


The Urgency of Financial Literacy in Financial Management in Generation Z in the Society 5.0 Era

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Article Info	ABSTRACT
Keywords: Financial Literacy, Financial Management, Generation Z, Era Society 5.0	The era of society 5.0 which has a tendency or contains everything about the use of technology and communication has had a good impact on the development of digital-based business. When this large digital base is not balanced with good financial literacy, it will also have quite a bad impact. One generation that is considered to have a high consumerist attitude is generation Z. Therefore, there is a need for comprehensive reading and understanding regarding financial literacy, which then has implications for good financial management.
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INTRODUCTION

The society 5.0 era that has a tendency or contains everything about the use of technology and communication has a good impact on the development of digital-based businesses. The advantages of social media-based information technology (social media) further strengthen the position of businessmen in winning competition in the industry 4.0 era (Santoso, Fianto, & Ardianto, 2020). Limited mobilization has made people increasingly aware of the benefits of digital-based businesses. The effect is that the development of various digital-based services has grown during the pandemic. The same thing happens in the financial sector. Digitalization in the financial industry has allowed the emergence of various information technology-based services better known as *financial technology* (Elis, et al: 2022).

On the other hand, such a large digital base, when not balanced with good financial literacy, will also have a pretty bad impact. This is because the ease of access is only through

digital tools such as *smartphone* certainly provides opportunities for high consumerism. One of the generations that is considered to have a high consumerism attitude is Generation Z. Generation Z is people born in 1995 – 2010, with the characteristics of being technologically fluent, interacting with social media, expressive who tend to be tolerant and multitasking. With the development of existing technology accompanied by the characteristics of the existing generation Z, it is very possible to have a consumerist attitude in generation Z and the need for financial literacy (Kazia, et al: 2021).

Financial literacy has become a basic need for everyone to avoid financial problems. The problem of finance is not only from income alone (lack of income), the problem of *finacial* can also arise if there is an error in financial management (*miss-management*) including the wrong use of credit, not being able to choose investment products and no financial planning. Financial shortcomings can cause stress, and lack of confidence, even for some families conditions often lead to divorce. Having knowledge about finance is very important to get a better life and have quality. Therefore, financial literacy must be accompanied by reading and math skills which are the key to being able to become smart consumers, manage credit and fund higher education, saving and investing, and responsible citizens (Elis, et al: 2022).

Financial literacy can be said to be financial knowledge, for the purpose of achieving prosperity (Lusardi & Mitchell, 2013). This is indispensable in preparing for the era of society 5.0. Financial literacy can also be interpreted as the ability to use the insights and knowledge gained (Atmadja & Saputra, 2018) Furthermore, (Cude, et al., 2006) states that along with the development of financial instruments, it has not been accompanied by people's desire to start investing, and it is suspected that one of them is low financial literacy. Financial literacy and financial attitudes are very useful in regulating all financial income and distribution (Wasita, Artaningrum, & Clarissa, 2022). Therefore, this study wants to explain how the urgency of financial literacy in financial management in generation Z in the era of society 5.0.

METHOD

This study uses a qualitative descriptive approach with a library research strategy (Samsu, 2017). The selection of a descriptive qualitative approach is used as an approach that tries to explore data from various sources in explaining the urgency of financial literacy in relation to the financial management of generation Z in the 5.0 era. Meanwhile, the use of library research strategies aims to search, explore and explore various perspectives, paradigms or concepts from financial literacy, financial management, and generation Z in the instant 5.0 era.

From the use of this strategy, the researcher wants to see the correlation between financial literacy and financial management. The data collection technique in this study is carried out by collecting various references, either from books, journal articles, theses or dissertations related to the concept of financial literacy, financial management, and generation Z in the 5.0 era.

The data analysis technique in this study uses the Miles and Huberman model data analysis which states three data analysis methods, namely data reduction, data presentation and conclusion drawing (Matthew & Michael, 1994). From the explanation of the types of research, data collection techniques and data analysis techniques above, the researcher wants to provide a concept offer in the form of a comprehensive understanding of the correlation between literacy and financial management in Generation Z which is categorized as the consumerist generation.

RESULTS AND DISCUSSION

Financial Literacy

The definition of financial literacy has been put forward by several experts, from year to year according to the existing conditions and situations. In 2000, a study by Mason & Wilson revealed that financial literacy is the ability of individuals to use information sources

in the decision-making process. The source of information owned by a person regarding finance can then be read, analyzed and then can be practiced by managing the information, finally the information can be communicated for financial welfare in the future. Vitt et al (2000). Financial literacy must also be carried out with consistency from the behavior of having knowledge, education and being able to inform about the management of money and assets, banking, investment, credit, insurance and taxes; consistent in understanding the basic concept of managing money and assets owned by a person; consistency in using knowledge and understanding to plan and implement financial decisions taken by a person. Hograt (2002). A person who has an understanding of finance, is expected to have a continuous conformity regarding the understanding of finance, after which he can manage personal finance, describe and elaborate problems regarding personal finance. Rosackers et al., (2009). From several definitions of financial literacy, it can be divided into two main ones, namely understanding and application or behavior, after someone understands, then the next step is to apply.

Financial literacy is the knowledge and understanding of financial concepts used to make effective financial choices (PISA, 2012) in (Dikria & Mintari, 2016:3), while (OJK, 2013:24) in (Kusumaningtyas, 2017:3) Financial literacy is a series of activities to be able to improve knowledge, beliefs, skills of consumers and the wider community. From the definition described, it can be concluded that financial literacy is a series of activities in the knowledge and understanding of financial concepts with the aim of making effective financial choices and financial management in the economic life of the community (Dewi et al., 2021; Ernayani & Darma, 2021). financial literacy refers to several characteristics of Wati (2020) which consists of:

1. Understand the factors that affect net salary
2. Get to know the sources of income
3. Understanding the saving budget
4. Evaluating investment alternatives

5. Able to make financial records
6. Understand balance sheet, profit and loss and cash flow statements
7. General knowledge about finance
8. Save and borrow

Financial Management

Financial Management is one of the sciences and is a branch or part of Management Science, also exists in Administrative Science and is a branch or part of Administrative Science called Financial Administration. Financial management in general is all activities of organizations, institutions, or companies that start from how management functions are carried out, namely planning, budgeting, auditing, managing, controlling, how to obtain funding and storing funds or assets owned, and how to strive to be carried out effectively and efficiently in achieving the goals that have been set according to the plan that has been set. Financial management, according to Rebin Sumardi and Suharyono, (2020: 2) can be interpreted as an overall activity related to the effort to plan, find and allocate funds to maximize the efficiency of the company's operations.

Financial management is a field of knowledge that is quite fun, but also challenging because those who are happy in the field of financial management will get wider opportunities to get jobs such as corporate finance managers, banking, *real estate*, insurance companies, and even other government sectors, so that their careers will develop. Furthermore, Musthafa (2017: 2) Financial management in its application is very closely related to other disciplines, such as production management, marketing management, human resource management, micro and macroeconomics, quantitative methods, and accounting. Learn financial management (*financial management*) can explain several decisions that must be made, namely investment decisions, funding decisions or decisions to meet fund needs, and dividend policy decisions (Musthafa, 2017: 3).

Generation Z

Generation Z who were born after their millennial generation was born between 2001 and 2010. Generation Z or natives of the digital era were born in a digital world with complete technology *Personal Computer* (PC), mobile phones, devices *Gaming* and the internet. They spend their free time browsing the web, preferring to stay indoors and play *Online* (Qurniawati & Nurohman, 2018). This generation shift occurred during the rapid development of global technology, which then gave birth to generation Z who have a mindset that tends to want instant things (Budiati, 2018). Gen Z is closely related to technology, the need to depend on the internet both in the social world, education, knowledge of something that makes them rigid in communicating in the real world. For the next generation, millennials and generation Z Researchers call millennials and Gen Z with different generations of mindsets but have the same literacy towards technology.

The history of the digital era is marked by the simultaneous use of communication channels. All forms of media that rely on digital codes. Digital devices for storing and distributing information, being a foundation in computing, media, and telecommunications, digital, are seen as a core part of mono-media. In his 1999 book, *The Internet Challenge to Television*, Bruce Owens made a convergence prediction that through digitalization, the internet would become everything, and television, telephones, and computers would meet on the Internet (Littlejohn & Foss, 2009). Technological advances are here to facilitate communication through gadgets. Gadget communication media has become a fundamental need in the digital era, to make long-distance communication connections compared to the use of posts or telegrams which take much longer to convey messages (Nasrullah, 2014). It can be seen that in today's era, it is so easy to get the latest information caused by the rapid development of information technology (Fauziyah & Rina, 2020).

Era Society 5.0

The concept of Society 5.0 is a refinement of the previous concepts. If we look starting from Society 1.0, humans are in the era of hunting and knowing writing, in Society 2.0 where

humans enter the era of agriculture that begins to know farming. Then Society 3.0 is an industrial era where humans began to use machines to support daily activities, after that came Society 4.0, namely humans use computers and the internet as part of their lives. Society 4.0 helps many human needs by accessing and sharing information through the internet. And Society 5.0 is an era where all technology becomes part of humanity itself. The internet is not just for sharing information but for living life (Rosmida, 2019).

Era of society 5.0. or the era of society 5.0, is an era, where the people live in the industrial era 4.0. The industrial era 4.0 is an era in which people's activities are interconnected with the internet or satellite network, so that a paradigm emerges, an era of very sophisticated human life. The era of society 5.0 is a period that is centered on humans (*human centered*) and based on technology (*technology based*). Therefore, artificial intelligence (*artificial intelligence*) will be fully dedicated to improving human ability to find and open up various opportunities owned by humans. According to Cahyadiana (2019) this era requires human resources needed in the society 5.0 era, including: 1) leadership, 2) language, 3) IT Literacy, and 4) writing skills. So, the era of society 5.0 forces qualified human resources, that is, to have the capacity in their scientific field and apply them in life without eliminating noble values according to their beliefs.

According to the Center for Innovation and Academic Studies UGM (2020), Society 5.0 is a constellation of people's lives centered on the effective and efficient alignment of human needs, which can keep pace with technological and economic progress through solving various social problems, by utilizing a system that connects cyberspace and physical space) in an integrated manner. This concept aims to create a society that can survive various social problems and challenges faced by utilizing innovations from the industrial revolution. These innovations include technologies: *Big Data*, *Artificial Intelligence*, and *the Internet of Things* (IoT).

CONCLUSION

Financial literacy is one of the main factors in financial management, especially for generation Z in the era of society 5.0 like today. Understanding the concept of finance with the aim of making effective financial choices and financial management in the economic life of the community. Financial literacy must also be carried out with consistency from the behavior of having knowledge, education and being able to inform about the management of money and assets, banking, investment, credit, insurance and taxes; consistent in understanding the basic concept of managing money and assets owned by a person; consistency in using knowledge and understanding to plan and implement financial decisions taken.

Generation Z was born in a digital world with complete technology *Personal Computer* (PC), mobile phones, *gaming* devices and the internet. They spend their free time browsing the web, preferring to stay indoors and play *online*. Another characteristic that is quite obvious is that Generation Z has a mindset that tends to want instant things. This then triggers an increase in purchasing power or consumerism of generation Z. So there needs to be a comprehensive reading and understanding related to financial literacy, which then has implications for good financial management.

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