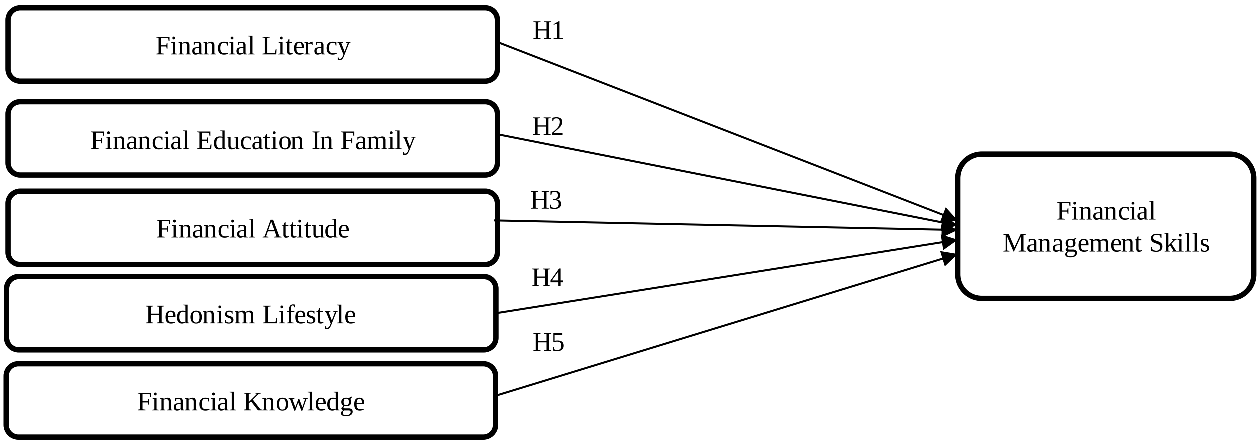

Figure 1. Relationship Between Research Variables

4. Results and Discussion

4.1. Results

4.1.1. Research Model

Using the Smart PLS 4 software and the partial least squares (PLS) analytic technique, we tested the hypothesis. The PLS programme model has the schematic shown on Figure 2.

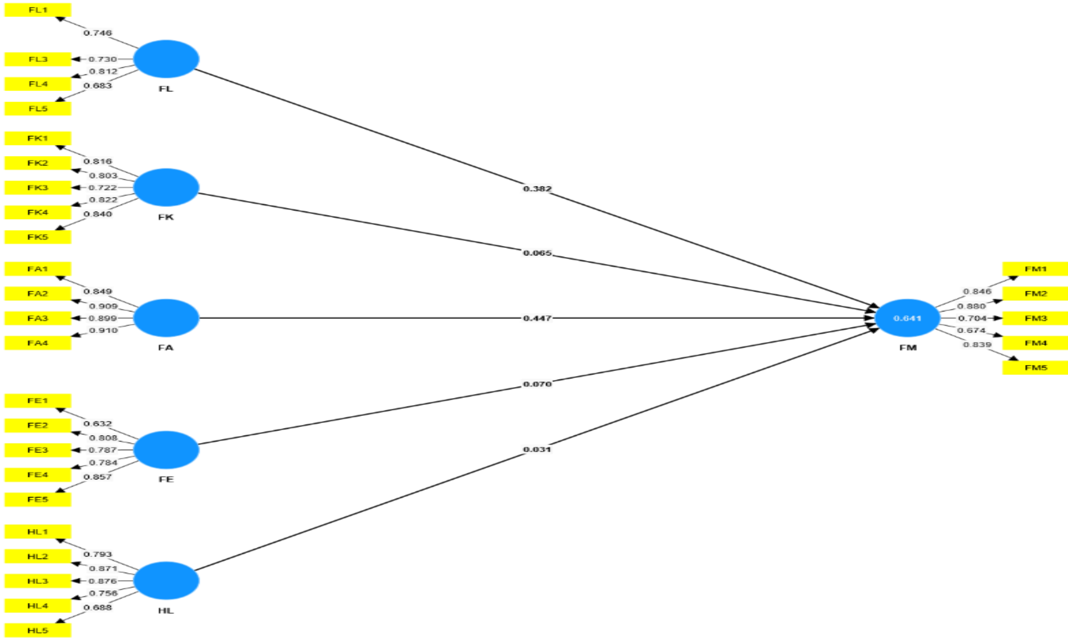

Figure 2. Research Model

4.1.2. Validity and Reliability

We use the factor loading value to test the convergent validity. Nearly Every study variable has factor loading values greater than 0.7, as seen in Table 1. Nonetheless, several indicators have factor loading values less than 0.7. As no indicator has a loading factor value less than 0.5, all indicators are deemed to satisfy the criteria for convergent validity.

Every construct in Table 2 has an AVE value greater than 0.5. It follows that each construct has strong convergent validity. Furthermore, Table 1 shows that every construct has a Cronbach's alpha and composite reliability value greater than 0.7. All of the constructs have a high degree of reliability, according to these findings.

4.1.3. Discriminant Validity

Table 3 shows that each construct's correlation value with its own construct has a value below the 0.9 limit, and in table 3, It is evident that each construct's correlation value is higher than the construct below it, so that the discriminant validity requirements are met.

4.1.4. Hypothesis Testing

Table 4 indicates that hypotheses 1 and 3 have a T value greater than 1.96, indicating Financial Attitude and Financial Literacy have a positive impact on Financial Management Skills. In the meantime, the T count result for hypotheses 2, 4, and 5 is less than 1.96. This implies that the Financial Education from Family, Hedonism Lifestyle and Financial Knowledge variables have a negative impact on Financial Management Skills.

Based on Table 5, hypotheses given that their P values are less than 0.05, 1 and 3 have a substantial influence value, indicating that Financial Attitude and Financial Literacy significantly impact Financial Management Skills. Meanwhile, since the computed P value is greater than 0.05, hypotheses 2, 4, and 5 have no discernible impact. This proves that Financial Education from Family, Hedonism Lifestyle and Financial Knowledge variable have no significant impact on Financial Management Skills.

4.2. Discussion

The results of this study revealed a relationship between the variables FL and FM, with the resulting value of 0.000 < 0.05. Therefore, Hypothesis 1 was accepted, indicating that the variable financial literacy has an influence on the financial management skills of Generation Z. This suggests that the financial literacy among Generation Z individuals born between 2000 and 2005 has been able to influence their ability to manage their finances effectively. This study's findings align with (Hidayat & Paramita, 2022) research, that financial literacy has a significant and positive impact on the financial behaviour of UNESA FEB students. This indicates that the financial literacy variable influences and promotes financial behaviour. However, discrepancies emerge when comparing these results (Widiastuti & Wahyudi, 2020) who found financial literacy has no effect on personal finance among MSMEs (Micro, Small and Medium Enterprises in the Banyumas Regency area with 68 samples collected.

Table 2. Construct Validity And Reliability

Construct	**Items**	**Outer Loading**	**Cronbach's alpha**	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
Financial Attitude	FA1 FA2 FA3 FA4	0.849 0.909 0.899 0.910	0.914	0.916	0.940	0.796
Financial Education Family	FE1 FE2 FE3 FE4 FE5	0.632 0.808 0.787 0.784 0.857	0.839	0.877	0.883	0.604
Financial Knowledge	FK1 FK2 FK3 FK4 FK5	0.816 0.803 0.722 0.822 0.840	0.863	0.881	0.900	0.643
Financial literacy	FL1 FL3 FL4 FL5	0.746 0.730 0.812 0.683	0.732	0.743	0.832	0.554
Financial Management Skills	FM1 FM2 FM3 FM4 FM5	0.846 0.880 0.704 0.674 0.839	0.849	0.864	0.893	0.628
Hedonistic Lifestyle	HL1 HL2 HL3 HL4 HL5	0.793 0.871 0.876 0.756 0.688	0.880	1,027	0.898	0.640

Table 3. Discriminant Validity of Heterotrait Monotrait

Construct	Financial Attitude	Financial Education Family	Financial Knowledge	Financial Literacy	Financial Management Skills	Hedonism Lifestyle
Financial Attitude						
Financial Education Family	0.141					
Financial Knowledge	0.502	0.079				
Financial Literacy	0.684	0.212	0.807			
Financial Management Skills	0.792	0.224	0.615	0.874		
Hedonism Lifestyle	0.252	0.109	0.258	0.268	0.237	

Research on the influence of FE on FM yielded a significance value of P-values of 0.056 > 0.05. Therefore, Hypothesis 2 was rejected. This study shows that the variable financial education in families has no significant influence on financial management skills. This study is consistent with a previous study (Bado et al., 2023) on the influence of financial education in a family on the personal financial management capabilities of Gen Z. The results were partially negative for a sample of 54 Gen Z students due to poor family communication and less openness about finance, resulting in Generation Z not receiving sufficient information and education about finance from parents. Another possibility is that parents are reluctant to involve their children in financial matters because they feel incompetent. Additionally, another study (Wismar'ein & Saputra, 2023) found that financial education in the family has a positive and significant effect on personal financial management of finance concentration management students at the Faculty of Economics and Business, Universitas Muria Kudus class of 2018. Most of the 117 respondents stated that they received financial education from their families since childhood and influenced the way they managed their respective finances.

Table 4. Fornel Larcker Criterion

Construct	Financial Attitude	Financial Education Family	Financial Knowledge	Financial Literacy	Financial Management Skills	Hedonism Lifestyle
Financial Attitude	0.892					
Financial Education Family	0.135	0.777				
Financial Knowledge	0.461	0.041	0.802			
Financial Literacy	0.569	0.183	0.650	0.744		
Financial Management Skills	0.711	0.201	0.531	0.699	0.793	
Hedonism Lifestyle	0.250	-0.053	0.299	0.261	0.258	0.800

This research examined the relationship between the FA and FM variables, resulting in a significance value of P = 0.000 < 0.05. Therefore, Hypothesis 3 was accepted. A notable impact that financial attitude variable on the dependent variable of financial management skills. This research indicates that Generation Z has a positive financial attitude, which is capable of influencing their financial management skills. Our findings resonate with prior research. (Yogasnumurti, Sadalia, & Irawati, 2019) observed a positive and significant influence of financial attitude on financial management among students at UINSU-Medan's Faculty of Economics and Islamic Business. Similarly, (Moko, Sudiro, & Kurniasari, 2022) identified a significant relationship between government attitudes and the financial management behaviour of young entrepreneurs in Malang City. However, contrasting results emerged in other studies. (Laga & Hizazi, 2023) found no remarkable influence of varying financial attitudes on the financial management of accounting students at Jambi University. One of the reasons is the different financial attitudes of each individual, particularly when managing their finances, whether directed towards their current financial conditions or their future financial goals. Additionally, respondents may not be prepared to face unforeseen financial problems that may arise at any time. These conditions can arise when they lack an independent attitude toward their financial conditions.

Table 5. Hypothesis Testing

Relationship	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Effect FA on FM	0.447	0.437	0.053	8,463	0.000
Effect FE on FM	0.070	0.081	0.044	1,588	0.056
Effect FK on FM	0.065	0.067	0.057	1,140	0.127
Effect FL on FM	0.382	0.381	0.063	6,051	0.000
Effect HL on FM	0.031	0.047	0.047	0.666	0.253

In the study, the relationship between variables HL and FM yields a significance value of P = 0.000 < 0.05, so the hypothetical value of 4 is rejected. This means that the variable hedonism lifestyle does not influence the financial management capabilities of the Z generation, indicating its ineffectiveness in financial management capabilities. Another consistent study (Palimbong, Agnes, & Pali, 2022) shows that students have a hedonist lifestyle but do not have a significant influence on the way they manage their finances because the majority of these students have difficulty in managing their finances, thus they can control their spending and rarely implement hedonistic lifestyles. Even more often, they choose to stay at home, buy necessities rather than luxury goods, and visit cafes and shopping centres occasionally. This implies that only a small fraction of the students has a hedonistic lifestyle. Even more often, they choose to stay at home, buy something more necessary than luxury goods, and visit cafes and shopping centres enough. That means only a small fraction of the students have a hedonistic lifestyle. Meanwhile, study by Feralda et al., (2022) found a negative relationship between hedonism lifestyle variables and financial management in students who use pay later services in the Jember district. In the study, the hedonistic lifestyle is one of the variables that influence a person's management. Hedonism arises because some things can directly influence someone to adopt that lifestyle. The abundance of influencers and social media platforms that frequently provide content about fashion trends, high-end products, or food recommendations that users end up submitting to their accounts is one factor that greatly affects today's students. Based on the facts in the field that show that today's generation prefers spending time accessing social media apps for about 6-7 hours a day. Given that kids spend more time in front of electronics, it is not surprising that more of them are impacted by others. This leads students to follow the trend without paying attention to their financial circumstances, due to their strong drive to please themselves and the allure of incentives like free shipping, cashback, and discounted prices, a large number of them decide to use online loans as a financial solution, similar to Shopee PayLater.

The results of the FK -> FM study showed that the significance value of P values was 0.127 > 0.05, so Hypothesis 5 was rejected. Regarding the variable financial knowledge, the impact test results showed no influence on financial management skills. This means that the financial knowledge of Generation Z, born between 2000 and 2005 is still unable to influence its financial management capabilities. Another assumption is that the financial knowledge it possesses is not effective in managing its finances. Our findings echo those of (Sulhan & Choiruddin, 2020), who identified no significant influence of financial knowledge on financial management behaviour in Malang Raya's creative industry. However, these contrasting results differ from previous studies like (Syarif & Putri, 2022), who found a positive and significant impact of financial knowledge on personal financial management. Additional research by (Agustina & Mardiana, 2020) highlights the connection between financial capability and responsible financial behaviour. Their findings suggest that individuals with greater financial knowledge are more cautious and seek optimal management strategies for their assets. This underscores the crucial role of financial knowledge as a tool and decision-making factor in financial management. While we expected Gen Z (born between 2000 and 2005) to demonstrate this knowledge in their financial management of savings, investments, insurance, credit cards, and deposits, our research suggests otherwise. This highlights the need for further investigation into the factors influencing Gen Z's financial behaviour despite potentially having good financial knowledge. Ultimately, effective financial management for Gen Z, as with any generation, requires strong financial knowledge.

5. Conclusion

The study extends the independent variables of previous studies by incorporating and combining financial literacy, financial education from family, financial attitude, hedonism lifestyle, and financial knowledge in the analysis of their impact on financial management skills in Generation Z with a birth range of 2000–2005. The research additionally discovered that Generation Z's financial management abilities are not influenced by financial literacy, hedonism, lifestyle, or financial education from family. Planning and data searches were used by the authors to conduct their research, and while we acknowledge that this research has certain limitations, they will be addressed in future studies. With the evolution of the times, needs, and societal development, these factors may influence the financial management skills of society, particularly Generation Z. This research is confined to Generation Z, with a birth range of 2000–2005, representing only a small segment of the population. Future studies could incorporate relevant moderation variables for further research. Additionally, in the process of data collection and sampling, this research utilizes survey methods, and further research could explore more diverse methodologies.

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