# THE EFFECT OF LOVE OF MONEY, FOMO & SELF-CONTROL ON GENERATION Z PERSONAL FINANCIAL PLANNING WITH FINANCIAL LITERACY AS A MODERATING VARIABLE

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**ABSTRACT**
In Indonesia, the significance of personal financial planning is growing as people recognize the importance of effective money management for achieving financial stability and securing their future. This quantitative study aims to explore the influence of love of money, FoMO, and self-control on the personal financial planning of Generation Z students, with financial literacy serving as a moderating variable. Data was collected using a questionnaire, specifically targeting students from UIN Malang's economics faculty who belong to Generation Z. The purposive sample consisted of 313 respondents. The collected data was analyzed using the Smart PLS 3.0 software, employing path analysis as the analytical approach. The findings suggest that financial literacy does not act as a mediating factor in the relationship between love of money, FoMO, and self-control on personal financial planning. However, both love of money and self-control demonstrate significant and positive effects on personal financial planning, albeit with varying degrees of influence. Based on these results, it is recommended that students focus on improving their financial literacy and regularly develop personalized financial plans to ensure effective and efficient financial management.

**Keywords:** fear of missing out, FoMO, literasi keuangan, love of money, personal financial planning, generasi z

## INTRODUCTION

Personal financial planning plays a significant role as a necessity for everyone, even Generation Z, to meet in order to survive. This is due to Generation Z's propensity for excessive consumption in daily life. Generation Z is less accustomed to saving as a result. investing, getting insurance, and setting aside money in your budget for unplanned costs. Due of this, Generation Z values personal financial planning highly (Fajriyah & Listiadi, 2021).

Generation Z is defined by the Central Statistics Agency (BPS) as people born between 1997 and 2012 in the National Labor Force Survey (SAKERNAS) in 2020. BPS emphasized that Generation Z is distinct from earlier generations in that it was raised in an era of digital technologies and the internet.

The detrimental impact of the love of money on personal financial planning can be lessened by Generation Z, who has a greater level of financial literacy. Generation Z can make wiser financial judgments and refrain from overdoing things like spending money impulsively because they want to have more money if they have superior financial management expertise (Siregar et al., 2022).

Purnama & Simarmata (2021) define FoMO as the fear of missing out on or falling behind a societal trend or activity. This fear will motivate people to make unneeded purchases or take unneeded actions just to fit in with the lifestyle, in an effort to sway their choices. Millennials and money.

Through personal financial planning, Generation Z will be better able to manage their costs and set priorities for their future money. According to research by Diputra (2019) personal financial planning is positively correlated with having a high level of self-control.

## LITERATURE REVIEW

The Organization for Economic Co-operation and Development's (2012) definition of financial literacy Financial literacy is defined as "knowledge and understanding of financial concepts and risks, and the skills, motivation, and confidence to apply such effective knowledge and understanding to make decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life," which can be interpreted as a measure of one's understanding and knowledge of the elements in finance, including fi Interest, Investment Risk, Insurance, Taxes, and Debt are the study's indicators for the financial literacy variable (Madura & Singh, 2019).

Delmiyetti et al research from 2022 indicated that everyone's actions toward money are affected by their level of "love of money" or sensation of love for money. Because all of the wants and needs that people currently have—especially all of the things that are used—were produced by people who transacted with money, the need for money is crucial to human life. Richness, Motivator, Success, and Important are the indicators of the Love of Money variable in this study (Du & Tang, 2005).

Przybylski et al (2013) defined fear of missing out as the worry that an individual or group of individuals will miss an important event if they are unable to participate. Behavior is also influenced by the desire to uphold relationships with others. A person who solely cares about the outside world due to a fear of missing out risks losing their sense of self, and, worse yet, becomes more consumed with other people's lives than their own. Comparison to friends, feeling left out, and missed opportunities are the indications of the FoMO variable in this study.

According to Goldfried Opinion (1971), self-control is the ability to organize, direct, guide, and govern the kind of behavior that will positively influence others. Everyone should be able to exercise restraint since it is an essential ability for overcoming addiction. It can also be highly beneficial to the human spirit, which is crucial for achieving a happy and healthy existence. Being able to regulate emotions and refrain from impulsive behavior, prioritizing long-term goals, thinking through the effects of one's actions, controlling bad habits, and being able to set boundaries and uphold morals are all examples of self-control indicators in this study (Tracy, 2011).

The process of accomplishing financial goals through integrated financial management planning is known as financial planning, according to the Financial Planning Standard Board (FPSB) (Susanto et al., 2022). Personal or family financial planning (which may involve a financial planner) aims to manage finances for the future as early as feasible to reach financial goals in a planned, organized, and logical way. The main goal of financial planning is to satisfy needs in accordance with priorities, including immediate needs, preserving assets (personal risk management), medium-term needs (housing, education), long-term needs (income during retirement or other periods of inactivity), and inheritance distribution. Savings and investments, debt servicing, insurance, taxes, pension funds, and housing funds are the required components of financial planning. Indicators of self-control variables in this study are avoiding impulsive financial decisions, long-term financial plans, consistent investment plans, emergency funds and debt management (Housel, 2020).

## METHODS

This quantitative study employs the path analysis method to investigate the research objectives. The target population comprises 1,435 students enrolled in the Faculty of Economics at the State Islamic University of Maulana Malik Ibrahim Malang between 2019 and 2021. A sample of 313 respondents was selected using the Slovin technique, ensuring a 5% margin of error. Data collection involved the administration of a questionnaire, with evaluation criteria measured using a Likert scale. The validity, reliability, and moderation analysis of the collected data were performed using the Smart PLS 3.0 software.

## RESULTS

The reliability and validity of the data used in this study were assessed through instrument testing using the PLS (Partial Least Squares) algorithm with the SmartPLS version 3.0 software. Convergent validity was evaluated based on criteria such as outer loading (>0.7), communality (>0.5), and Average Variance Extracted (AVE) (>0.5), following the guidelines of Abdillah & Hartono (2015). The final step in assessing convergent validity was to ensure that the AVE value exceeded 0.5.

For the discriminant validity test, the square root values of the AVE for each construct were compared to the values of the corresponding latent constructs. The results indicated that the square root values were higher, indicating satisfactory discriminant validity. Additionally, the cross-loading values exceeded 0.5, further confirming the satisfactory outcomes of the discriminant validity test. The yellow-highlighted values served as indicators that the squared values were greater than the latent construct values.

**Table 1.** Composite Reability

| | **Cronbach's Alpha** | **Composite Reliability** |
|---|---|---|
| **X1** | 0,805 | 0,871 |
| **X2** | 0,855 | 0,893 |
| **X3** | 0,766 | 0,865 |
| **Y** | 0,902 | 0,924 |
| **Z** | 0,761 | 0,863 |

**Source: Researcher 2023**

Because the Composite Reliability value obtained was larger than 0.7 and the Cronbach Alpha value had a value lower than Composite Reliability, the reliability test findings demonstrated that all data in this study were regarded valid and reliable. This demonstrates the high level of reliability and suitability of the study's instruments for measuring the constructs under investigation.

**Table 2.** R-Square

| | **R Square** | **R Square Adjusted** |
|---|---|---|
| **Y** | 0,480 | 0,468 |

**Source: Researcher 2023**

The Personal Financial Planning variable has a R Square value of 0.480, which means the influence of exogenous variables on endogenous variables is considered to be modest (Duryadi, 2021). The independent variables can be viewed as having a combined impact of 48% on personal financial planning.

**Table 3.** Coefficient Path

| | **Original Sample (O)** | **Sample Mean (M)** | **Standard Deviation (STDEV)** | **T Statistics (\|O/STDEV\|)** | **P Values** |
|---|---|---|---|---|---|
| **H4 -> Y** | 0,025 | 0,025 | 0,078 | 0,315 | **0,376** |
| **H5 -> Y** | 0,09 | 0,084 | 0,095 | 0,952 | **0,171** |
| **H6 -> Y** | -0,088 | -0,043 | 0,105 | 0,839 | **0,201** |
| **X1 -> Y** | 0,095 | 0,095 | 0,045 | 2,107 | **0,018** |
| **X2 -> Y** | 0,007 | 0,026 | 0,048 | 0,154 | **0,439** |
| **X3 -> Y** | 0,288 | 0,296 | 0,062 | 4,669 | **0** |

**Source: Researcher 2023**

According to (Supriaddin, 2017) a relationship is stated to be significant and the hypothesis is accepted if it has a P-Value <0.05.

X1 → Y = 0.095 (positive), P *values* 0,018 < 0.05 (significant) (H1)
The Love of Money has a significant positive impact on personal financial planning, as indicated by a path coefficient of 0.095 with a P-value of 0.018, which is less than 0.05.

X2 → Y = 0,007 (positive), P *values* 0.439 > 0.05 (not significant) (H2)
The impact of FoMO behavior on personal financial planning is represented by a modest positive path coefficient of 0.007. However, the obtained P-value of 0.439, which exceeds the predetermined significance level of 0.05, indicates that the observed relationship lacks statistical significance. This implies that while an escalation in FoMO behavior among economics students at UIN Malang might contribute slightly to the enhancement of their personal financial planning, the overall effect is not deemed substantial.

X3 → Y = 0.288 (positive), P *values* 0 < 0.05 (significant) (H3)
The impact of self-control on personal financial planning is characterized by a substantial positive path coefficient of 0.462, and the obtained P-value of 0 < 0.05 confirms its statistical significance. This suggests that an increase in self-control will lead to a significant improvement in the personal financial planning of economics students at UIN Malang.

H4 → Y = 0.025 (positive), P *values* 0.376 > 0.05 (not significant) (H4)
Financial literacy enhances the impact of the love of money on personal financial planning, but the effect is not statistically significant. In other words, financial literacy does not moderate the relationship between the love of money and personal financial planning.

H5 → Y = 0.09 (positive), P *values* 0.952 > 0.05 (not significant) (H5)
It means that financial literacy strengthens the influence of FoMO on personal financial planning, but the effect is not statistically significant. In other words, financial literacy does not moderate the relationship between FoMO and personal financial planning.

H6 → Y = -0.088 (negative), P *values* 0.839 > 0.05 (not significant) (H6)
This suggests that the impact of financial literacy in moderating the relationship between self-control and personal financial planning is negligible. In other words, financial literacy does not have a significant influence in mitigating the relationship between self-control and personal financial planning.

## DISCUSSION

### The effect of Love of Money on personal financial planning

The Love of Money construct reveals that economics students from Generation Z at UIN Malang have a strong inclination towards financial success and accumulating wealth, as indicated by the highest-scoring item. This suggests their motivation to work hard and secure a prosperous financial future. Furthermore, it reflects their awareness of the financial responsibilities necessary for their well-being, driving them to strive for wealth accumulation. Conversely, the lowest-scoring item in the Love of Money construct indicates that economics students from Generation Z at UIN Malang do not equate their life satisfaction solely with wealth. This suggests that while they recognize the benefits of having a substantial amount of money, they also find contentment and fulfillment in other aspects of life beyond financial possessions.

### The effect of FoMO on personal financial planning

In the Fear of Missing Out (FoMO) construct, the item with the highest score suggests that economics students at UIN Malang's Faculty of Economics often experience discomfort when they are unaware of social activities or events taking place among their peers. The majority of respondents expressed agreement with this statement, indicating that many economics students at UIN Malang may feel unsettled and anxious when they lack information about ongoing social events within their social circle. However, the item with the lowest score reveals that they do not believe their enjoyment of life is significantly hindered if they do not participate in important events or activities as perceived by their friends. Most respondents disagreed with this statement, implying that although they may experience some level of FOMO, it does not have a significant impact on their daily lives or personal financial planning.

**The effect of self-control on personal financial planning**

In the self-control construct, the item with the highest score indicates that respondents place importance on managing their emotions and maintaining composure during challenging situations, allowing them to make rational decisions. The majority of respondents expressed agreement with this statement, suggesting that most students in the Faculty of Economics at UIN Malang possess a strong level of self-control. This enables them to effectively handle situations where they may feel tempted to make impulsive purchases based on positive reviews or indulge in trendy vacations.

Conversely, the item with the lowest score indicates that respondents actively work to control immediate gratification desires that could hinder their long-term goals. The majority of respondents agreed with this statement, indicating that they consider various aspects related to personal financial planning, both in the short and long term. Overall, these findings suggest that students in the Faculty of Economics at UIN Malang exhibit a high degree of self-control, enabling them to make rational decisions and prioritize their long-term financial objectives.

**The effect of love of money on personal financial planning with financial literacy as moderation**

Financial literacy does not act as a moderator in the relationship between the love of money and personal financial planning among Generation Z students in the Faculty of Economics at UIN Malang. This implies that the level of love of money among these students exceeds their level of financial literacy. As a result, financial literacy does not possess a strong influence in moderating the connection between the love of money and personal financial planning. There are several compelling reasons why financial literacy fails to moderate the impact of the love of money on personal financial planning in this group. Firstly, the love of money encompasses intricate emotional and psychological factors that can exert a greater influence on personal financial planning than the level of financial literacy. Secondly, financial decision-making is influenced by individual values, priorities, and goals, which may remain unchanged despite possessing adequate financial literacy. Lastly, social and cultural environmental factors also play a role in moderating the relationship between the love of money and personal financial planning. This notion is supported by the research conducted by Anggreni Simange et al (2022), which discovered that individuals with high financial knowledge do not necessarily exhibit a strong inclination towards the love of money. Additionally, some respondents in the study expressed having distinct personal financial goals depending on their individual priorities. Another study conducted by Oviyani (2022) similarly found that a high level of love of money does not automatically translate to high levels of financial literacy and personal financial planning.

**The effect of FoMO on personal financial planning with financial literacy as a moderation**

Financial literacy does not play a moderating role in the relationship between Fear of Missing Out (FoMO) and personal financial planning among Generation Z students in the Faculty of Economics at UIN Malang. The research findings suggest that financial literacy does not significantly moderate the influence of FoMO on personal financial planning. Several factors can explain this outcome. Firstly, financial literacy primarily focuses on technical knowledge and skills related to financial management, while FoMO is influenced by more complex emotional and social factors that have a stronger impact on personal financial decision-making. Secondly, FoMO often leads to impulsive spending behaviors that may not be effectively influenced by financial literacy alone. Thirdly, factors such as self-control and social support may play a more prominent role in mitigating the impact of

FoMO on personal financial planning. In conclusion, financial literacy does not effectively moderate the relationship between FoMO and personal financial planning, highlighting the need for a comprehensive approach that takes into account emotional and social aspects alongside financial literacy. These findings are supported by the responses from the questionnaire distributed to the participants, where 48% disagreed, indicating that FoMO does not significantly affect their personal financial planning, 32% agreed, expressing that they feel anxious and afraid of missing out on trends, influencing their financial decisions, and 20% were uncertain about the pressure to constantly follow trends. These research findings align with a study conducted by Pohan et al (2021), which concluded that financial literacy does not weaken the influence of lifestyle on consumer behavior.

**The effect of self-control on personal financial planning with financial literacy as a moderation**

Financial literacy does not act as a moderator in the relationship between self-control and personal financial planning among Generation Z students in the Faculty of Economics at UIN Malang. It can be concluded that self-control among Generation Z students in the Faculty of Economics at UIN Malang is high, but it is not accompanied by adequate financial literacy, resulting in suboptimal financial management. They may only be aware of activities that increase their expenses but lack understanding of financial literacy and proper money allocation. In this phenomenon, financial literacy does not have a strong influence in moderating the relationship between self-control and personal financial planning. One explanation for why financial literacy cannot moderate the influence of self-control on personal financial planning is the difference in understanding and application of financial knowledge in daily life. Even though individuals have adequate knowledge of financial concepts, they may still face challenges in implementing the self-control necessary for effective personal financial planning. Self-control involves the ability to resist temptation and unnecessary impulsive spending, as well as the ability to manage expenses wisely in line with long-term financial goals. Financial literacy can provide a strong knowledge foundation, but without adequate self-control, individuals may still struggle to make sound financial decisions. Additionally, psychological factors such as impulsive shopping habits, lack of discipline, or the influence of social environments affecting financial decisions can weaken the relationship between financial literacy and self-control in personal financial planning. These research findings are not in line with a study conducted by Zuniarti & Rochmawati (2021) which found that financial literacy strengthens the influence of self-control on financial management behavior. Therefore, it is important to recognize that financial literacy is just one aspect of achieving healthy personal financial planning, and that self-control also needs to be considered as a related but not entirely dependent factor on financial literacy.

## CONCLUSION

The primary objective of this study was to examine the impact of love of money, Fear of Missing Out (FoMO), and self-control on the personal financial planning of Generation Z students in the Faculty of Economics at UIN Malang, with financial literacy as a moderating variable. The research involved a sample of 313 students from the cohorts of 2019-2021. The results of the study yielded the following significant findings:

Love of money had a significant positive impact on the personal financial planning of Generation Z students in the Faculty of Economics at UIN Malang;

While FoMO showed a positive influence on personal financial planning, this relationship was not statistically significant;

Self-control was found to have a significant positive influence on the personal financial planning of Generation Z students in the Faculty of Economics at UIN Malang;

Financial literacy did not play a significant moderating role in the relationship between love of money and personal financial planning among Generation Z students in the Faculty of Economics at UIN Malang;

Similarly, financial literacy did not moderate the relationship between FoMO and personal financial planning for these students;

Lastly, financial literacy did not act as a moderator between self-control and personal financial planning among Generation Z students in the Faculty of Economics at UIN Malang;

To summarize, this research concludes that while financial literacy is valuable, it does not have a significant impact on the correlation between love of money, Fear of Missing Out (FoMO), self-control, and personal financial planning among Generation Z students. Emotional and social factors appear to play a more influential role in shaping the financial decision-making of these students. Consequently, it is important to adopt a comprehensive approach that takes into account these factors in addition to financial literacy when promoting effective personal financial planning.

## LIMITATION

There are certain limitations that should be taken into consideration in this study:

The variables examined in this research are restricted to Love of Money, Fear of Missing Out (FoMO) behavior, and self-control. It would be beneficial for future studies to expand the range of variables and include more specific factors that influence individuals in their personal financial planning. This could involve incorporating the same moderating variables discussed in this thesis or exploring different ones altogether;

The sample of participants in this study is limited to students from the Faculty of Economics who belong to Generation Z at UIN Malang. To enhance the comprehensiveness of the findings, it would be advantageous to include participants from diverse faculties or universities, enabling a broader perspective to be captured and increasing the generalizability of the results;

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