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Family Financial Education and Financial Literacy: Improving Personal Financial Management for Generation Z Students

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ABSTRACT

Digital technology's quick development has changed how people may obtain financial data, which presents Generation Z with both benefits and difficulties when it comes to handling their own affairs. The purpose of this study is to investigate experimentally how financial literacy and family financial education affect the personal financial management of Indonesian university students in Generation Z. Using a quantitative methodology, 100 undergraduate management students from Universitas Muhammadiyah Gombong and Universitas Putra Bangsa Kebumen were chosen by non-probability sampling and given online questionnaires to complete in order to gather primary data. Multiple linear regression analysis, traditional assumption testing, and validity and reliability testing were all part of the data analysis process. The findings indicate that while financial literacy has a good and significant influence on students' personal financial management, family financial education has no discernible effect. The two variables taken together account for 48% of the variation in personal financial management, with other factors not included in this study influencing the other 52%. In order to promote sound financial decision-making in the digital age, educational institutions and policymakers should concentrate on bolstering financial literacy programs in addition to family-based financial education, as these findings demonstrate the significant influence of financial literacy in forming Generation Z students' prudent financial behavior.

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1. INTRODUCTION

The acceleration of digital transformation has changed the landscape of access and management of financial information, but its impact on the financial behavior of younger generations—particularly Generation Z—is ambivalent: on the one hand they are highly proficient in using digital financial platforms, on the other hand consumptive tendencies and instant gratification orientations increase the risk of sub-optimal financial decision-making. Studies show that inadequate financial education methods, when compared to the pace of adoption of financial technology, have the potential to widen the gap between access to information and the ability to make rational financial decisions [1]. Therefore, an educational model that combines digital and face-to-face approaches needs to be developed for Generation Z. The quality of family financial education also affects how well the younger generation uses digital access for sound financial management practices, as the process of financial socialization in the family still serves as the primary basis for the development of financial attitudes and habits from a young age [2].

Numerous earlier researches have demonstrated a favorable and substantial association between an individual's capacity to manage their finances and financial literacy and family financial education. For example, the research of Sari and Listiadi, [3] It found that financial education in the household directly promotes healthy financial behaviors in adolescents and young adults. Similar results were shown by Sabila, et al. [4] which confirms that financial literacy obtained from an early age affects savings behavior and debt management in adulthood. However, some other studies have not found a significant association between the two factors and financial management behavior. For instance, research by Potrich et al. [5] indicates that sound financial conduct is not always associated with high financial literacy levels. The inconsistency of the results of this study indicates the existence of contextual factors such as generational differences, digital access, and the influence of local culture that have not been explored in depth. Thus, this study seeks to fill this gap by focusing on the study of Generation Z students in Indonesia, who have unique characteristics in consumption behavior and the use of financial technology.

The purpose of this study is to investigate experimentally how family financial education affects Generation Z students' personal money management. [6]. Given that financial literacy contributes to an individual's capacity to make sound financial decisions and manage resources to their fullest potential, this study also attempts to examine the impact of financial literacy on personal financial management [7]. Additionally, this study looks at how financial literacy and family financial education work together to help children in Generation Z, who have distinct purchasing patterns and financial technology usage patterns, develop their own financial management abilities. It is anticipated that this approach will offer a more thorough knowledge of the elements influencing younger people's financial behavior in the digital age, particularly in relation to Indonesian higher education.

In the context of Indonesian Generation Z students, this study has a unique position by concurrently integrating the variables of financial literacy and family financial education. This approach has rarely been used in previous studies, which generally separate the analysis of the two variables or focus on the working population, millennials, or general public groups [8]. The focus on Generation Z makes an important contextual contribution, considering that this generation grew up in the midst of rapid development of financial technology and has significantly different consumption behaviors than previous generations. Thus, this research is expected to expand the personal finance management literature through the perspective of the digital-native generation in developing countries, while providing practical implications for educational institutions and policymakers in designing relevant financial literacy and education programs.

2. LITERATURE REVIEW

2.1 Family Financial Education

In reference to Ajzen's opinions [10], Asandimitra et al. [9] state that the Theory of Planned Behavior (TPB) is a theoretical framework that is especially utilized to forecast individual behavior. According to this theory, attitudes toward conduct, subjective norms, and perceptions of behavioral control are the three primary elements that affect behavior. A key component of personal financial management is financial management, which helps people reach their goals [11]. With optimal financial management, one can plan and realize a better future [12]. Personal financial management reflects an individual's efforts to meet his or her needs and desires as well as a benchmark in determining the priority of needs [11].

Effectively allocating cash for investments, obtaining funds for financing, and managing assets overall are all part of personal financial management, according to Ernawatiningsih [13], [14] Widiawati Research List the four components of personal financial management: control, reporting, recording, and planning.

H1: Financial education in the family has a positive effect on students' personal financial management

2.2 Financial Literacy

Mistakes in managing finances are often caused by a low understanding of financial concepts and consumptive behaviors, so financial literacy is needed to help the effective financial planning process [15]. Financial literacy plays an important role in influencing individual financial management, because the better a person's understanding of finances, the more effective their financial management will be [16]. information of finance combined with the capacity to use that information to inform sound financial decisions is known as financial literacy. Four levels of financial literacy are distinguished by the Financial Services Authority (OJK): good literacy, moderate literacy, less literacy, and illiteracy. Meanwhile, Yushita [11] Dividing financial literacy indicators into four main aspects, namely: (1) general knowledge, (2) savings and loans, (3) insurance, and (4) investment.

H2: Financial literacy has a positive effect on students' personal financial management

3. METHODS

This study uses a quantitative approach with primary data obtained through the distribution of questionnaires via Google Form. The research population includes students of the University of Muhammadiyah Gombong and the University of Putra Bangsa Kebumen class of 2023–2024. To obtain an overview of respondents, descriptive statistical analysis was carried out. Furthermore, the validity test is carried out by comparing the value of r calculated with r table, where the instrument is declared valid if r is calculated to be greater than r table. The reliability test was carried out provided that the alpha value was greater than 0.70. Normality tests were applied to ensure data distribution, with a significance value criterion of more than 0.05 indicating normally distributed data. The multicollinearity test is used to detect relationships between independent variables provided that the TOL value is at least 0.1 and the VIF does not exceed 10. The Glejser technique was used to do the heteroscedasticity test, and a significance value greater than 0.05 meant that there were no heteroscedasticity issues with the data. The viability of the regression model was then evaluated using a model fit test (F test). The t-test is used for hypothesis testing once all tests have been passed. The sampling technique used is non-probability sampling, where not all members of the population have the same opportunity to be selected. The selected respondents are students for the 2023–2024 academic year who have taken Financial Management courses, with a total of 100 people. Data was collected from S1 Management students of the University of Muhammadiyah Gombong and Putra Bangsa University of Kebumen who filled out the questionnaire online. The research instrument measures the influence of family financial education, financial literacy on students' personal financial management, using the Likert measurement scale.

4. RESULTS AND DISCUSSION

This study used primary data collected through online questionnaires distributed via Google Forms to 50 S1 Management students from the University of Muhammadiyah Gombong and 50 students from the 2020–2021 cohort at Putra Bangsa University of Kebumen. The research instrument contained statements related to personal financial management, financial literacy, and family financial education. Respondents were students who had taken the Financial Management course and were enrolled in at least their second semester. As shown in Table 1, women comprised the majority of the sample, with 60 respondents, while men accounted for 40 respondents.

Table 1 Characteristics of Respondents

Yes	Respondent Characteristics	Total	Percentage (%)
1	Gender		
	Men – men	40	40
	Woman	60	60
	Total	100	100
2	Campus of Origin		
	University of Muhammadiyah Gombong	50	50
	Putra Bangsa Kebumen University	50	50
	Total	100	100

Validity and reliability tests were then used to examine the data collected from the respondents based on their responses to the questionnaire. Since the computed R value is higher than the R of the table (1.097), the validity test demonstrates that the entire statement item is deemed genuine. Meanwhile, the reliability test resulted in a Cronbach Alpha value above 0.70 [17], which means the instrument is reliable and suitable for use in the later stages of testing. The traditional assumption test, which consists of the heteroscedasticity, multicollinearity, and normality tests, comes next. The normality test revealed data with a normal distribution and a significance level of 0.201 > 0.05. The multicollinearity test indicates the absence of symptoms of multicollinearity because all statement items have a Tolerance value above 0.05 and VIF below 10. In addition, the heteroscedasticity test proves that the data is free from such problems because all instruments have significance values above 0.05. Next, the researcher conducted a descriptive analysis on independent and dependent variables, which were then grouped based on the total scores of respondents. Details of the results of the descriptive analysis are presented in Table 2.

Table 2 Descriptive Analysis Results

	N	Range	Min	Max	Mean	Std Deviation	Variance
Family financial education (X1)	100	16	14	29	27,22	2,643	7,673
Financial Literacy (X2)	100	12	13	26	21,75	2,239	4,634
Individual Financial Management (Y)	100	18	10	27	21,85	2,674	7,568

Table 3. Multiple Linear Regression

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself
		B	Std. Error	Beta		
1	(Constant)	0,103	0,568		0,168	0,870
	Family Financial Education (X1)	0,62	0,88	0,54	0,683	0,689
	Financial Literacy (X2)	0,845	0,99	0,768	7,538	0,000
a. Dependent Variable: Personal Financial Management						

Table 4. Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,685a	0,473	0,48	0,3871

According to Table 4, the findings of the determination coefficient analysis indicate that family financial education factors and financial literacy account for 48% of the individual financial management variability among students enrolled in the Management Study Program at the University of Muhammadiyah Gombong and Universitas Putra Bangsa Kebumen class of 2023–2024. In the meanwhile, characteristics not included in this study's analysis had an impact on the remaining 52%.

The influence of financial education in the family on student financial management

According to the regression analysis's findings, the family's financial education variable had no discernible impact on the financial management of the 2020–2021 class of students enrolled in the S1 Management Study Program at the University of Muhammadiyah Gombong and Putra Bangsa University of Kebumen. The computed t-value of 0.683 was less than the t table of 1.985. These results show that even if parents give their kids excellent financial education, it has no direct impact on their capacity to handle money. Numerous outside variables that influence students' financial behavior might contribute to this situation. This outcome is consistent with studies by Kusumawati [18], which showed that student financial management was unaffected by family financial education. Mashud et al. [19] It also emphasized that financial education provided in the family environment has not been able to significantly shape student financial management habits. In fact, the family is the first and main environment in introducing financial education, considering that adolescents spend a lot of time at home so that they have the potential to receive learning about financial management from an early age. According to Kusumawati [18], the family is the main source of financial knowledge for children. If parents provide a good understanding of personal financial management, this can help children avoid consumptive habits. Since parents' financial management practices might influence their kids' financial behavior, most parents try to inculcate financial literacy in their kids from a young age.

The Influence of Financial Literacy on Student Financial Management

The regression test showed that financial literacy had a positive influence on the financial management of students of the S1 Management Study Program of the University of Muhammadiyah Gombong and Putra Bangsa University of Kebumen batch 2020–2021. This is evidenced by a calculated t value of 7.538 which is greater than the t of the table of 1.985, and a significance value of 0.000 which is smaller than 0.05. The findings support the initial hypothesis that financial literacy contributes positively to students' ability to manage finances. Students' ability to handle their finances improves with their comprehension of financial topics, including general financial management, savings and loans, insurance, and investments. This understanding helps students use money wisely and avoid consumptive behavior [20]. Students with adequate financial literacy tend to be more careful in managing expenses, so they can avoid waste. Financial literacy also encourages individuals to spend money more wisely, as well as allow them to share this knowledge with their families and the surrounding environment for improved well-being [21]. These results are consistent with Onyango's research [22], which found that people manage their money better the more financially literate they are. Nurhayati and Nurodin [12] expressed the same idea, confirming that the capacity to make wise financial decisions is correlated with a high level of financial literacy. Hariani and Andayani [23] It also states that individuals with good financial literacy are able to manage their finances more effectively. In addition, Luhsasi research [24] revealed that the financial literacy obtained by students, both through formal education in higher education and from the surrounding environment, indirectly affects their skills in managing finances. In fact, Baptista and Dewi [25] adding that good financial literacy not only improves financial management, but also improves a person's standard of living.

5. CONCLUSION

This study aimed to examine the influence of family financial education and financial literacy on the personal financial management of Generation Z students in Indonesia, specifically undergraduate management students at Universitas Muhammadiyah Gombong and Universitas Putra Bangsa Kebumen. The results of the analysis indicate that family financial education has **no significant effect** on students' personal financial management abilities. This suggests that although parents may provide adequate financial understanding, this factor does not directly shape students' financial management behavior, possibly due to the influence of other external factors.

In contrast, financial literacy was found to have a **positive and significant effect** on personal financial management. Students with a good understanding of basic financial concepts, savings, loans, insurance, and investment tend to manage their finances more effectively, avoid consumptive behavior, and make prudent financial decisions. Collectively, these two variables explain 48% of the variation in personal financial management, while the remaining 52% is influenced by other factors not analyzed in this study.

These findings confirm that improving financial literacy—through both formal and non-formal education—is a key factor in fostering healthy financial behavior among Generation Z. Therefore, relevant financial literacy programs tailored to the digital context and generational characteristics should be prioritized by educational institutions and policymakers, alongside strengthening the role of families as the primary support in developing sound financial attitudes from an early age.

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