



Exploring Personal Financial Management Behaviour Among Generation Z in the Digital Financial Ecosystem : A Qualitative Study

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ABSTRACT

This research examines the financial management practices of Generation Z in the context of the digital financial age. The quick rise of financial technology has changed how people handle money. It has made things easier, but it has also made things harder for some people. We used a qualitative phenomenological technique to learn about people's lived experiences. We acquired data by doing in-depth interviews with ten people between the ages of 18 and 25 who regularly use digital financial services. The data were looked at utilizing theme analysis. The results show that technology, lifestyle, financial knowledge, and psychological factors like Fear of Missing Out (FoMO) and self-efficacy all affect how people handle their money. Fintech makes things easier to get at, but it also makes people spend money quickly and think about their finances in the short term. Limited financial literacy exacerbates inefficient financial decision-making. This study emphasizes the necessity of enhancing financial literacy and advocating for the proper utilization of financial technologies to facilitate improved financial management within Generation Z.

Keywords: Financial Behaviour, Generation Z, Financial Technology, Financial Literacy

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1. INTRODUCTION

The fast growth of digital technology has changed the financial world in a big way, especially with the rise of financial technology (fintech). Digital payment systems and mobile apps have made financial services easier to use, more efficient, and a bigger part of everyday life. This change has changed the way people handle their money, affecting how they spend, save, and invest (Widyaningrum et al., 2024).

Generation Z, often referred to as digital natives, has grown up in an era dominated by the internet and mobile technology. Their familiarity with digital platforms has made them highly adaptive to financial technologies, including e-wallets, online banking, and investment applications. However, this high level of accessibility also presents new challenges in managing financial decisions effectively (Raman et al., 2025).

Despite their technological proficiency, several studies indicate that Generation Z still faces limitations in financial literacy. Many individuals within this group demonstrate only moderate levels of financial understanding, which may affect their ability to make sound financial decisions and long-term financial planning. Financial literacy has continuously been recognized as a fundamental factor influencing financial behavior. People who know more about money tend to manage their money better, which includes making budgets, saving, and spending wisely. On the other hand, not knowing much about money can

make you make bad financial choices and make you more likely to lose money (Elsalonika & Ida, 2025).

In addition to financial literacy, the adoption of fintech plays a significant role in shaping financial behavior. The use of digital financial services has been found to influence how individuals manage their money, including their saving habits and consumption patterns. Fintech not only provides convenience but also introduces new behavioral dynamics in financial decision-making (Aoun et al., 2026). Moreover, lifestyle factors such as hedonism and digital consumption patterns also contribute to financial behavior among Generation Z. The integration of social media and digital culture often encourages impulsive spending and consumption-driven behavior, which can negatively impact financial stability (Setiawati & Primadineska, 2025).

Recent studies in Indonesia highlight that financial management behavior among Generation Z is influenced by a combination of financial literacy, lifestyle, and financial technology usage. These factors interact in complex ways, shaping how individuals plan, allocate, and control their financial resources (Putri & Nur, 2025). Furthermore, the phenomenon of Fear of Missing Out (FoMO) has emerged as a psychological factor affecting financial behavior. Exposure to social media trends and peer influence often drives individuals to make unplanned purchases, reinforcing consumptive financial habits among young people (Prawitasari et al., 2025).

Although numerous studies have examined financial behavior quantitatively, there remains a gap in understanding the deeper meanings, experiences, and perspectives behind individuals' financial decisions. Qualitative approaches are needed to explore how Generation Z interprets and navigates financial challenges in the digital era (Mu'awiyah & Jurana, 2025). Therefore, this study aims to explore personal financial management behavior among Generation Z using a qualitative approach. By focusing on individual experiences and perceptions, this research is expected to provide deeper insights into the underlying factors influencing financial behavior in the context of digital financial transformation (Majiding, 2025).

2. LITERATURE REVIEW

Financial Behavior

Financial behavior refers to how individuals plan, manage, and control their financial resources in everyday life. It includes activities such as budgeting, saving, spending, and investing. Sound financial behavior is essential for achieving long-term financial well-being, particularly for young individuals transitioning into financial independence. Recent studies emphasize that financial behavior is not purely rational but is shaped by habits, experiences, and social influences (Lusardi et al., 2017).

From the perspective of behavioral finance, financial decisions are often influenced by cognitive biases and emotional factors rather than purely logical considerations. This implies that individuals may not always act in their best financial interest, especially when exposed to external stimuli such as social trends or digital consumption patterns (Aoun et al., 2026).

Financial Literacy

Financial literacy is commonly defined as the knowledge and skills required to make informed and effective financial decisions. It plays a crucial role in shaping individuals' financial behavior, especially in complex financial environments. Research by (Lusardi et al., 2017) indicates that individuals with higher levels of financial literacy are more likely to engage in responsible financial behaviors such as saving regularly and planning for retirement.

Generation Z

However, several studies highlight that financial literacy among Generation Z remains relatively limited. For example, (Bucher-Koenen et al., 2017) found that younger individuals often lack sufficient understanding of financial concepts, which may lead to suboptimal financial decisions. This gap becomes more critical in the digital era, where financial products are increasingly complex and easily accessible.

For Generation Z, fintech has become an integral part of daily life. The convenience and speed offered by digital financial services can positively influence financial management. However, studies also indicate that fintech usage may encourage impulsive spending due to reduced transaction friction (Afrizal & Narimo, 2025). This suggests that while fintech offers efficiency, it also introduces new behavioral risks.

Financial Technology

The rapid growth of financial technology has significantly reshaped financial behavior. Fintech includes innovations such as mobile payments, digital banking, and peer-to-peer lending platforms. According to Arner et al (2016), fintech enhances financial inclusion by providing easier access to financial services.

Financial Literacy

Lifestyle is another critical factor influencing financial behavior, particularly among younger generations. Generation Z is highly exposed to digital culture and social media, which often promotes consumption-oriented lifestyles. Research by (Mooij, 2019) suggests that consumer behavior is increasingly shaped by cultural and social influences in the digital age.

Empirical studies show that a hedonistic lifestyle is positively associated with higher consumption levels and weaker financial control. Social media platforms amplify this effect by creating trends and peer pressure that encourage spending beyond actual needs (Su, 2025). As a result, individuals may prioritize short-term satisfaction over long-term financial stability.

Conceptual Framework

This study explores the financial management practices of Generation Z within the digital financial era, emphasizing how various internal and external factors shape their financial behavior. The rapid development of financial technology (fintech) serves as a key environmental driver that transforms how individuals access, manage, and utilize financial resources. While fintech increases convenience, accessibility, and efficiency, it

simultaneously introduces challenges such as impulsive spending and short-term financial orientation.

The conceptual framework positions financial management behavior as the dependent variable, which is influenced by four main independent variables: technology (fintech usage), lifestyle, financial literacy, and psychological factors.

First, technology (fintech usage) plays a dual role. On one hand, it facilitates easy access to financial services, enhances transaction efficiency, and supports financial tracking. On the other hand, it encourages instant consumption behavior and reduces financial control due to seamless digital transactions.

Second, lifestyle reflects the consumption patterns and social influences experienced by Generation Z. A digitally connected lifestyle often promotes higher spending tendencies, especially influenced by trends, social media, and peer behavior.

Third, financial literacy is a critical factor that determines how well individuals understand financial concepts such as budgeting, saving, and investing. Limited financial knowledge tends to lead to poor financial decision-making and inefficient money management, particularly in a complex digital financial environment.

Fourth, psychological factors, including Fear of Missing Out (FoMO) and self-efficacy, significantly affect financial behavior. FoMO drives individuals toward impulsive spending to keep up with social trends, while self-efficacy influences confidence in managing finances effectively. Higher self-efficacy is associated with better financial planning and control.

These four factors interact dynamically in shaping financial management behavior. Fintech acts as both an enabler and a risk factor, while financial literacy and psychological readiness determine whether individuals can utilize technology responsibly. Lifestyle further amplifies or moderates these effects. Therefore, this framework highlights that improving financial management among Generation Z requires not only technological access but also stronger financial literacy and psychological awareness. The study underscores the importance of educational interventions and responsible fintech usage to promote sustainable financial behavior.

3. METHODOLOGY

Research Approach

This study employs a qualitative research design using a phenomenological approach to explore how Generation Z interprets and experiences personal financial management in the digital financial era. Phenomenology is appropriate because it focuses on individuals' lived experiences and the meanings they attach to a phenomenon (Creswell & Poth, 2018)

Qualitative methods are particularly relevant in financial behavior research, as they allow for a deeper understanding of subjective perceptions, motivations, and decision-making processes that cannot be fully captured through quantitative analysis (Virginia Braun & Victoria Clarke, 2022).

Research Participants

The participants of this study consist of 8–12 individuals from Generation Z, selected using purposive sampling. The selection criteria include:

1. Aged between 18–25 years
2. Actively using financial technology (e.g., e-wallets, digital payments, or paylater services)
3. Having a regular income (students with part-time jobs or early-career employees)

Purposive sampling is widely used in qualitative research to ensure that participants have relevant experience with the phenomenon being studied (Palinkas et al., 2015).

Data Collection Techniques

Data were collected through:

1. In-depth Interviews
2. Semi-structured interviews were conducted to explore participants' financial experiences, behaviors, and perceptions. This method allows flexibility while maintaining consistency across participants (Kallio et al., 2016).
3. Supporting data such as transaction records or budgeting notes were used, where available, to enrich the analysis.

The researcher recorded observations and reflections during interviews to capture non-verbal cues and contextual insights.

Data Analysis

The data were analyzed using thematic analysis, following the six-step framework proposed by (Virginia Braun & Victoria Clarke, 2022) :

1. Familiarization with the data. This stage involves reading and re-reading the data to become deeply familiar with its content and context. Researchers begin noting initial ideas and patterns that may be relevant to the research objectives.
2. Generating initial codes. In this phase, meaningful segments of data are identified and labeled with codes. These codes represent important features of the data that relate to the research question.
3. Searching for themes. Codes are then grouped into broader categories to identify potential themes. This step focuses on recognizing patterns and relationships among the coded data.
4. Reviewing themes. At this stage, the identified themes are refined and evaluated for consistency and relevance. Researchers ensure that the themes accurately represent the data and align with the research objectives.
5. Defining and naming themes. Each theme is clearly defined to capture its essence and scope. Appropriate names are assigned to make the themes easily understandable and meaningful.
6. Producing the report. The final stage involves organizing and presenting the findings in a coherent narrative. The report integrates themes with supporting data to provide clear insights and answer the research questions.

Thematic analysis is suitable for identifying patterns and meanings across qualitative data, especially in behavioral research contexts.

Trustworthiness of Data

To ensure the validity and reliability of the findings, this study applies:

1. Triangulation (multiple data sources).

Triangulation refers to the use of multiple data sources, methods, or perspectives to enhance the credibility and validity of research findings. By collecting data from different sources—such as interviews, observations, and documents—researchers can cross-check information and reduce the risk of bias. This approach helps ensure that the findings are not based on a single viewpoint. In qualitative research, triangulation strengthens the depth and richness of the data. When similar patterns or themes emerge across different data sources, it increases confidence in the consistency and reliability of the results. Conversely, when discrepancies appear, they provide opportunities for deeper analysis and understanding of complex phenomena. Overall, triangulation contributes to more robust and trustworthy research outcomes. It allows researchers to develop a more comprehensive understanding of the subject being studied, while also enhancing transparency and methodological rigor.

2. Member checking (participant validation).

Member checking is a technique used to validate research findings by involving participants in the review process. After data collection and initial analysis, researchers return the findings, interpretations, or transcripts to participants to confirm their accuracy. This ensures that the participants' perspectives are correctly represented. This process helps minimize misinterpretation and researcher bias. Participants can clarify, correct, or expand on their responses, which leads to more accurate and authentic data. It also empowers participants by giving them a voice in how their experiences are portrayed. In addition, member checking enhances the credibility and trustworthiness of the study. It demonstrates that the research findings are grounded in participants' real experiences, making the results more reliable and ethically sound.

3. Audit trail (documentation of research process).

An audit trail is a systematic documentation of all research processes and decisions made throughout the study. It includes detailed records of data collection methods, coding procedures, theme development, and analytical decisions. This documentation allows others to follow the research process step by step. Maintaining an audit trail promotes transparency and accountability in qualitative research. It enables other researchers or reviewers to assess the consistency and dependability of the study. By clearly showing how conclusions were reached, the researcher provides evidence of methodological rigor. Furthermore, an audit trail supports the replicability and confirmability of the research. Although qualitative studies are context-specific, a well-documented process allows others to understand how findings were derived and evaluate their validity in similar contexts. These techniques enhance credibility and rigor in qualitative research (Nowell et al., 2017).

4. RESULTS

Theme 1 : Convenience Drives Financial Behavior

The findings indicate that participants heavily rely on financial technology due to its convenience and accessibility. Most respondents reported using digital payment applications daily, which simplifies transactions but also reduces awareness of spending.

This result aligns with previous studies showing that fintech reduces transaction friction and increases consumption frequency (Afrizal & Narimo, 2025). The ease of use may unintentionally encourage less controlled financial behavior.

Theme 2: Impulsive Spending and Digital Lifestyle

Participants frequently described engaging in unplanned purchases, often influenced by online promotions and social media trends. Several respondents admitted that they purchased items not out of necessity but due to attractive discounts or peer influence. This finding supports prior research indicating that digital environments and social media exposure significantly contribute to impulsive buying behavior among young consumers (Elsalonika & Ida, 2025). The integration of lifestyle and consumption patterns reinforces short-term financial decision-making.

Theme 3: Limited Financial Literacy

Although participants were familiar with financial tools, many lacked a deeper understanding of financial planning concepts such as budgeting, investing, or debt management.

This result is consistent with studies highlighting that Generation Z often demonstrates moderate financial literacy despite high digital engagement (Lusardi et al., 2017). Limited knowledge may lead to inefficient financial decisions and increased financial vulnerability.

Theme 4: Psychological Influences (FoMO and Self-Efficacy)

The analysis reveals that psychological factors play a significant role in financial behavior. Several participants expressed experiencing Fear of Missing Out (FoMO), which led them to follow consumption trends.

Additionally, participants with higher financial confidence (self-efficacy) showed better financial control, including budgeting and saving habits.

These findings are supported by previous research indicating that FoMO drives consumption behavior (Lim et al., 2023), while self-efficacy positively influences financial decision-making.

5. DISCUSSION

The findings of this study highlight the complex interaction between technology, lifestyle, and psychological factors in shaping financial behavior among Generation Z. One of the key insights is the dominant role of financial technology in influencing daily financial activities. The convenience offered by digital payment systems reduces transaction barriers, making spending easier and more frequent. This finding is consistent with previous research indicating that reduced payment friction can lead to higher consumption levels (Setiawati & Primadineska, 2025).

Moreover, the results show that lifestyle and social influence significantly affect financial decision-making. Participants reported that exposure to social media trends often triggered impulsive purchases. This supports earlier studies suggesting that digital environments amplify consumption behavior through social comparison and peer pressure (Su, 2025). In this context, financial decisions are not solely based on rational evaluation but are also shaped by social expectations and cultural trends.

Another important finding relates to the role of financial literacy. Although participants were familiar with financial technology, many lacked a deeper understanding of financial planning and long-term financial management. This aligns with Lusardi et al (2017), who emphasizes that financial literacy is a critical determinant of responsible financial behavior. Without adequate financial knowledge, individuals may misuse financial tools and become more vulnerable to financial risks. Psychological factors also emerged as significant determinants of financial behavior. The presence of Fear of Missing Out (FoMO) influenced participants to engage in unnecessary spending to keep up with trends. This finding is consistent with research by (Arif et al., 2020), which highlights the strong relationship between FoMO and consumption behavior.

Overall, this study extends previous research by integrating multiple dimensions—technological, social, and psychological—into a comprehensive understanding of financial behavior. Unlike quantitative studies that focus on variable relationships, this qualitative approach provides deeper insights into how individuals interpret and experience financial decision-making in the digital era.

6. CONCLUSION

This study concludes that financial behavior among Generation Z is shaped by a dynamic interplay of financial technology, lifestyle, financial literacy, and psychological factors. The widespread use of fintech has transformed financial practices by increasing convenience and accessibility. However, this convenience also contributes to impulsive spending and short-term financial orientation.

Furthermore, limited financial literacy remains a critical issue, as many individuals lack the knowledge required to manage their finances effectively. Psychological factors, particularly FoMO and self-efficacy, also play a significant role in influencing financial decisions.

The findings suggest that improving financial literacy and fostering greater awareness of responsible financial behavior are essential in the digital era. Educational institutions, policymakers, and financial service providers should collaborate to promote financial education and encourage more mindful use of financial technology.

Finally, this study highlights the importance of qualitative approaches in understanding financial behavior, as they provide richer insights into individual experiences and perceptions. Future research is encouraged to explore this topic using mixed methods or broader samples to enhance generalizability.

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