Financial Technology Literacy Impact on Gen-Z in Indonesia

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Abstract: The purpose of this study Financial Technology Literacy Impact on Gen-Z in Indonesia" is to investigate and understand the impact of financial technology literacy (FinTech), and trust in the financial behavior of Generation Z in Indonesia. This study used quantitative methods, where respondents came from adolescents with an age range of 17 years to 21 years on two campuses in Batam. Using random sampling in the distribution of questionnaires, out of 100 questionnaires distributed, only 37 questionnaires were returned, so the results of 37 questionnaires were used for data analysis. Data analysis techniques are assisted by using SPSS 24 to obtain results to be interpreted by looking at the relationship between variables in this study. By using respondents who came from adolescents with an age range of 17 years to 21 years in two campuses in Batam, it was stated that the variables in this study that there was a positive and significant influence between FinTech variables and Generation Z, there was a positive and significant influence between Trust variables and Generation Z, and the results of 32.4% then there was a positive and significant influence due to these three variables, The rest is not discussed in this study. The recommendation in this study is that the results of this study were conducted to adolescents who can be said to be Generation Z with the object of two campuses in Batam, so it is still necessary to develop by other researchers in using and adding variables to produce research, these results provide a form of real contribution in financial research.

Keyword: Financial Technology (FinTech), Trust, Generation Z.

INTRODUCTION

In this digital era, Financial Technology (FinTech) has an increasingly important role in everyday life. Generation Z, born between the mid-1990s and early 2010s, grew up in a tech-savvy and digitally connected environment. In Indonesia, the impact of FinTech literacy on Generation Z is very significant and has the potential to change their financial behavior patterns (Widiharlina et al., 2023; Ratnawati, 2024). Indonesia's Generation Z grew up in the midst of digital transformation, where traditional financial services meet technological innovation. In this regard, FinTech literacy has a positive impact on their understanding of finance, investasi, dan manajemen risiko (Azzahra & Afgani, 2023). Teenagers and young

adults from Generation Z have easier and faster access to financial products and services through FinTech applications (Ratnawati, 2024).

One significant positive impact is increased investment awareness. With the existence of easily accessible online investment platforms, Generation Z can start investing with relatively small capital (Deepa &; Deshmukh, 2013). They can learn about various investment instruments, such as stocks, bonds, and mutual funds, through FinTech applications that provide educational information and trading simulations. In addition, FinTech literacy also increases understanding of financial security and consumer protection (Payeng &; Baruah, 2023). Generation Z is becoming more aware of security risks in online transactions and learning to take appropriate protective measures (Richard et al., 2023). They also gain a better understanding of their rights and responsibilities as FinTech consumers.

However, there are also some challenges and risks to be aware of. For example, the risk of loss of privacy and misuse of personal data is a concern for Generation Z who actively use FinTech applications. Therefore, FinTech literacy also includes an understanding of how to protect their personal information and financial transactions online (Jayalath &; S.C.Premaratne, 2021). In addition, changes in spending behavior and financial management are also seen in Generation Z who are more FinTech literate (Alfina," 2022). They tend to monitor budgets more closely, use features such as automated expense management, and take advantage of incentives and rewards offered by FinTech applications.

Trust, in the realm of FinTech, is not just limited to the reliability of these platforms; involves confidence in the security of personal data, confidence in the security of transactions, and assurance of transparency of financial processes. The interaction between FinTech literacy and trust among Generation Z reveals a story about how informed understanding affects their willingness to adopt digital financial tools.

The current phenomenon in the use of FinTech by Generation Z in Indonesia is 80% using FinTech applications regularly, showing significant growth compared to the previous few years, more than 60% of the total shopping transactions of Generation Z are carried out through FinTech applications, with a decrease in cash use by 40% in the last two years, and as many as 45% of Generation Z who actively use FinTech applications have been involved in stock investment, showing high interest in the development of their investment portfolio (Indonesia, 2019). Despite rising FinTech literacy, there are still problems in terms of financial education gaps among Generation Z, especially in areas less covered by technological developments. Increasing concerns related to security and privacy in the use of FinTech applications, highlight the need for stricter regulation and education in terms of consumer protection.

In this study, research gaps include the extent to which the level of FinTech literacy affects the investment decisions of Generation Z, as well as what factors influence it (Aswieri et al., 2022), According to (Hartono et al., 2023) generation Z in Indonesia is aware of security and privacy risks in using FinTech applications, as well as what efforts they make to protect themselves, and FinTech literacy can affect debt management behavior and Generation credits. In relation to the trust gap of this study, there is a need to better understand the factors that shape the level of trust of Generation Z in FinTech (Anand et al., 2023), as well as the gap in literacy that may be an obstacle in adopting this financial technology (Phuong et al., 2022).

The novelty in this study contributes to the understanding of how the relationship model between Financial Tech variables with Generation Z and the Trust of FinTech use with Generation Z, also provides new insights about digital finance trends. Purpose of the study Financial Technology Literacy Impact on Gen-Z in Indonesia" is to investigate and understand the impact of financial technology (FinTech) literacy on the financial behavior of Generation Z in Indonesia.

METHOD

This study used quantitative methods, where respondents came from adolescents with an age range of 17 years to 21 years in two campuses in Batam. Using random sampling in the distribution of questionnaires, out of 100 questionnaires distributed, only 37 questionnaires returned, so that the results of 37 questionnaires were used for data analysis.

Data analysis techniques are assisted by using SPSS 24 in obtaining results to be interpreted by looking at the relationship between variables in this study. The hypothesis in this study is as follows:

H1   : It is suspected that there is a significant and positive influence between Financial Technology and Generation Z.

H2   : It is suspected that there is a significant and positive influence between Trust and Generation Z

H3   : It is suspected that there is a significant and positive influence simultaneously between Financial Technology, Trust and Generation Z.

This research framework is as follows:
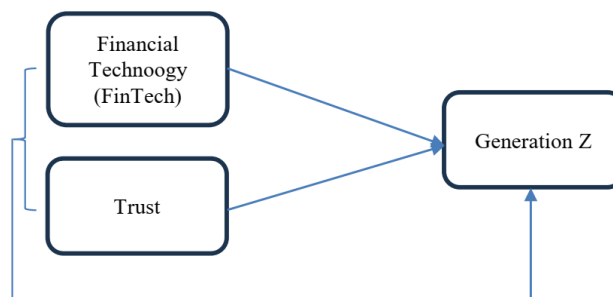
Gambar 1. Framework Penelitian

RESULTS AND DISCUSSION

Results

Financial Technology

The FinTech industry, experiencing rapid growth, disrupts conventional banking and revolutionizes the delivery of financial services. The search results reveal numerous research studies exploring the influence of FinTech on the banking sector, financial performance, and financial behavior, Research on the impact of FinTech on the banking sector indicates that FinTech possesses significant potential for growth and influence not only on the banking industry but also globally. However, alongside its advantages, there are drawbacks, including heightened dependence on technology, elevated expenses, increased unemployment, and security risks linked to data and fraud (Varma et al., 2022). FinTech exerts a favorable impact on overall deposits and net profits. The study suggests promoting the adoption of inclusive strategies by banks to achieve sustainable development (Baker et al., 2023).

FinTech stands for Financial Technology, which is an industry that is rapidly growing and disrupting the traditional banking industry and changing the way financial services are delivered. FinTech uses digital technologies such as artificial intelligence, robotics, natural language processing, facial recognition, data analysis, and the development of supporting digital technology infrastructure to provide ease of access and fast service to customers (Nakalelo &; Sahay, 2022).

Trust

Trust is a complex and multifaceted concept that plays a critical role in various aspects of Human Resource Development, including personal relationships, business transactions, and social interactions (Gill & Ramsey, 2012). In the realm of Human Resource Development, trust is characterized by the confidence or belief in the dependability, integrity,

and honesty of individuals, organizations, or systems engaged in training and development initiatives (Митрофанова et al., 2018).

Trust plays a crucial role in effective training endeavors, allowing individuals to depend on trainers and training programs while making informed decisions guided by their expectations regarding the conduct of trainers and the outcomes of training programs (Phuong et al., 2022).

Generation Z

Generation Z, alternatively recognized as Gen Z or Zoomers, encompasses the demographic group born from the mid-1990s to the early 2010s, This demographic is distinguished by their adeptness with technology, smartphones, and digital platforms, rendering them well-equipped for utilizing digital banking services, online investment platforms, and other advancements in FinTech (Ratnawati, 2024).

Generation Z is expected to continuously seek insights about robust investment portfolios from their fellow investors to improve their investment decisions (Yu et al., 2022).

The results of research that have been processed using SPSS 24 with stages of tests to look for relationships between variables starting with:

Reliability test

Table 1. Reliability Test Result

Reliability Statistics	
Cronbach's Alpha	N of Items
.585	3

Source : Output SPSS,24

The result of the reliability test for all variables with a result of 0.802, where the result is greater than 0.05. Next with other related tests and look for linkages between variables.

Uji Koefisien

Table 2. Coefficients Result

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.177	.772		1.524	.136
	FINANCE TECH	.258	.136	.267	1.905	.065
	TRUST	.463	.139	.468	3.337	.002

a. Dependent Variable: GEN-Z

Source : Output SPSS,24

From the coefficient data above, the results of the multiple regression analysis test will be described as follows:

$$Y = 1.177 + 0.258 \ b1 + 0.463 \ b2$$

Explanation:
1. Constant value a = 1.177, it can be interpreted that if the variable Financial Technology (FinTech), trust, if it is zero, then Generation Z is negative 1.177.
2. Fin Tech regression coefficient b1 = 0.258, it can be interpreted that if the value of FinTech decreases by one then the value of Generation Z will also decrease by 0.258.
3. Trust regression coefficient b2 = 0.463, it can be interpreted that if the value of Trust increases by one then the value of Generation Z will also increase by 0.463.

Test t
From the results of table 2. Above can be described the results of the t test as follows:
1. The influence of Financial Technology (FinTech) on Generation Z, then the calculated value for the Organization Commitment (X1) variable is 4,367, while the ttable value for N = 37 is 1,687. So 1,905 > 1,687, then, it can be stated that FinTech has a significant influence on Generation Z.
2. The effect of Trust on Generation Z, then the calculated value for the Trust variable is 3,337, while the ttable value for N = 37 is 1,687, 3,337 > 1,687, then, it can be stated that trust has a significant effect on Generation Z.

Model Summary

Table 3. Result Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569a	.324	.285	.635

a. Predictors: (Constant), TRUST, FINANCE TECH

From the results of table 3 above, to see if there is a simultaneous influence between FinTech variables, Trust and Generation Z, the results show an R Square of 0.324 if made into a presentation, it is 32.4%, with the meaning that there is a simultaneous influence between the three variables of 32.4% and the rest by other variables that are not used in this study.

Discussion
From the results of existing tests for the three variables, this study resulted in a discussion that:
The influence between FinTech variables and Generation Z
From the t test, it states that there is a positive and significant influence between FinTech variables and Generation Z.
The Impact of Trust with Generation Z
From the t test, it states that there is a positive and significant influence between the Trust variable and Generation Z
Simultaneous Influence between the three variables
The results of the summary model stated that with a result of 32.4%, there was a positive and significant influence due to these three variables, the rest were not discussed in this study.

CONCLUSION
By using respondents who came from adolescents with an age range of 17 years to 21 years in two campuses in Batam, it was stated that the variables in this study that there was a positive and significant influence between FinTech variables and Generation Z, there was a positive and significant influence between Trust variables and Generation Z, and the results of 32.4% then there was a positive and significant influence due to these three variables, The rest is not discussed in this study.

The recommendation in this study is that the results of this study were conducted to adolescents who can be said to be generation Z with the object of two campuses in Batam, so it is still necessary to develop by other researchers in using and adding variables to produce research, these results provide a form of real contribution in financial research.

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