Factors That Influence Generation Z Saving Behavior

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Abstract
This study's goal is to ascertain the factors that influence generation Z's saving behavior. The problem studied is that many young people today are still not aware of saving. In various studies there are theories of saving behavior, financial inclusion, and financial literacy, so a systematic literature review is needed to reaffirm the definition, concept, measurement and operationally in related dimensions and indicators. The author uses grounded theory with a literature study method in this qualitative research so as to provide the right position in the direction of updating indicators such as saving behavior, financial inclusion, and financial knowledge. The literature study's findings indicate that financial literacy influences saving behavior and financial inclusion, financial inclusion affects saving behavior. Recommendations to future researchers to be able to follow up this research in analyzing other factors, on a wider scale, and measuring qualitatively and empirically.
Keywords : Financial Literacy; Financial Inclusion; Saving Behavior

1. Introduction

Not many people know how to save, people only save when their income is greater than what they consume. One macroeconomic indicator that emerging nations look at is economic growth pay most attention to. In macro theory, one of the ways governments can eventually raise living standards and encourage economic growth is by increasing the value of savings. (Soares, 2019). Keynes (1935) stated that the role of savings in economic growth is very important; the higher the savings rate, the faster the slow economic growth, and greater savings rates will promote investment and boost economic expansion.

Table 1-1Indonesia's Gross Domestic Savings 2018-2022

Tahun	Nominal
2018	33,99887256
2019	33,26106413
2020	31,41035719
2021	35,12615734
2022	39,300918

Sumber : World Bank, (2022)

When viewed from the data above, it shows that Indonesia's savings rate has fluctuated in the last 5 years. When viewed in 2018 Indonesia's GDS level was 33.99887256. Then in 2019 it decreased to 33.26106413. Then it increased again in 2021 to 35.1265734. Finally, in 2022 it increased again to 39.300918.

The degree of saving behavior in a culture is influenced by a number of things. According to Raszad & Purwanto, (2021), As independent variables, this analysis examines a number of factors that may influence saving behavior, such as self-control, peers, pocket money, financial inclusion, and financial literacy. The findings indicate that pocket money, self-control, financial inclusion, and financial knowledge all significantly affect saving behavior.

Higher present consumption but decreased future consumption is indicated by a relatively low savings rate. An individual's current level of living is raised by more current spending, but less is left over for capital investments that will raise living standards in the future. On the other hand, a relatively high savings rate denotes lesser spending both now and in the future. Both short- and long-term economic repercussions result from this trade-off. (Weinstock, 2022).

Based on the Central Bureau of Statistic, (2020) recorded the total population in Indonesia as 270,203,917 million people. The number of Indonesian residents dominated by those born in 1997-2012 and aged 8-23 years is generation Z or commonly said Gen-Z as many as 71,509,082 million people. The second highest population born in 1981-1996 and aged 24-39 years is the millennial generation of 69,699,972 million people. The third highest population of people born in 1965-1980 and aged 40-55 years is the X generation of 56,557,299 million people. The fourth highest number of people born before 1945 and aged 75 are Pre Boomer with 4,624,500 million people. The fifth highest population born in 2013 onwards and aged up to 7 years is post generation Z of 35,320,089 million people. the lowest population is boomer of 32,492,975 million people.

The Z generation is the first to have grown up with early access to technology; this technology includes computers or other electronic media, such as cell phones, internet networks, and social media applications. As they grew up, Generation Z developed an identity centered around technology and the digital world. (Firamadhina & Krisnani, 2021). To make the best choices about savings, investments, and daily expenses, the younger generation must know how to manage their finances.If they don't know, they will eventually have a lackluster financial management strategy, which will impact one's physical, mental, and intellectual well-being. (Rahayu & Nurfauziah, 2020). Generation Z allocates 6.3% savings, only 0.5% investment. Since the benefits of investment are greater than saving because investors can get returns (Adnyana, 2020), Generation Z must switch from savings to investment. (Michaela et al., 2022). Someone who does not understand finance tends to borrow money rather than save. This is because they do not know how to borrow money and do not know the risks. (Nurlaela Reni & Bahtiar Dandi, 2022).

Consequently, taking into account the problem's historical context and the research gaps in the previously mentioned studies. So the researcher is interested in conducting research on " **Factors That Influence Generation Z Saving Behavior ".**

2.Literature review

2.1. Financial Literacy

Amilia et al., (2018) explain the capacity to understand, evaluate, and discuss financial situations, namely financial literacy. Astini & Pasek, (2022) explain that financial literacy is a person's understanding of managing their own finances. Harnovinsah et al., *(2020)* state that financial literacy is a way to avoid financial problems by increasing understanding of financial management. According to Setyowati et al., (2023), financial literacy has a number of advantages. These include assisting everyone in managing their money sensibly, preventing debt, particularly for less advantageous items, and assisting everyone in creating a financial plan for their post-retirement needs. Pangestu & Karnadi, (2020) assert that to ensure economic progress in any global economy, efforts must be made to improve financial literacy, which is an essential competency in the twenty-first century.

2.2. Financial Inclusion

Financial inclusion is the process of providing financial services to all people, particularly the underprivileged and other excluded groups (Ozili, 2018). All individuals are entitled to total respect for their dignity and quick, accessible, affordable, and discrimination-free access to financial institutions and their services. Financial inclusion is the process of making financial services, such banking and credit services, reasonably accessible to a large number of low-income and disadvantaged populations who are normally left out. A variety of financial services, including access to savings, loans, insurance, payment methods, and remittance facilities, are offered by the official financial system (Perangin-angin et al., 2022). Financial inclusion aims to eliminate all barriers to financial services, both financial and nonfinancial.

2.3. Saving Behavior

Nurlaela Reni & Bahtiar Dandi (2022) saving behavior is the act of reserving a portion of one's income for future needs. According to Dew and Jing Jian (2013), saving is done for a variety of future goals, including emergency money, pension funds, long-term needs, education funds, and so forth. The ability to manage personal finances and prevent excessive spending is another advantage of saving for millennials (Chalimah et al., 2019). According to Thung et al.'s (2012) research, there are three signs of saving behavior:

- Saving action is the practice of reserving one's income for future needs.
- The choice to save.
- Saving for future needs is the purpose of saving to meet future needs.

3. Material and Method

The purpose of this study is to examine the variables influencing the saving habits of Generation Z. This study employed a literature review as its research methodology. Whereas this approach consists of a number of tasks involving the processing of research materials, reading and recording, and data collection techniques from libraries. The research analysis and development technique uses literature studies from various sources including google scholar, sinta, science direct, research gate and other web search paper research. The data obtained was reviewed through validity testing through expert testing, and reliability testing through data triangulation. In essence, triangulation is a multi-method technique that academics use for data collection, analysis, and study. The main notion is that by approaching the topic being studied from several angles, it can be properly understood and have a high degree of reality. Several views on a single phenomena will allow for the reliable attainment of a certain degree of truth. (Kasiyan, 2015).

4. Data Analysis

Effect of Financial Literacy and Saving Behavior

Financial literacy is a person's understanding of managing their own finances. Pangestu & Karnadi (2020) This study aims to examine the impact of materialism and financial knowledge on Indonesia's generation Z's saving choices. The nation's goal of achieving financial inclusion and developing human resources across serves as the driving force behind this study. The study's conclusion is that decisions about saving are positively influenced by financial literacy.

Saving behavior is the act of reserving a portion of one's income for future needs Nurlaela Reni & Bahtiar Dandi (2022). Perangin-angin et al., (2022) Given that everyone has different demands these days, most people can use their savings as an investment. People learn that saving money is a good way to get ready for perhaps more severe future disasters when they live in uncertain times. The general populace saves in the hopes of reserving a portion of their income for future necessities. With self control acting as a moderator, the aim of this study was to ascertain and examine the impact of financial attitudes, financial inclusion, and financial literacy on saving behavior. The study's findings show that financial attitudes have a positive and significant impact on saving behavior, self control is not a significant moderator of the relationship between financial literacy, financial inclusion, and financial attitudes toward saving behavior, and financial literacy has an insignificant effect on saving behavior.

Salim & Pamungkas (2022) It is crucial for parents to inculcate saving habits in their children at a young age in order to foster good saving behavior from childhood into maturity. It will be simpler for people to handle their money sensibly if they establish and cultivate saving behavior. Finding out how peer pressure, parental socialization, financial literacy, and self-control affect saving behavior is the aim of this research. The authors draw the conclusion that self-control, parental socialization, and financial literacy all significantly and favorably influence saving behavior based on the data processing results. Peer pressure, however, has no bearing on a person's saving behavior.

Proposition 1: There is a positive influence of Financial Literacy on Generation Z Saving Behavior.

Effect of financial literacy and financial inclusion

Financial inclusion is the process of providing financial services to all people, particularly the underprivileged and other excluded groups (Ozili, 2018). One of the many issues that financial inclusion can resolve is Indonesia's poor level of financial literacy. The ability to manage one's personal finances and possess sound financial knowledge are essential for daily living. Research from Adquisiciones et al., (2019) to support the family economy, a growing number of people in Bandar Lampung City are beginning to get into business. Numerous company ventures have emerged in the culinary and fashion industries. The purpose of this research is to ascertain how financial technology, financial literacy, and financial inclusion in MSMEs in Bandar Lampung are related to one another. The study's findings suggest that MSMEs should be able to make wise financial and managerial decisions to boost company performance and sustainability if they have a high level of financial literacy.

Bakhtiar et al., (2022) This study was conducted to determine the effect of financial literacy and financial technology on financial inclusion in female MSME players in Makassar City. This research is a field research using a quantitative approach. The location of the research was carried out in the city of Makassar sul-sel, where the object of this research was MSME players, especially those carried out or run by women. The results of this research Financial literacy and Financial Technology have a significant positive effect on Financial Inclusion. Likewise, the Financial Literacy variable (X1) has a significant effect on Financial Technology (X2). And there is an indirect influence between financial literacy on financial inclusion through Financial Technology.

Proposition 2: There is a positive influence of Financial Literacy on Financial Inclusion.

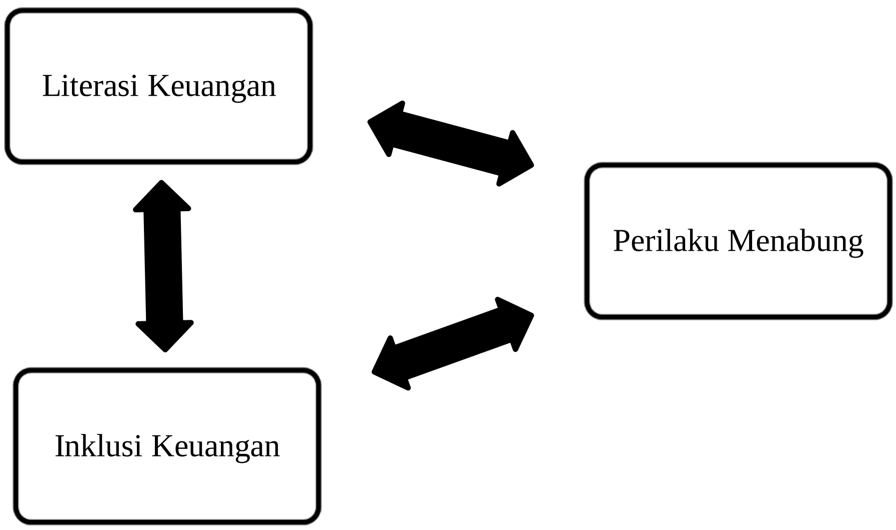
Effect of financial inclusion and saving behavior

Financial inclusion is the process of providing financial services to all people, particularly the underprivileged and other excluded groups (Ozili, 2018). Every person has a responsibility to manage their finances since it affects their ability to meet their basic necessities. Promoting the practice of saving money is one aspect of financial management. In Indonesia, students are a constituent of the community. Because saving behavior is difficult for certain students, they have a high consumptive mindset. Raising people's awareness of saving is important since it can help both the economy of the nation and individual citizens. Research conducted by Raszad & Purwanto (2021) with the aim of this study is to examine the variables that potentially affect saving behavior, using self-control, pocket money, peers, financial inclusion, and financial literacy as independent variables. The results in this study indicate that the variables of financial literacy, financial inclusion, pocket money, and self-control have a significant positive effect on saving behavior.

A nation's high level of savings will promote economic growth in that nation. There are two types of influences that influence savings behavior: internal and external. According to this study, financial inclusion, financial literacy, and individual modernity all have an impact on saving behavior. The purpose of this study Sekarwati & Susanti (2020) is to examine how financial inclusion, financial knowledge, and individual modernity affect saving behavior concurrently and in part. The data analysis that followed the study showed that: (1) financial literacy, financial inclusion, and individual modernity all have an impact on saving behavior simultaneously; (2) financial literacy has no effect on saving behavior; (3) financial inclusion has an impact on saving behavior partially; and (4) individual modernity has an impact on saving behavior partially.

Saad & Bani (2019) Young Indonesians are joining the worldwide population drawn to Korean pop culture. Pop music from South Korea is known as "Korean pop," or Kpop. Being infatuated with K-pop results in fandom. K-pop enthusiasts wish to save money because they have a tendency of purchasing K-pop merchandise. The purpose of this study is to examine and ascertain how K-pop fans in Java's saving habits are influenced by peer pressure, financial inclusion, self-control, and financial literacy. The findings demonstrated that while peer pressure and financial literacy had no impact on saving behavior, financial inclusion and self-control did. Because increased access to financial institutions can lead to an increase in saving behavior, financial inclusion is important.

Proposition 4: There is a positive influence of Financial Inclusion on Generation Z Saving Behavior.



GAMBAR 1Kerangka Teori

5. Conclusion, Implication, and Recommendation

Saving behavior is a behavior carried out by setting aside part of the income it has for future needs (Nurlaela Reni & Bahtiar Dandi, 2022). Saving is done for certain purposes in the future such as emergency funds, pension funds, long-term needs, education funds, and so on according to one's needs. Based on the results of the research and discussion that has been presented, the conclusions of this study are: 1) Financial literacy affects generation Z's saving behavior. 2) Financial Inclusion affects generation Z saving behavior. 3) Financial literacy affects financial inclusion. Based on these conclusions, the researcher provides suggestions, which can follow up this research in analyzing other factors, on a wider scale, and measuring qualitatively and empirically.

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