

THE INFLUENCE OF EDUCATION, LIFESTYLE, AND FINANCIAL AWARENESS IN INCREASING GENERATION Z'S FINANCIAL LITERACY IN ISLAMIC STOCK INVESTMENT IN INDONESIA

Nuryadin Sukardin

Middle East and Islamic Studies Program, University of Indonesia
nuryadinsukardin09@gmail.com

Abstrak

Salah satu bentuk investasi yang mengikuti perkembangan digitalisasi 4.0 adalah pasar modal, merupakan tempat bertemunya pembeli dan penjual obligasi, reksa dana, saham, dan instrumen lainnya yang di dalamnya terdapat sistem atau mekanisme untuk memfasilitasi perdagangan efek atau instrumen keuangan jangka panjang. Perkembangan investasi dalam pasar modal di Indonesia tidak hanya terbatas hanya konvensional saja, namun juga berkembang pasar modal syariah. Tujuan dilakukannya penelitian ini adalah untuk mengetahui tentang cara gen Z dapat meningkatkan literasi keuangannya pada investasi saham syariah, diantaranya melalui peningkatan pendidikan, gaya hidup yang lebih bijak, dan kesadaran keuangan yang lebih tinggi. Penelitian ini merupakan penelitian literature review, dimana diperoleh kesimpulan bahwa education, life style, dan financial awareness mampu meningkatkan financial literacy terutama pada gen Z karena ketiga variabel tersebut memiliki peran krusial dalam membantu meningkatkan literasi keuangan.

Kata kunci: Pendidikan, Gaya Hidup, Kesadaran Keuangan, Literasi Keuangan

Abstract

One form of investment that follows the development of digitalization 4.0 is the capital market, which is a meeting place for buyers and sellers of bonds, mutual funds, stocks, and other instruments in which there is a system or mechanism to facilitate trading in securities or long-term financial instruments. The development of investment in the capital market in Indonesia is not only limited to conventional capital markets, but also Islamic capital markets. The purpose of this research is to find out about how gen Z can improve its financial literacy in Islamic stock investment, including through increased education, a wiser lifestyle, and higher financial awareness. This research is a literature review research, where it is concluded that education, life style, and financial awareness are able to improve financial literacy, especially in gen Z because these three variables have a crucial role in helping to improve financial literacy.

Keywords: Education, Lifestyle, Financial Awareness, Financial Literacy



© Author(s) 2024

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

INTRODUCTION

Technological innovation is one of the main sources for creating and simplifying work.¹ The development of digitalization 4.0 provides many conveniences for Indonesians, especially in terms of investing. Investment is one of the choices for most people who want *financial freedom* in the future, because investment is a step to convert funds owned into an asset or portfolio of securities in the hope of future profits. The purpose of investment is to increase the value of the capital invested, either through *return on investment* or an increase in the value of the asset itself. One form of investment that follows the development of digitalization 4.0 is the capital market, which is a meeting place for buyers and sellers of bonds, mutual funds, stocks, and other instruments in which there is a system or mechanism to facilitate trading in securities or long-term financial instruments with the aim of providing access to companies and governments to obtain funds from investors, as well as providing opportunities for investors to invest and obtain returns on investments made.²

The development of investment in the capital market in Indonesia is not only limited to conventional capital markets, but also Islamic capital markets. explains the capital market as a complement in the financial sector between two institutions, namely banks and financing institutions. The capital market is a bridge for capital owners (investors) with companies *going public* (issuers) to borrow funds for portfolio investment purposes so that they can ultimately maximize income. Meanwhile, the Islamic capital market is a capital market that applies sharia principles in economic transactions and is free from usury, gambling, speculation, and others. The concept of sharia that is carried out in the Islamic capital market is related to Islamic securities trading, public companies related to the securities issued, as well as related professional institutions, all products and operational mechanisms that do not conflict with Islamic muamalat law. Allah reminds us in QS. An-Nisa' Verse 29 that:

أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبُطْلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ ۖ وَلَا تَقْتُلُوا
أَنفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill each other or yourselves. Surely Allah is ever Merciful to you (QS. An-Nisa' Verse 29).

The verse explains that every Muslim is prohibited from eating the wealth of fellow Muslims in a false way, therefore in the Islamic capital market it is prohibited that each of its

¹ Jeskhael Este Sutanto et al., "Revolutionizing the Runway: How Technological and Marketing Innovation Fuse Market Sensing on Marketing Performance in Fashion Industry," *Cogent Business & Management* 11, no. 1 (December 31, 2024): 2334677, <https://doi.org/10.1080/23311975.2024.2334677>.

² Riska Fita Saptiana, "The Influence of Lifestyle, Financial Technology, Financial Literacy, and Financial Behavior on Generation Z Investment Decisions" 02, no. 02 (2023).

activities contains the practice of usury, gharar, gambling, and others. Therefore, in determining investment products in the capital market, it is necessary to pay attention to whether they meet the principles of sharia or still contain usury, gharar, and gambling practices. In order to avoid these practices, it is necessary to increase financial literacy about sharia stocks. Financial Literacy is a series of processes to improve people's knowledge, beliefs, and skills about better financial management. Robert T. Kiyosaki who is a writer, entrepreneur, and motivator in the field of finance and investment with his famous book entitled "Rich Dad Poor Dad" explains financial literacy as a basic competency in reading and understanding financial statements, especially in cash flow management, so that everyone should know how financial planning from the income they get to prepare for anything unexpected.

The Ministry of Investment / Investment Coordinating Board (BKPM) published investment realization for the second quarter period (April - June) reached Rp349.8 trillion which increased by 6.3% compared to the previous quarter and the first semester (January - June) increased by 15.7% compared to the same semester in 2022. However, the results of this increase have not been in line with the Financial Literacy Index obtained from which it is known that the financial literacy of the Indonesian people is only 49.68%.

Based on the data presented by that stock market investors in the capital market broke through to 4,002,289 investors with 99.79% being local investors. The growth in the number of stock investors is one of the achievements of the Indonesian capital market after Covid-19, which indicates that Indonesians are increasingly aware of the importance of investment and make the capital market an alternative to investing.

The increase in stock investors is dominated by investors under 40 years old, namely gen Z and gen Millennial up to 81.64% with an asset value reaching 144.07 Trillion Rupiah. explained that currently there are four generations, namely the Silent Generation (born in 1922-1945), Baby Boomers (born in 1946-1964), Generation X (born in 1965-1977), Millennial Generation (born in 1977-1994), and Generation Z (born in 1995-2015).

Gen Z was born differently growing up compared to previous generations because they had so many conveniences. They never experienced life without the internet and constant connection, and they never experienced economic uncertainty or a major recession like in 1998. These conveniences are what ultimately shape the values and behaviors of gen Z. But this convenience is also what makes gen Z realize the importance of investing, one of which is in the capital market with the hope of achieving financial freedom in the future and not feeling like a sandwich generation as experienced by the majority of Millennial genes.

Successful investment in the capital market will not be achieved if gen Z still has low financial literacy, so that capital market investment is only limited to FOMO (Fear of Missing

Out) or fear of losing the moment. Therefore, it is necessary for gen Z to understand about capital market investment by increasing their financial literacy.

Financial Literacy is a series of processes to improve people's knowledge, beliefs, and skills about better financial management. Robert T. Kiyosaki who is a writer, entrepreneur, and motivator in the field of finance and investment with his famous book entitled "Rich Dad Poor Dad" explains financial literacy as a basic competency in reading and understanding financial statements, especially in cash flow management, so that everyone should know how financial planning from the income they get to prepare for anything unexpected. After an initial interview with a Quality Manager at a private company about financial literacy in Islamic stocks, a statement was obtained that he knew about Islamic stock issuers but was more interested in conventional stocks.

"Of course, I know about Islamic stocks. They are run in accordance with Islamic sharia principles. I knew it was Antam and Japfa stocks. But to be honest, I prefer conventional stocks because for the long term, the profit potential is greater. Because according to my experience and research, conventional stocks tend to provide higher returns than sharia stocks." (Ardi Martono, 35 years old, Quality Manager).

The interview results show that financial literacy about Islamic stocks is still low compared to conventional stocks. Even in investment decisions, they prefer conventional stocks.

Furthermore, the initial interview was conducted again to Housewives about their investment decisions in Islamic stocks or conventional stocks, where it was explained that actually the two stocks were equally good. It's just that the choice of conventional stocks is more choice.

"I know some sharia stocks such as ANTM and EXCL. But I think both sharia stocks and conventional stocks have their own advantages and disadvantages. It depends on each investor's personal principles and preferences. However, it should be noted that conventional stocks tend to have more options compared to Islamic stocks." (Gigih Ramadhani, 31 years old, housewife).

The results of the interview with the housewife show that the limited number of Islamic stocks has caused the majority of investors to prefer conventional stocks over Islamic stocks. In addition, faster capital gains in conventional stocks provide faster profits than Islamic stocks.

Increasing financial literacy about Islamic stocks can be done by increasing education, life style, and financial awareness. Education helps in improving financial literacy. Education plays a crucial role in improving financial literacy. Financial literacy refers to the ability to understand and use various financial skills, including personal management, budgeting and investing. Through education, people can become aware of the various financial products and

services available, such as savings accounts, investments, insurance and credit. This awareness allows people to choose the product that best suits their financial needs and goals.³

In addition, a life style that is oriented towards wise financial management can encourage individuals to be more aware of their spending, so that they will prioritize needs over wants, and can manage money more effectively. In addition, the right lifestyle will emphasize the importance of saving and investing which can help a person better understand financial concepts, as well as learn about interest, risk, and profit, all of which contribute to financial literacy.⁴

Furthermore, a person's financial awareness arises from his self-awareness by having the initiative to seek information about investment products so that it is better in financial management and choosing the right investment decision. Searching for information about investment products results in an increase in financial literacy which provides awareness about the importance of investing, so that a person will continue to seek information about the right investment products according to their character and expected growth in the future.

Akims et al. explained that high financial literacy among individuals leads to improvements in investment decisions through more appropriate information which ultimately facilitates the economic upliftment of a country, hence the study recommended that awareness programs and seminars should be conducted by regulatory bodies geared towards sensitizing individuals and investors across all age categories on the importance of financial education and investment education.⁵ Notably, investment decisions are further influenced by the level of awareness of investors, hence the government should institute policies that will increase the level of awareness of investors so as to protect them from investment losses. There search gap between this study and proprietary research is that this study uses education, life style, and financial awareness.

Based on this research, a new study was developed with the title **"The Effect of Education, Life Style, and Financial Awareness in Increasing Generation Z' s Financial Literacy in Sharia Stock Investment in Indonesia"**. The purpose of this research is to find out about how gen Z can improve its financial literacy in Islamic stock investment, including through increased education, a wiser lifestyle, and higher financial awareness.

LITERATURE REVIEW

³ Mega Arisia Dewi, "Pentingnya Financial Education dan Financial Knowledge terhadap Inklusi Keuangan Pada Era Fintech di Indonesia," *Owner* 6, no. 3 (July 4, 2022): 2967–79, <https://doi.org/10.33395/owner.v6i3.866>.

⁴ Rizka Mukhlisiah, "Pengaruh Pendidikan, Gaya Hidup, Literasi Keuangan Terhadap Pengelolaan Keuangan Dosen Muda Di Jabodetabek," *ijacc* 4, no. 1 (February 14, 2023): 67–78, <https://doi.org/10.33050/ijacc.v4i1.2673>.

⁵ Malgit Amos Akims et al., "Financial Literacy, Investor Awareness and Investment Decisions: A Review of Literature" 9, no. 1 (2023).

Sharia Capital Market

The capital market is a meeting place for buyers and sellers of bonds, mutual funds, stocks, and other instruments in which there is a system or mechanism to facilitate trading in securities or long-term financial instruments with the aim of providing access to companies and governments to obtain funds from investors, as well as providing opportunities for investors to invest and obtain returns on investments made.⁶

Dantes explained the capital market as a complement in the financial sector between two institutions, namely banks and financing institutions. The capital market is a bridge for capital owners (investors) with go public companies (issuers) to borrow funds for portfolio investment purposes so that they can ultimately maximize income.⁷ The functions of the capital market according to Munir include:

As a means to raise funds from the public to be channeled in productive activities. As a source of easy, cheap, and fast financing for the business world and national development.

1. Encourage the creation of business opportunities while creating employment opportunities.
2. Increase the efficiency of the allocation of production resources
3. Strengthen the financial market mechanism in the monetary system.
4. Pressing the interest rate towards a reasonable "rate".
5. As an alternative investment for investors

The capital market that has developed in Indonesia is not only conventional, but also sharia capital market, which is a capital market that applies sharia principles in economic transactions and is free from usury, gambling, speculation, and others. The Islamic capital market has actually been introduced since 2003 along with the signing of the MOU between BAPEPAM-LK and the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). The concept of sharia that is carried out in the Islamic capital market is related to the trading of Islamic securities, public companies related to the securities issued, as well as related professional institutions, all products and operational mechanisms that do not conflict with Islamic muamalat law. Allah reminds us in QS. An-Nisa' Verse 29 that:

أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ بَحْرَةً عَنْ تَرَاضٍ مِّنْكُمْ ۚ وَلَا تَقْتُلُوا أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill 'each other or' yourselves. Surely Allah is ever Merciful to you (QS. An-Nisa' Verse 29).

⁶ Saptyana, "The Influence of Lifestyle, Financial Technology, Financial Literacy, and Financial Behavior on Generation Z Investment Decisions."

⁷ Dantes, *Wawasan Pasar Modal Syariah* (Wade Group, 2019).

The functions of the capital market according to Munir in Dantes (2019) include:

1. As a means to raise funds from the public to be channeled in productive activities.
2. As a source of easy, cheap, and fast financing for the business world and national development.
3. Encourage the creation of business opportunities while creating employment opportunities.
4. Increase the efficiency of the allocation of production resources
5. Strengthen the financial market mechanism in the monetary system.
6. Pressing the interest rate towards a reasonable "rate".
7. As an alternative investment for investors

The capital market in Indonesia is not only conventional, but also sharia capital market, which is a capital market that applies sharia principles in economic transactions and is free from usury, gambling, speculation, and others. The Islamic capital market has actually been introduced since 2003 along with the signing of the MOU between BAPEPAM-LK and the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). The concept of sharia that is carried out in the Islamic capital market is related to the trading of Islamic securities, public companies related to the securities issued, as well as related professional institutions, all products and operational mechanisms that do not conflict with Islamic muamalat law. Allah reminds us in QS. An-Nisa' Verse 29 that:

أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ ۚ وَلَا تَقْتُلُوا أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill 'each other or' yourselves. Surely Allah is ever Merciful to you (QS. An-Nisa' Verse 29).

The verse explains that every Muslim is prohibited from eating the wealth of fellow Muslims in a false way, therefore in the Islamic capital market it is prohibited that every activity contains the practice of usury, gharar, gambling, and others.

At the beginning of Islamic history, the term buying and selling shares or investment was not yet known, but mudharabah or profit sharing can be said to be a direct investment, as explained in the book *Fiqh al-Sunnah* that Abu Musa al Ash'ari in Basrah entrusted some money to two sons of Umar bin Khattab r.a to be conveyed to his parents in Medina. To both allowed to make the money as business capital while on the way from Basrah to Medina, whose profits will be shared between the two of them as entrepreneurs with his father as the owner of the capital with the promise that if the property perishes, then both will be responsible. Based on this history,

it can be used as a basis and justified in Islamic capital market activities if the issuer guarantees the distribution of dividends and repayment of its emissions.⁸

In the implementation of the Islamic capital market, there are several roles and functions, including:⁹

1. Provides an opportunity for investors to participate fully in the investment or business being undertaken.
2. Allows share or bondholders to obtain liquidity if they sell their shares or bonds.
3. Provides an opportunity for entrepreneurs to obtain external funds from investors for their business expansion needs.
4. Provides an opportunity for entrepreneurs to separate business financial activities from personal financial activities.
5. Presents a mechanism for resource mobilization that is allocated to efficient resources.
6. Provide liquidity in the capital market with the lowest price or lowest transaction costs on securities.
7. Ensure transparency in the pricing of fund securities to determine the price of the risk premium.
8. Provide opportunities in the construction of a well-differentiated portfolio to reduce the level of risk.

Education

Education greatly affects one's knowledge in finance. In the United States, people with lower incomes, lower education and less wealth are noticeably blind to financial management. A person with good financial education is highly correlated with their financial literacy, as seen in their better saving and investment attitudes.¹⁰

Khusaini et al. explains that a higher level of education implies higher financial literacy, as education provides basic knowledge of financial concepts, such as savings, investment, debt management, and budgeting. Formal or informal education that a person has can provide learning related to basic financial principles that are important to manage their personal finances more

⁸ Dantes.

⁹ Dantes.

¹⁰ A Haryono et al., "Economic Learning Education and Financial Literacy among Indonesian Students," *Pegem Journal of Education and Instruction* 12, no. 3 (January 1, 2022), <https://doi.org/10.47750/pegegog.12.03.12>.

wisely. In addition, a good education can help one develop the analytical skills needed to understand financial products, risks and investment opportunities.¹¹

Khusaini et al. uses several indicators in measuring investment education, including:¹²

1. Length of financial education, which shows how long a person has received financial education, which can include time spent attending courses, seminars, workshops, or formal financial training, as well as self-learning experiences about investing.
2. Completeness of facilities in financial education, which assesses the extent of facilities available for financial education, such as the availability of books, online resources, digital learning platforms, access to financial counselors, or participation in financial education programs at educational institutions or companies.
3. Ability to understand financial interests, which reflects how well a person understands financial concepts, including investment principles, risk and return, portfolio diversification, inflation, taxes, and others. This ability is obtained after receiving education in investment so that it is important in making the right investment decisions.
4. Ability to access and manage financial information, i.e. adequate access to financial information, as well as the ability to manage this information after receiving investment education. This includes the ability to access market data, company financial statements, investment analysis, and others.

Life Style

Life Style or lifestyle is considered as a person's identity to get recognition of social status with his behavior following the development of trends as a major part of fulfilling his daily needs.¹³ How to implement a lifestyle is indeed a very important thing to be able to improve the welfare of human life.¹⁴ If there is a change in life style, it will have a wide impact on various things, but life style is usually contemporary and fast-changing. A sustainable life style will form a pattern of action and consumption that is often used for affiliation so that it can distinguish itself from others, especially in meeting basic needs, a better quality of life, but does not endanger the needs of future generations.¹⁵

¹¹ Khusaini Khusaini et al., "The Impact of Financial Education and Socioeconomic Status on the Undergraduate Students' Financial Literacy," *Media Ekonomi Dan Manajemen* 27, no. 1 (January 4, 2022): 55, <https://doi.org/10.24856/mem.v27i01.2385>.

¹² Khusaini et al.

¹³ Amelia Anggraini, "Pengaruh Perilaku, Sikap Keuangan, Gaya Hidup, Pengetahuan Keuangan, Pendapatan dan Kontrol Diri Terhadap Keputusan Berinvestasi Karyawan Usia Produktif di Jakarta," 2022.

¹⁴ Siska Armawati Sufa, Nevrettia Christantyawati, and Raden Ayu Erni Jusnita, "Healthy Lifestyle Trends and Communication Channels of Food Combining Dieters," *Jurnal Komunikasi Profesional* 1, no. 2 (December 1, 2017), <https://doi.org/10.25139/jkp.v1i2.473>.

¹⁵ Saptyana, "The Influence of Lifestyle, Financial Technology, Financial Literacy, and Financial Behavior on Generation Z Investment Decisions."

Life style can show how a person manages physical, social, and psychosomatic conditions, especially in the economic environment according to his daily routine. Therefore, it can be said that life style is a combination of motivation, needs, inspiration, and the influence of family factors, cultural factors, and social class factors.¹⁶ The life style lived by the community is divided into two, namely:

1. Hedonism Life Style, is a lifestyle that leads to activities to seek the pleasures of life and spend more time outside the home to play or splurge by buying things that are not really needed, but just want to be the center of attention.
2. Frugal Living, is a concept where a person allocates finances with full awareness through good consideration and analysis accompanied by a clear strategy to achieve the right financial goals in the future.

Anggraini uses several indicators in measuring life style including:¹⁷

1. Activity is the number of activities spent participating in social or community activities.
2. Interest is a preference or interest in certain activities, especially self-development.
3. Opinion is an opinion about certain practices in lifestyle 4.

Financial Literacy

Financial Literacy is a series of processes to improve people's knowledge, beliefs, and skills about better financial management. Robert T. Kiyosaki who is a writer, entrepreneur, and motivator in the field of finance and investment with his famous book entitled "Rich Dad Poor Dad" explains financial literacy as a basic competency in reading and understanding financial statements, especially in cash flow management, so that everyone should know how financial planning from the income they get to prepare for anything unexpected.¹⁸

Saptyana has a similar opinion about financial literacy, which is the knowledge, skills, and beliefs that a person has, which ultimately affects his attitudes and behavior to improve the quality of decision making and financial management so that it is expected to achieve financial well-being in the present and future.¹⁹

However, currently financial literacy is rarely discussed, studied, and even researched in various fields of finance and investment, even though financial literacy is very important for everyone, especially employees, in dealing with complex economic conditions. There is even a

¹⁶ Saptyana.

¹⁷ Anggraini, "Pengaruh Perilaku, Sikap Keuangan, Gaya Hidup, Pengetahuan Keuangan, Pendapatan dan Kontrol Diri Terhadap Keputusan Berinvestasi Karyawan Usia Produktif di Jakarta."

¹⁸ Alfina Rahmatia and Arief Dwi Saputra, "The Awareness of Sharia Financial Literacy in The Quarter-Life Phase," *TRANSFORMATIF* 5, no. 1 (April 30, 2021): 31–50, <https://doi.org/10.23971/tf.v5i1.2711>.

¹⁹ Saptyana, "The Influence of Lifestyle, Financial Technology, Financial Literacy, and Financial Behavior on Generation Z Investment Decisions."

strong relationship between life style and financial literacy and investment decisions, where someone with a less organized lifestyle tends to spend their money on things that are less important, while someone with a more organized lifestyle tends to have more controlled spending and is more careful in making financial decisions. In addition, a person with good financial literacy tends to be more aware of the importance of investing and planning for future finances, thus adopting a more financially prudent lifestyle.²⁰

Syaliha et al. uses several indicators in measuring financial literacy including:²¹

1. Knowledge of financial concepts, namely a person's understanding of basic financial concepts, such as interest, inflation, investment risk, diversification, etc., also includes an understanding of the basic principles of financial management.
2. Communication skills about financial concepts, namely a person's ability to explain and communicate about financial concepts to others clearly and effectively.
3. Ability to manage personal finances, which is a person's ability to manage their personal finances by making budgets, tracking expenses, paying bills on time, and managing debt wisely.
4. The ability to make financial decisions, which is a person's ability to make wise financial decisions, such as choosing appropriate financial products, investing money smartly, and setting financial priorities.
5. Knowledge of future financial planning, which is one's understanding of the importance of long-term financial planning, including preparation for retirement, insurance, long-term investments, and legacy planning.

Syaliha et al. explained that financial literacy is a benchmark of how a person understands financial concepts, abilities, and beliefs in allocating their money through financial decisions and planning so that they can be considered with existing economic phenomena.²² Therefore, a person's success in applying financial literacy if they are able to make wise decisions about spending, saving, investing, and risk management. In addition, having a positive attitude towards money and finance, such as discipline in spending, willingness to learn, and willingness to take measured risks, is important for financial literacy success.

Gen Z

Rachmawati explained that generation is a social construction in which there is a group of people with a certain age range and the same safety or history. Each human generation always has

²⁰ Rahmatia and Saputra, "The Awareness of Sharia Financial Literacy in The Quarter-Life Phase."

²¹ Amila Syaliha et al., "The Effect of Financial Literacy, Life Style, Financial Attitude and Locus of Control to Financial Management Behavior," *PUBLIC POLICY (Jurnal Aplikasi Kebijakan Publik & Bisnis)* 3, no. 1 (April 27, 2022): 52–71, <https://doi.org/10.51135/PublicPolicy.v3.i1.p52-71>.

²² Syaliha et al.

concurrent events and cultural phenomena that occur in each phase of its life, causing the formation of collective memories that have an impact on its life.²³

Dwidienawati & Gandasari explained that currently there are four generations, namely the Silent Generation (born 1922-1945), Baby Boomers (born 1946-1964), Generation X (born 1965-1977), Millennial Generation (born 1977-1994), and Generation Z (born 1995-2015). Currently, Gen Z is entering the workforce so that in each company, of course, there are three different generations working together. Each generation certainly brings its own characteristics.²⁴

Dwidienawati & Gandasari added that Gen Z was born differently while growing up compared to previous generations because they have many conveniences. They have never experienced life without the internet and constant connection, and they have never experienced life with economic uncertainty or a major recession like in 1998. It is these conveniences that ultimately shape the values and behaviors of gen Z.²⁵

RESEARCH METHODS

This research is a study with a Literature Review approach, which is a method used to identify, evaluate, and interpret all research relevant to a particular topic or area of study. The aim is to provide an overview of existing knowledge, identify gaps in the literature, and provide a basis for further research. Literature review research has the benefit of being able to provide an in-depth understanding of a particular topic, including theories, methodologies, and key findings.

The literature that will be reviewed in this study will describe the influence of education, life style, and financial awareness in increasing Generation Z's financial literacy in Islamic stock investment in Indonesia.

RESULTS AND DISCUSSION

Influence of Education in Improving Generation Z Financial Literacy

Bank Indonesia's Banking Research and Regulation Bureau developed a financial strategy consisting of six main pillars, namely public financial institutions, public interest guarantees, financial information mapping, regulatory and policy support, intermediary and distribution facilities, and customer protection. The low level of financial literacy in Indonesia is also caused by a general lack of understanding of financial products and the functions of financial institutions, as well as the mismatch of financial products offered to the needs of low-income people. In addition, available financial products often do not meet the specific needs of low-income groups,

²³ Dewi Rachmawati, "Welcoming Gen Z in Job World (Selamat Datang Generasi Z di dunia kerja)," 2019.

²⁴ Diena Dwidienawati and Dyah Gandasari, "Understanding Indonesia's Generation Z," 2018.

²⁵ Dwidienawati and Gandasari.

such as low-interest loans or accessible savings products. This shows the importance of financial product development supported by financial literacy for all levels of society.²⁶

Dewi also explains that education helps in improving financial literacy. Education plays a crucial role in improving financial literacy. Financial literacy refers to the ability to understand and use various financial skills, including personal management, budgeting, and investing. Through education, people can be aware of the various financial products and services available, such as savings accounts, investments, insurance and credit. This awareness allows people to choose the product that best suits their financial needs and goals.²⁷

This is evidenced by research conducted by Dewi that education has a significant effect on financial literacy with a significance value of $0.000 < 0.05$, meaning that higher education owned by the community will provide insight and financial literacy.²⁸

Higher education provides knowledge about various financial products and services, available facilities, the function of each service, the potential impact of losses, and the rights and obligations as users of financial products and services. This is important for Gen Z who tend to be more digitally connected and often interact with various online financial platforms. With better financial literacy, Gen Z can make smarter financial decisions and manage risks more effectively, ultimately improving their financial well-being.

The Influence of Life Style in Improving Generation Z's Financial Literacy

Life Style reflects the way a person lives life, manages finances, and manages his time so that it shows an individual's pattern of life which is reflected through his activities, interests, and views on spending money and allocating time. There are two main factors that shape lifestyle, namely demographic and psychographic factors. Demographic factors include education level, age, income level, and gender. Meanwhile, psychographic factors are more complex as they involve consumer characteristics such as values, attitudes, interests and personality styles.²⁹

Life style can help increase financial literacy, where a lifestyle that is oriented towards wise financial management can encourage individuals to be more aware of their spending, so that they will prioritize needs over wants, and can manage money more effectively. In addition, the right lifestyle will emphasize the importance of saving and investing which can help a person better understand financial concepts, as well as learn about interest, risk, and profit, all of which contribute to financial literacy. This is evident in Mukhlisiah's research (2023) that life style has a

²⁶ Dewi, "Pentingnya Financial Education dan Financial Knowledge terhadap Inklusi Keuangan Pada Era Fintech di Indonesia."

²⁷ Dewi.

²⁸ Dewi.

²⁹ Mukhlisiah, "Pengaruh Pendidikan, Gaya Hidup, Literasi Keuangan Terhadap Pengelolaan Keuangan Dosen Muda Di Jabodetabek."

significant effect on financial literacy with a significance value of $0.000 < 0.05$, meaning that the lifestyle that people have will change financial insight and literacy.

For Gen Z who grew up in the digital age and have easy access to information, the adoption of a financially savvy lifestyle is becoming increasingly important. Gen Z tends to use financial apps and online resources to manage their finances, save and invest. A financially savvy lifestyle can help improve financial literacy, especially for Gen Z, some of whom have a lifestyle oriented towards wise financial management, encouraging them to be more conscious of their spending, prioritize needs over wants, and manage their money more effectively.

The Effect of Financial Awareness in Improving Generation Z's Financial Literacy

Financial awareness that a person has arises from his self-awareness by having the initiative to seek information about investment products so that it is better in financial management and choosing the right investment decision. Searching for information about investment products results in an increase in financial literacy which provides awareness about the importance of investing, so that a person will continue to seek information about the right investment products in accordance with their character and expected growth in the future.³⁰

This is evident in the research of Nastiti et al., that financial awareness has a significant effect on financial literacy with a significance value of $0.000 < 0.05$, meaning that financial awareness owned by the community will change financial insight and literacy.³¹

High financial awareness allows generation Z to understand and apply financial concepts better, thereby increasing their financial literacy. Gen Z can take advantage of formal education, online resources, financial applications, educational programs, financial plans, personal experiences, and communities, Generation Z can build a strong financial foundation and make wise financial decisions.

CONCLUSION

Based on the findings of several researchers, education, lifestyle, and financial awareness are crucial in improving financial literacy, particularly among Gen Z. Education equips individuals with the knowledge and skills to understand financial products and services such as savings, investments, insurance, and credit. Dewi's research highlights that higher education significantly impacts financial literacy by providing insights into the available financial products and their functions, allowing Gen Z to make smarter financial decisions and manage risks

³⁰ Rizky Nastiti et al., "Exploring Investment Awareness: A Student Perspective in South Kalimantan," *At-Tadbir: Jurnal Ilmiah Manajemen* 7, no. 2 (August 3, 2023): 169, <https://doi.org/10.31602/atd.v7i2.10864>.

³¹ Nastiti et al.

effectively. Bank Indonesia also underscores the importance of education as part of its financial strategy, which addresses low financial literacy levels through public awareness and product development tailored to diverse societal needs.

Lifestyle also plays a significant role in shaping financial literacy. A lifestyle focused on wise financial management encourages prioritizing needs over wants, saving, and investing, which are critical for understanding financial concepts. Mukhlisiah's research confirms that lifestyle significantly affects financial literacy, especially for Gen Z, who rely on digital tools to manage their finances. A financially conscious lifestyle enables Gen Z to adopt habits that enhance their understanding of financial risks, opportunities, and decision-making.

REFERENCES

- Akims, Malgit Amos, Funmilayo Shalom Abayomi, Kanang Amos Akims, Hannington Kigame Avedi, Eweet Toto Josephat, and Cavine Onyango Ouma. "Financial Literacy, Investor Awareness and Investment Decisions: A Review of Literature" 9, no. 1 (2023).
- Anggraini, Amelia. "Pengaruh Perilaku, Sikap Keuangan, Gaya Hidup, Pengetahuan Keuangan, Pendapatan dan Kontrol Diri Terhadap Keputusan Berinvestasi Karyawan Usia Produktif di Jakarta," 2022.
- Dantes. *Wawasan Pasar Modal Syariah*. Wade Group, 2019.
- Dewi, Mega Arisia. "Pentingnya Financial Education dan Financial Knowledge terhadap Inklusi Keuangan Pada Era Fintech di Indonesia." *Owner* 6, no. 3 (July 4, 2022): 2967–79. <https://doi.org/10.33395/owner.v6i3.866>.
- Dwidienawati, Diena, and Dyah Gandasari. "Understanding Indonesia's Generation Z," 2018.
- Haryono, A, B.S Narmaditya, S Handayani, Y.D Satrio, and S Munir. "Economic Learning Education and Financial Literacy among Indonesian Students." *Pegeg Journal of Education and Instruction* 12, no. 3 (January 1, 2022). <https://doi.org/10.47750/pegegog.12.03.12>.
- Khusaini, Khusaini, Bambang Mardisentosa, Asep Ferry Bastian, Ruhayat Taufik, and Windi Widiawati. "The Impact of Financial Education and Socioeconomic Status on the Undergraduate Students' Financial Literacy." *Media Ekonomi Dan Manajemen* 27, no. 1 (January 4, 2022): 55. <https://doi.org/10.24856/mem.v27i01.2385>.
- Mukhlisiah, Rizka. "Pengaruh Pendidikan, Gaya Hidup, Literasi Keuangan Terhadap Pengelolaan Keuangan Dosen Muda Di Jabodetabek." *ijacc* 4, no. 1 (February 14, 2023): 67–78. <https://doi.org/10.33050/ijacc.v4i1.2673>.
- Nastiti, Rizky, Masithah Akbar, Norbaiti Norbaiti, and Raden Rara Siti Munawarah. "Exploring Investment Awareness: A Student Perspective in South Kalimantan." *At-Tadbir : Jurnal Ilmiah Manajemen* 7, no. 2 (August 3, 2023): 169. <https://doi.org/10.31602/atd.v7i2.10864>.
- Rachmawati, Dewi. "Welcoming Gen Z in Job World (Selamat Datang Generasi Z di dunia kerja)," 2019.
- Rahmatia, Alfina, and Arief Dwi Saputra. "The Awareness of Sharia Financial Literacy in The Quarter-Life Phase." *TRANSFORMATIF* 5, no. 1 (April 30, 2021): 31–50. <https://doi.org/10.23971/tf.v5i1.2711>.

Nuryadin Sukardin: The Influence of Education, Lifestyle, and Financial Awareness in Increasing Generation Z's Financial Literacy in Islamic Stock Investment in Indonesia

Saptyana, Riska Fita. "The Influence of Lifestyle, Financial Technology, Financial Literacy, and Financial Behavior on Generation Z Investment Decisions" 02, no. 02 (2023).

Sufa, Siska Armawati, Nevrettia Christantyawati, and Raden Ayu Erni Jusnita. "Healthy Lifestyle Trends and Communication Channels of Food Combining Dieters." *Jurnal Komunikasi Profesional* 1, no. 2 (December 1, 2017). <https://doi.org/10.25139/jkp.v1i2.473>.

Sutanto, Jeskhael Este, Eric Harianto, Nursaid, and Denpharanto Agung Krisprimandoyo. "Revolutionizing the Runway: How Technological and Marketing Innovation Fuse Market Sensing on Marketing Performance in Fashion Industry." *Cogent Business & Management* 11, no. 1 (December 31, 2024): 2334677. <https://doi.org/10.1080/23311975.2024.2334677>.

Syaliha, Amila, Entar Sutieman, Muhamad Ridwan Pasolo, and Victor Pattiasina. "The Effect of Financial Literacy, Life Style, Financial Attitude and Locus of Control to Financial Management Behavior." *PUBLIC POLICY (Jurnal Aplikasi Kebijakan Publik & Bisnis)* 3, no. 1 (April 27, 2022): 52–71. <https://doi.org/10.51135/PublicPolicy.v3.i1.p52-71>.