Financial Well – Being of The Millennial Generation in Samarinda

Cristiant Viery Geraldy, *and Evelyn*

Department of Finance and Investment Management, Petra Christian University, Siwalankerto Street, 121–131 Surabaya 60236, Indonesia.

Abstract. This study aimed to examine the influence of Financial Socialization, Financial Literacy and Attitude Toward Money through Financial Well – Being. During the COVID–19 pandemic, this subject became more crucial to be studied. Restrictions on activities to prevent the transmission of coronavirus have a strong influence on society's socioeconomic elements. People are saving as a precautionary measure to face the COVID-19 epidemic. However, people are now seeing that the quantity of savings and investments has begun to decrease. Eventually, people all around the world noticed a shift in their financial well-being. Interestingly, the greatest fall in Financial Well – Being occurs among millennials, which is a productive age group. This research was conducted by distributing questionnaires to 115 millennial generation in Samarinda. The method of analysis used is Structural Equation Modeling – Partial Least Square (SEM-PLS). The results show that Financial Socialization, Financial Literacy and Attitude Toward Money have significant effect on Financial Well – Being. The results of this study provide insights for millennial generation and future studies for improving the Financial Well – Being. The result of the findings of this study will be beneficial to the millennial generation and other related parties in their efforts to focus on improving the millennial generation's Financial Well – Being.

Keywords: Attitude toward money, financial literacy, financial socialization, financial well – being.

1 Introduction

COVID-19 has had a major impact on many aspects of life, one of which is finance. COVID-19 has had a major impact on many aspects of life, one of which is finance. The impact of COVID-19 has become more profound for the community. Through a survey conducted in 2020 by *Inventures Indonesia* on 1,121 people, COVID-19 had caused Indonesians to suffer from the financial crisis which affected their family and personal financial conditions. 67.6% of them stated a decrease in income during the pandemic, 48.6% expressed a decrease in their savings, and 57.6% reported a decrease in the

Corresponding author: d11170451@john.petra.ac.id

allocation of investment funds [1]. The survey results also stated that people tended to save money at the beginning of the pandemic as reserved funds in facing the economic crisis following the pandemic, but now they admitted that the amount of savings and investments was starting to shrink.

In this regard, the millennials are among the most financially impacted. Stafford and Griffis (2008) revealed that the millennials were born between 1980 – 2000 [2]. Research before the COVID-19 pandemic, Brüggen et al., stated that there are more people between the ages of 18 and 29 who are experiencing financial difficulties [3]. Gutter & Copur revealed that is due to the transition phase from financial dependence to financial independence [4]. This is proven by the latest global survey by Standard Chartered conducted on 12,000 people at the age of 18 in 12 countries, including Indonesia. From the results obtained, 65% of millennials in Indonesia perceived managing daily finances to be more difficult and only 45% were more confident in achieving their financial goals [5].

The above phenomenon concludes that the financial well-being of the millennials is decreasing during the pandemic. According to Brüggen et al., Financial Well – Being is the perception of individuals who can maintain their current circumstances and anticipate the desired standard of living as well as individual financial independence [3]. According to the Consumer Financial Protection Bureau (CFPB) in 2015, financial well-being is the control over day-to-day and month-to-month finance and can absorb financial shocks where financial goals remain focused and financial independence is achieved, therefore creating the feeling of enjoying life [6]. Burcher et al. (2018) stated that Financial Well – Being reflects more than asset management, as it also includes how one's ability to control his finances to meet financial goals and generate income [7]. According to Joo (2008), one will achieve Financial Well – Being if he achieves healthy, happy, and worry-free financial measures.

Financial Well – Being are influenced by Financial Socialization, Financial Literacy and Attitude Toward Money. Research from Agnew et al., [9] and Lanz et al., [10] expressed that parents play an important role in expanding the knowledge on economic issues, which can positively affect Financial Well – Being. According to Wahyudi and Linawati [11] by spending the money wisely, the ability to save sustainably will increase and one can use a part of his income to invest, therefore achieving Financial Well – Being. Sabri dan Zakaria [12] dan Pandey et al., [13] stated that a positive Attitude Toward Money such as money-saving can help individuals to manage their finances through budgeting, intensify the efforts to generate income, and protect future financial needs can substantially contribute to Financial Well – Being.

This study aims to analyze the influence of Financial Well – Being among the millennials in Samarinda who have had a steady income. This research is important considering the low level of Financial Well – Being among the millennials, especially during the COVID-19 pandemic. This study will collect the data from respondents domiciled in Samarinda, as Makdori stated that East Kalimantan is the region with the highest number of COVID-19 cases outside Java at the same time [14]. From this study, it is expected that parents, educational institutions, and related financial institutions can take policies to improve financial well-being in Indonesia among young people, especially the millennials

2 Conceptual Models

2.1. Financial Socialization

According to Solheim et al., [15] Financial socialization is the learning process to acquire knowledge and money management to develop financial practical skills such as banking, budgeting, savings, insurance, and the use of credit cards. Lanz et al. [10] expressed that financial socialization focuses more on parents, as parents can play the important role in developing positive financial behaviour for the future by discussing financial problems at home. Research shows that parents play an important role in expanding the knowledge on economic issues, which can positively affect Financial Well – Being (Agnew et al., [9]; Shim et al., [16]).

H1 : Financial Socialization berpengaruh signifikan terhadap Financial Well – Being.

2.2. Financial Literacy

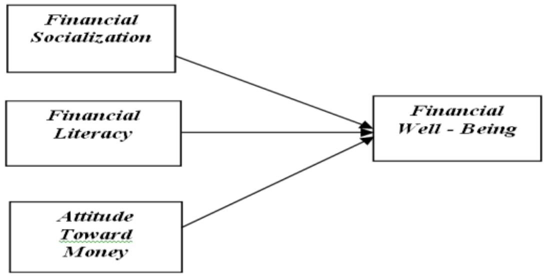
According to Gale and Levin [17] Financial Literacy is one's ability to make effective decisions in using and managing funds, wealth, and money. Sabri et al. [18] found that Financial Literacy has a significant effect on the perception of Financial Well – Being. A person with a high level of Financial Literacy means he can apply that knowledge to manage finances and utilize savings, loans, deposits, insurance, and investments. He will also be able to make good financial decisions and be able to achieve his financial goals. Such behavior can protect him from economic shocks and related risks that lead him to achieve Financial Well – Being. (Taft et al., 2013 [19]; Haque & Zulfiqar, 2016 [20] ; Wahyudi & Linawati, 2017 [11] ; Setiyani & Solichatun, 2019 [21]).

H2 : Financial Literacy berpengaruh signifikan terhadap Financial Well – Being.

2.3. Attitude Toward Money

According to Oei [22] Attitude Toward Money is an individual's point of view regarding the methods and purposes of using money. Sabri et al. [23] also proved that Attitude Toward Money has a significant effect on Financial Well – Being. This is because one's attitude toward money will affect his lifestyles, such as shopping or saving, and lead to the impact of achieving life goals, which creates a correlation between life satisfaction and Financial Well – Being. Nickerson, Schwarz and Diener [24] showed that people with high materialism or who are obsessed with money tend to be more satisfied with finances as they are able to meet their material needs. It also revealed that an individual's perception of one's well-being is determined by life aspirations

H3 : Attitude Toward Money berpengaruh signifikan terhadap Financial Well – Being.



3 Research Methods

This research was conducted on 115 millennials in Samarinda who are already working and have had regular monthly income. The data were obtained by distributing Google Form questionnaires through social media. All data used the Likert scale (1-5) and were analyzed using Structural Equation Modeling – Partial Least Square (SEM-PLS). Financial Well – Being was measured by Consumer Financial Protection Bureau's indicators [6] are control over day-to-day and month-to-month, capacity to absorb a financial shock, on track to meet the financial goals and financial freedom to make choices to enjoy life. Financial Socialization's indicators was adopted from Pandey et al. [13] to include discussion with parents during childhood on savings, investing, financial products, budgeting and spending behavior. Financial Literacy was measured by 4 indicators from Hidayat [25] are personal financial management, saving, insurance and investment. Attitude toward money is a four-dimensional attitude based on research by Talaei and Kwantes [26], yaitu Power – Prestige, Retention – Time, Distrust dan Anxiety.

4 Findings (Pembahasan)

4.1. The result of the Outer Model

The tests carried out had succeeded in proving that all data met the requirements of convergent validity and discriminant validity. The value of Cronbach's alpha and composite reliability of each variable in the study was greater than 0.7, which indicated good reliability.

Table 1. Profile of respondents

	Count	**Average of FWB**
Gender		
Male	56	4.07
Female	59	3.99
Last Education Level	**Count**	**Average of FWB**
SMA	34	3.89
D1/D2/D3	12	4.10
S1/S2/S3	69	4.08
Year of Birth		
1980-1985	29	3.95
1986-1990	28	4.16
1991-1995	28	4.09
1996-1999	30	3.92
1986-1990	28	4.16
Income		
≤ Rp 4,500,000	12	4.04
Rp 4,500,001 - Rp 9,500,000	4	4.63
Rp 9,500,001 - Rp 14,500,000	49	4.06
Rp 14,500,001 - Rp 19,500,000	29	3.65

Rp 19,500,001 - Rp 24,500,000	4	4.19
≥ Rp 24,500,000	17	4.38
Marital Status		
Married	56	4.01
Unmarried	59	4,04
Occupation		
Employee	75	4.02
Entrepreneurs	38	4.08
Others	2	3.25
Financially Independent		
Yes	80	4.12
No	35	3.81

4.2. The result of the Inner Model

Based on data processing using partial least square (PLS), the R-square value for the financial well-being variable was 0.572 or 57.2%, which indicates that these data can be explained by the research above, while the remaining 42.8% can be explained by other factors outside the research model.

4.3. Hyphothesis testing

Based on tabel 2, the influence of Financial Socialization, Financial Literacy and Attitude Toward Money to Financial Well – Being produced a t-statistic of ≥1.96. This result indicates that there is a significant effect on Financial Well – Being.

Table 2. The results of hypothesis testing and t – statistic value

		T-statistic	Kesimpulan
H1	FS → FWB	3.428	Signifikan
H2	FL →FWB	6.158	Signifikan
H3	ATM → FWB	2.943	Signifikan

4.4. Discussion

4.4.1. The influence of financial socialization to financial well – being

The analysis of the data found that Financial Socialization has a significant effect on Financial Well - Being. According to Pandey et al. [13], a person who had discussed spending behavior, financial investment, and the importance of savings with his parents tend to show a positive attitude toward saving money and tracking his expenses when he grew up, which resulted in the increase of the expected Financial Well - Being.

In addition, judging from the respondents' data in which the FS 1 indicator had the highest mean value, it shows that the respondents had been given the opportunity by their parents to discuss the importance of spending based on the budget while they were growing up. Furthermore, the highest mean value resulted from the FWB 3 indicator shows that respondents can pay their bills on time. Some of the respondents answered that they were involved in financial discussions with their parents at the age of 17. According to Dharma [27], Indonesians believe that their children will enter adulthood during the 17^{th} birthday celebration as they are considered an adult at that age, as well as able to be responsible for themselves and their actions. Lanz et al. [10] argued that the quality of communication about finances between parents and children who are entering adulthood can positively affect how the adults imitate their parents and regard them as role models in managing finances so they can experience Financial Well – Being.

The results of this study are in accordance with the results of previous studies conducted by Chikezie and Sabri [28] and Pandey et al. [13] which stated that Financial Socialization has a significant effect on Financial Well - Being

4.4.2. The influence of financial literacy to financial well – being

The analysis of the data found that Financial Literacy has a significant effect on Financial Well – Being. This is not in accordance with the research conducted by Pandey et al. [13], which stated that Financial Literacy has no significant effect on Financial Well – Being. Setiyani and Solichatun [21] stated that Financial Literacy has a significant effect on Financial Well – Being when a person has the knowledge and utilizes savings, loans, deposits, insurance, and investments, and consequently, Financial Well – Being is achieved.

The previous discussion had also found that the FL 3 indicator had the highest mean with a value of 4.21. This indicates that some of the respondents set aside their income for savings. Moreover, the highest mean value on the FWB 3 indicator shows that respondents can pay their bills on time.

The results of this study are in accordance with the results of previous studies conducted by Haque and Zulfiqar [20] and Setiyani and Solichatun [21] which stated that Financial Literacy has a significant effect on Financial Well – Being.

4.4.3. The influence of attitude toward money to financial well – being

The analysis of the data stated that Attitude Toward Money has a significant effect on Financial Well – Being. According to Sabri et al. [23], Attitude Toward Money has a significant effect on Financial Well – Being as one’s attitude toward money will affect his lifestyles, such as spending or saving, and lead to the impact of achieving life goals, which creates a correlation between life satisfaction and Financial Well – Being.

The previous discussion had also found that the ATM 4 indicator had the highest mean value with a value of 4.21. This indicates that some of the respondents planned their finances for the future. Moreover, the highest mean value on the FWB 3 indicator shows that respondents can pay their bills on time.

The results of this study are in accordance with the results of previous studies conducted by Sabri et al. [23] and Pandey et al. [13] which stated that attitude toward money has a significant effect on Financial Well – Being.

5 Conclusion

Based on the results of data analysis the research findings can be summarized as follows: Financial Socialization have significant effect on Financial Well – Being. Financial Literacy have significant effect on Financial Well – Being. Attitude Toward Money have significant effect on Financial Well – Being. Readers especially the millennials can improve their Financial Well – Being by at least discussing finances with their parents regularly, understanding and buying financial products as those can provide useful returns as well as reducing suspicious and distrustful attitudes toward money. For further research, other variables Financial socialization, Financial Literacy and Attitude Toward Money can be added to be further developed and researched on financial well-being. This is because the financial socialization, financial literacy, and attitude toward money variables only explained 57.2% of financial well-being, and the rest was determined by other variables. The question for financial socialization indicator was biased as it was not clear that the socialization agent in question referred to parents, so there may be a misunderstanding. For the next research, it is expected for the researcher to improve the sentence structure used in the questions of the questionnaire so that similar bias does not occur again

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