

---

## THE INFLUENCE OF FINANCIAL LITERACY AND HEDONISTIC LIFESTYLE ON THE FINANCIAL BEHAVIOR OF GENERATION Z

**Hafizh Fajari, Sulis Rochayatun**

Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang  
Jl.Gajayana No. 50, Dinoyo, Malang City, East Java, 65144, Indonesia  
200502110078@student.uin-malang.ac.id

### ABSTRACT

This study examines how financial knowledge and a hedonistic lifestyle affect Generation Z's financial behaviour. The term "Generation Z" describes those who were born between 1997 and 2012 and grew up in the information and technological age. Thirty-three members of Generation Z participated in the study in Malang. The research demonstrates how financial knowledge and a hedonistic lifestyle interact and influence Generation Z's financial behaviour. High financial literacy and the capacity to responsibly manage hedonistic lives are traits that Generation Z members have. The upshot is that it is crucial to create extensive financial literacy programs for Generation Z, taking the management of hedonistic lives into account. Programs that promote financial knowledge and education can aid Generation Z in developing healthier financial habits.

**Keywords:** financial literacy, hedonistic lifestyle, financial behaviour, generation z

### INTRODUCTION

The generation known as Generation Z, which includes people born between 1997 and 2012, has evolved and expanded in the quick-paced information and technological age. They are connected to many digital platforms and have simple access to the internet. Although Generation Z is a tech-savvy generation with strong digital skills, they also confront particular issues in terms of their financial behavior (Rohmanto and Susanti 2021).

Individual financial stability is significantly influenced by financial conduct. In the context of Generation Z, the value of prudent and responsible financial behaviour is becoming clearer. However, their lack of financial literacy and frequently noted hedonistic lifestyle may make it difficult to manage their money wisely. Financial decision-making requires a solid basis in financial literacy, including budgeting, investing, savings, and debt management. Research suggests that Generation Z still needs to improve their financial literacy skills. However, according to research conducted by the *Otoritas Jasa Keuangan* (OJK), the level of financial literacy among Generation Z in Indonesia needs to be higher (OJK 2021). Their financial conduct may need more information about financial management and investing. This might result in financial issues such as uncontrolled debt or an inability to manage a budget successfully.

Financial knowledge is essential on many levels. The negative consequences of a lack of financial literacy can be far-reaching. Some of these consequences are caused by people who make financial decisions using complicated financial instruments, yet these individual poor judgments may lead to bankruptcy for a larger community (Djalaluddin, 2019). Hedonistic living is another trait frequently linked to Generation Z and financial literacy. The inclination to seek pleasure, immediate gratification, and rapid fulfilment of needs through unplanned and impulsive expenditure is a hedonistic lifestyle. A commercial culture that promotes luxury purchases, the newest gadgets, and pricey entertainment experiences impact Generation Z (Fitriani & Rachmawati, 2019). This may result in careless financial decisions, such as struggling to save money, piling up debt, or failing to create a good budget.

This study intends to investigate the effects of these elements on the financial behaviour of Generation Z in light of the significance of knowing finance and how the hedonistic

lifestyle impacts their financial management. Financial behaviour here refers to choices made about purchases, money management, savings, and investments (SHOLEH 2019). This study hopes to understand better how financial literacy and hedonistic living affect Generation Z's financial behaviour. Financial practitioners, educators, and politicians may benefit greatly from the study's findings in establishing methods and initiatives to improve Generation Z's financial literacy and promote responsible and sustainable financial behaviour.

This study will employ a quantitative approach, gathering information via questionnaires given to Generation Z members from various social and economic backgrounds. The collected data will be statistically examined to investigate the connection between financial behaviour among Generation Z, hedonistic lifestyle, and financial literacy. This study is anticipated to significantly advance our knowledge of the variables affecting Generation Z's financial behaviour. As a result, it is anticipated that more people will be aware of the value of financial literacy and the impact of a hedonistic lifestyle on Generation Z's ability to succeed financially. Additionally, this research can be a solid foundation for creating efficient financial literacy initiatives and plans to help Generation Z embrace long-term sound and sustainable financial practices (Nirmala, Muntahanah, and Achadi 2022).

This study's main goal is to find out how the hedonistic lifestyle and financial literacy affect the financial behaviour of Generation Z. This study has certain goals, some of which are as follows:

- Examining the degree of hedonistic lifestyle and financial knowledge that Generation Z members lead.
- They are determining the link between financial literacy and Generation Z's hedonistic way of life.
- Determining how much the hedonistic lifestyle and financial literacy impact Generation Z's financial behaviour.
- Giving Generation Z suggestions and guidance on managing their hedonistic lifestyles and increasing their financial literacy.

In order to improve financial literacy and help Generation Z manage their hedonistic lifestyle sensibly, this research seeks to: (1) give a better understanding of the variables impacting the financial behaviour of Generation Z and (2) provide insights and useful suggestions.

## **LITERATURE REVIEW**

Personal finance study is increasingly concentrating on the financial behaviour and knowledge of Generation Z. The effect of financial literacy and a hedonistic lifestyle on Generation Z's financial behaviour has been investigated in several earlier research. Some pertinent studies that have been done include the following:

Nurhayati, D., & Utami, R. P. (2021). The Generation Z population was the main subject of this study, which was done in Jakarta. According to the research, Generation Z's financial conduct is significantly influenced by their financial knowledge and hedonistic lifestyle. High financial literacy is associated with Generation Z members who can better handle their hedonistic lifestyle and display more good financial habits. Purnamasari, A., & Cahyono, S. E. (2020). This Surabaya-based study examined the effects of financial knowledge and a hedonistic lifestyle on Generation Z's financial behaviour. The study results show a strong relationship between the financial behaviour of Generation Z in Surabaya, financial literacy, and hedonistic lifestyle. Better financial conduct is positively correlated with higher degrees of financial literacy, whereas worse financial behaviour is correlated with higher levels of a hedonistic lifestyle.

Rarasati, D. A., & Syaukat, Y. (2019). This study was carried out in Bandung to investigate the effects of financial literacy and a hedonistic lifestyle on Generation Z's financial

behaviour. The study results show a strong relationship between the financial behaviour of Generation Z in Bandung, financial literacy, and hedonistic lifestyle. Better financial conduct is positively correlated with higher degrees of financial literacy, whereas worse financial behaviour is correlated with higher levels of a hedonistic lifestyle. Setiawan, A. I., & Haryanto, T. (2018). This study, which was carried out in Yogyakarta, looked at the impact of demographic, hedonistic, and financial aspects on the financial behaviour of Generation Z. The results of the study show that financial literacy and a hedonistic lifestyle have a substantial impact on Generation Z's financial behaviour in Yogyakarta. Additionally, Generation Z's financial behaviour is influenced by demographic characteristics, including income and educational attainment. Widyastuti, N., & Kristianti, N. (2017). In order to better understand how financial literacy and a hedonistic lifestyle affect Generation Z's financial behaviour, a study was undertaken in Semarang. The study results show a strong correlation between financial literacy, hedonistic lifestyle, and financial conduct among Semarang's Generation Z. Higher degrees of hedonistic lifestyle is linked to less favourable financial conduct. In contrast, higher levels of financial literacy are linked to more positive financial behaviour.

According to the overall literature assessment, financial literacy and a hedonistic lifestyle significantly affect the financial behaviour of Indonesia's Generation Z. While an excessively hedonistic lifestyle might have a detrimental influence on Generation Z's financial behaviour, high financial knowledge can help this generation manage their money more successfully.

### **Financial Literacy**

According to the principle of financial literacy, individuals who have knowledge, skills, and comprehension of financial concepts are better equipped to handle their finances successfully (OECD/INFE 2012). A high degree of financial literacy can assist Generation Z in developing long-term financial plans, selecting goods or investments that match their objectives, and making sound financial judgments. Furthermore, research indicates that low levels of financial literacy can increase the risk of impulsive consumer behaviour among Generation Z (Azwar et al., 2019).

### **Hedonistic Lifestyle**

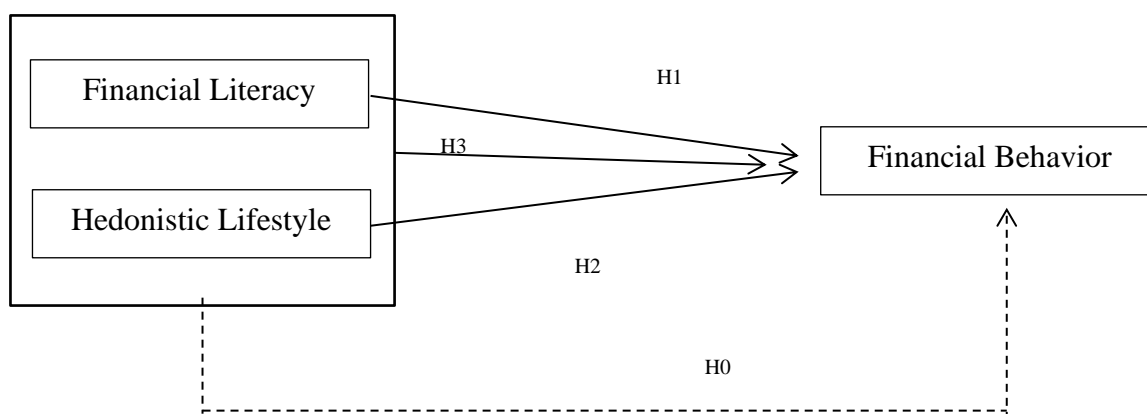
According to the hedonistic lifestyle idea, Generation Z's hedonistic lifestyle prioritizes rapid pleasure and quick fulfilment over financial implications (Rochman & Russian, 2020). This way of living can influence consumer behaviour, such as impulsive purchases or reckless credit card use. In a hedonistic lifestyle, Generation Z can adhere to hedonistic principles by prioritizing enjoyable and instant experiences rather than saving or investing for the future. They tend to prioritize immediate pleasure over long-term benefits.

### **Financial Behavior**

Financial behaviour refers to individuals' actions and decisions in managing their finances. This includes how individuals acquire, use, save, invest, and manage their finances. This theoretical study will explore several relevant theories to understand financial behaviour (Safura Azizah 2020).

**H0: There is no simultaneous influence between financial literacy and a hedonistic lifestyle on the financial behaviour of Generation Z.**

In this case, the level of financial literacy and hedonistic lifestyle does not statistically significantly affect the financial behaviour of Generation Z if study data show a lack of substantial influence. This shows that financial literacy and a hedonistic lifestyle may not significantly influence the financial conduct of Generation Z and that other factors may be more important in determining that behaviour.



**Figure 1. Hypothesis**  
Source: Processed data

**H1: There is a partial influence between financial literacy and the financial behaviour of Generation Z.**

Generation Z's high level of financial awareness greatly impacts how they handle money. Generation Z people with a strong grasp of money tend to make more sensible financial decisions, manage budgets well, save consistently, and make better investment selections.

**H2: There is a partial influence between a hedonistic lifestyle and the financial behaviour of Generation Z.**

Generation Z's indulgent way of living greatly influences how they handle money. People in Generation Z who lead hedonistic lifestyles are more prone to engage in poor financial behaviour, including excessive spending, trouble with budgeting, and a propensity for consumer debt.

**H3: There is a simultaneous influence between financial literacy and a hedonistic lifestyle on the behaviour of Generation Z.**

Financial literacy and a hedonistic lifestyle both have an impact on Generation Z's behaviour at the same time, which implies that both might have an impact on how Generation Z manages their finances. In other words, financial literacy may influence Generation Z's financial decisions, but a hedonistic lifestyle may have an adverse effect. Therefore, it is critical to comprehend how these two variables could combine and affect Generation Z's financial behaviour.

## METHODS

This study falls under the category of a quantitative descriptive study. This study aims to collect quantitative information about Generation Z's financial behaviour, hedonistic lifestyle, and degree of financial literacy that can be quantified objectively. This study also describes the connection between Generation Z's financial behaviour, hedonistic lifestyle, and financial literacy. This study uses a descriptive quantitative research technique to offer a thorough picture of the general degree of financial literacy, hedonistic lifestyle, and financial behaviour of Generation Z. The results of this study should deepen our understanding of the variables affecting Generation Z's financial behaviour and lay a strong platform for the creation of financial education initiatives that are more successful.

Data for this study will be gathered by distributing a survey or questionnaire to Malang's Generation Z residents utilizing the Google Forms platform. There are 33 members of Generation Z in the sample for this study. The questionnaire will include questions to gauge

their level of financial literacy, hedonistic lifestyle, and financial conduct. The obtained data will be statistically evaluated to find the connections between the variables under study and provide answers to the research questions. The impact of financial literacy and a hedonistic lifestyle on Generation Z's financial behaviour will be investigated using multiple linear regression analysis. The dependent variable will be financial conduct, with the independent factors being financial literacy and hedonistic lifestyle. The significance of the independent factors' impact on the dependent variable will be ascertained with the aid of this analysis.

## RESULTS

### Coefficient of Determination Test

**Table 1.** Results of Coefficient of Determination ( $R^2$ ) Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. The error in the Estimate	Durbin-Watson
1	,515 <sup>a</sup>	,265	,216	5,99730	1,755

a. Predictors: (Constant), Lifestyle Hedonis, Literasi Keuangan

b. Dependent Variable: Perilaku Keuangan

**Source: Processed data, 2023**

The characteristics of financial literacy and hedonic lifestyle, which were examined in the study, may account for around 26.5% of the diversity in the financial behaviour of Generation Z, according to an R-square value of 0.265. These two variables cannot account for the remaining 73.5% of Generation Z's financial behaviour heterogeneity. An adjusted R-square value of 0.216 indicates that the factors of financial literacy and hedonic lifestyle measured in the model can account for about 21.6% of the variation in the financial behaviour of Generation Z. This is relevant to the relationship between financial literacy and hedonic lifestyle and the financial behaviour of Generation Z. These two model-based variables are unable to account for the remaining 78.4% of the heterogeneity in Generation Z's financial behaviour.

### F-Test

**Table 2.** Results of the F-Test

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	389,154	2	194,577	5,410	,010 <sup>b</sup>
	Residual	1079,028	30	35,968		
	Total	1468,182	32			

a. Dependent Variable: Perilaku\_Keuangan\_Y

b. Predictors: (Constant), Lifestyle\_Hedonis\_X2, Literasi\_Keuangan\_X1

**Source: Processed data, 2023**

Column B (Beta) above displays the coefficients of the regression equation, which are as follows:  $Y = 5,285 + 0,417X_1 + 0,379X_2$ . The coefficients 0,417 and 0,379 above show how much the dependent variable is anticipated to change when one unit is added to the independent variables while holding the other constant.

For instance, it is anticipated that if financial literacy ( $X_1$ ) grows by one unit while maintaining the value of lifestyle hedonism ( $X_2$ ), Generation Z's ( $Y$ ) financial behaviour will increase by 0,417. Similarly, it is anticipated that the financial behaviour of Generation Z ( $Y$ ) will grow by 0,379 if lifestyle hedonism ( $X_2$ ) increases by one unit while maintaining the value of financial literacy ( $X_1$ ) unchanged.

According to Table 3's computations, financial literacy has a significant value of 0,037 0,05, or a computed T-value of 2,177 > 0,561 T-table. This indicates that the financial behaviour ( $Y$ ) of Generation Z is somewhat influenced by financial literacy ( $X_1$ ). The estimated T-value is 2,656 > 0,561, and the significant value for the variable lifestyle hedonism is 0,013 0,05. This indicates that Generation Z's financial behaviour ( $Y$ ) is somewhat influenced by lifestyle hedonism ( $X_2$ ), among other factors.

## DISCUSSION

### **The Influence of Financial Literacy on the Financial Behavior of Generation Z**

Accepting H1, we may conclude that financial literacy affects Generation Z's financial behaviour independently or partly. Accordingly, assuming all other variables are held constant, a rise in financial literacy will be linked to a major shift in Generation Z's financial behaviour.

### **The Influence of Hedonistic Lifestyle on the Financial Behavior of Generation Z**

It is clear from the study findings above that H2 is accepted. Because a hedonistic lifestyle independently influences Generation Z's financial conduct. This implies that, while all other variables are held constant, changes in hedonistic lifestyle will be significantly correlated with changes in Generation Z's financial behaviour.

### **The Influence of Financial Literacy and Hedonistic Lifestyle on the Financial Behavior of Generation Z**

From the calculations above, it can be shown that H3 is valid, meaning that both independent variables—financial literacy and hedonistic lifestyle—impact how Generation Z behaves financially. This indicates that there have been considerable changes in the financial behaviour of Generation Z when considering both independent factors at once. In this instance, assuming H3 is accepted, we may conclude that, when utilized as variables in a regression model, financial literacy and hedonistic lifestyle combined have a considerable impact on the financial behaviour of Generation Z. Changes in both independent variables in this situation will be significantly correlated with changes in Generation Z's financial behaviour.

## CONCLUSION

Based on the research findings, the following conclusions can be drawn: Financial literacy has an independent influence on the financial behaviour of Generation Z. In other words, Generation Z members with greater degrees of financial knowledge often behave better financially. Positive financial conduct is influenced by having a solid grasp of financial principles, including money management, prudent investing, and saving. A hedonistic lifestyle independently influences Generation Z's financial conduct. The hedonistic way of living greatly impacts how Generation Z handles money. The financial behaviour of Generation Z may be badly impacted by a hedonistic lifestyle that values rapid gratification and excessive consumption, such as irresponsible spending, a lack of saving habits, and challenges managing long-term finances. Financial literacy and a hedonistic lifestyle simultaneously influence the financial behaviour of Generation Z. This indicates that both elements interact and together impact how Generation Z handles money. People from

Generation Z, who are highly financially literate and capable of controlling their hedonistic lifestyle, typically display superior financial conduct. As a result, the findings of this study suggest that financial literacy and a hedonistic lifestyle are crucial in determining how Generation Z will handle money in the future. Programs aimed at Generation Z's financial literacy and education can help them improve their financial literacy and behaviour. In order to prevent adverse effects on the financial behaviour of Generation Z, it is also critical to focus on controlling a hedonistic lifestyle.

### LIMITATION

The implications of this research highlight the importance of a holistic approach in developing financial literacy programs for Generation Z. These programs should consider both financial literacy aspects and the management of hedonistic lifestyles to generate a greater positive effect on the financial behaviour of Generation Z.

### REFERENCES

- Azwar, A., R. D. Oktaviani, and I. Pramitasari. (2019). "Pengaruh Literasi Keuangan Dan Sikap Konsumen Terhadap Perilaku Konsumtif Generasi Z Di Surabaya." *Jurnal Manajemen Pemasaran Petra* 1(1): 30–37.
- D, Nurhayati, and Utami R. P. (2021). "Pengaruh Literasi Keuangan Dan Gaya Hidup Hedonis Terhadap Perilaku Keuangan Generasi Z Di Jakarta." *Jurnal Keuangan Dan Perbankan* 25: 456–69.
- Djalaluddin, Ahmad. (2019). "THE LINKAGES BETWEEN FINANCIAL LITERACY AND ITS APPLICATION IN FINANCIAL DECISION-MAKING AMONG ACADEMICIANS IN INDONESIA" 7, no. 5: 1280–92.
- Fitriani, L., and Rachmawati. (2019). "Pengaruh Gaya Hidup Hedonistik Terhadap Perilaku Konsumtif Mahasiswa Di Universitas X."
- Nirmala, Siti Muntahanah, and Ady Achadi. (2022). "Literasi Keuangan Dan Perilaku Keuangan: Studi Empiris Mahasiswa Feb Universitas Wijayakusuma Purwokerto." *Jurnal MONEX* 01, no. 11: 1–9.
- OECD/INFE. (2012). "Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an Internationally Comparable Survey of Financial Literacy Levels."
- OJK. (2021). "Survei Nasional Literasi Dan Inklusi Keuangan (2020): Infografis Generasi Z." Otoritas Jasa Keuangan (OJK). 2021.
- Purnamasari, A., and S. E Cahyono. (2020). "Pengaruh Literasi Keuangan Dan Gaya Hidup Hedonis Terhadap Perilaku Keuangan Generasi Z Di Surabaya." *Jurnal Ekonomi Dan Bisnis* 12: 123–36.
- Rararati, D. A., and Y. Syaikat. (2019). "Pengaruh Literasi Keuangan Dan Gaya Hidup Hedonis Terhadap Perilaku Keuangan Generasi Z Di Bandung." *Jurnal Manajemen Dan Kewirausahaan* 21: 56–68.
- Rochman, N., and F. Rusfian. (2020). "The Effect of Hedonistic Lifestyle on Impulsive Buying Behavior Mediated by Financial Literacy among Generation Z in Indonesia." *Binus Business Review* 11(3): 249–57.
- Rohmanto, Fajar, and Ari Susanti. (2021). "Pengaruh Literasi Keuangan, Lifestyle Hedonis, Dan Sikap Keuangan Pribadi Terhadap Perilaku Keuangan Mahasiswa." *Ecobisma (Jurnal Ekonomi, Bisnis Dan Manajemen)* 8, no. 1: 40–48. <https://doi.org/10.36987/ecobi.v8i1.2057>.
- Safura Azizah, Nurul. (2020). "Pengaruh Literasi Keuangan, Gaya Hidup Pada Perilaku Keuangan Pada Generasi Milenial." *Prisma (Platform Riset Mahasiswa Akuntansi)* 01, no. 02: 92–101.
- Setiawan, A. I., and T. Haryanto. (2018). "Pengaruh Literasi Keuangan, Gaya Hidup Hedonis, Dan Faktor Demografi Terhadap Perilaku Keuangan Generasi Z Di Yogyakarta." *Jurnal Ekonomi Dan Kewirausahaan* 14: 160–73.
- SHOLEH, BADRUS. (2019). "Pengaruh Literasi Keuangan Terhadap Perilaku Keuangan Mahasiswa Program Studi Pendidikan Ekonomi Universitas Pamulang." *Pekobis : Jurnal Pendidikan, Ekonomi, Dan Bisnis* 4, no. 2: 57. <https://doi.org/10.32493/pekobis.v4i2.p57-67.4306>.

Widyastuti, N., and N. Kristianti. (2017). "Pengaruh Literasi Keuangan Dan Gaya Hidup Hedonis Terhadap Perilaku Keuangan Generasi Z Di Semarang." *Jurnal Bisnis Dan Ekonomi* 24: 114–27.