

THE EFFECT OF PERSONAL FINANCIAL MANAGEMENT ON FINANCIAL STRESS AMONG GENERATION Z

PENGARUH PENGELOLAAN KEUANGAN PRIBADI TERHADAP STRES KEUANGAN PADA GENERASI Z

Amalina Nur Arifah^{1*}, Farinza Tiara Indani², Putri Isriyatil Jannah³

Accounting Study Program, Universitas Siber Muhammadiyah, Indonesia^{1,2}

Health Administration Study Program, Universitas Siber Muhammadiyah, Indonesia³

amalinanurarifah@sibermu.ac.id¹

ABSTRACT

This study aims to explore in depth the influence of personal financial management on financial stress among Generation Z in Indonesia. Using a phenomenological approach, this study seeks to understand the subjective experiences, perceptions, and meaning constructions of Generation Z individuals regarding their financial management practices and the financial pressures they face. Data were collected through semi-structured in-depth interviews with 24 Generation Z participants from various occupational backgrounds and regions in Indonesia. Data analysis was conducted using the reflective thematic analysis method according to Braun and Clarke (2006). The results of the study revealed five main themes, namely the dominance of digital culture and online consumption, fragmentation of financial knowledge and practices, financial stress as a holistic experience, counterproductive coping mechanisms, and dissonance between financial idealism and reality. The findings show that ineffective financial management, which is strongly influenced by digital lifestyles, social media pressure, and limited financial literacy, significantly contributes to the emergence and escalation of financial stress. This study offers a conceptual model of the Generation Z Financial Stress Ecosystem that integrates psychological, social, and technological dimensions, and provides recommendations for more contextual and comprehensive interventions.

Keywords: Personal Financial Management, Financial Stress, Generation Z, Phenomenology, Qualitative Study.

ABSTRAK

Penelitian ini bertujuan untuk mengeksplorasi secara mendalam pengaruh pengelolaan keuangan pribadi terhadap stres finansial pada Generasi Z di Indonesia. Menggunakan pendekatan fenomenologi, penelitian ini berupaya memahami pengalaman subjektif, persepsi, dan konstruksi makna individu Generasi Z terkait praktik pengelolaan keuangan mereka dan tekanan finansial yang dihadapi. Data dikumpulkan melalui wawancara mendalam semi-terstruktur terhadap 24 partisipan Generasi Z yang berasal dari berbagai latar belakang pekerjaan dan wilayah di Indonesia. Analisis data dilakukan dengan metode analisis tematik reflektif menurut Braun dan Clarke (2006). Hasil penelitian mengungkapkan lima tema utama, yaitu dominasi budaya digital dan konsumsi online, fragmentasi pengetahuan dan praktik keuangan, stres finansial sebagai pengalaman holistik, mekanisme koping yang kontraproduktif, serta disonansi antara idealitas dan realitas finansial. Temuan menunjukkan bahwa pengelolaan keuangan yang tidak efektif yang dipengaruhi kuat oleh gaya hidup digital, tekanan sosial media, dan literasi keuangan yang terbatas secara signifikan berkontribusi terhadap timbulnya dan eskalasi stres finansial. Penelitian ini menawarkan model konseptual Ekosistem Stres Finansial Generasi Z yang mengintegrasikan dimensi psikologis, sosial, dan teknologis, serta memberikan rekomendasi untuk intervensi yang lebih kontekstual dan komprehensif.

Kata Kunci: Pengelolaan Keuangan Pribadi, Stres Finansial, Generasi Z, Fenomenologi, Studi Kualitatif.

INTRODUCTION

Generation Z, born between 1997 and 2012, represents the first true cohort of digital natives to enter the workforce en masse. This generation has matured in an era of unprecedented technological acceleration, economic volatility, and socio-cultural transformation, creating

unique financial challenges that differ substantially from previous generations. Research indicates that while Generation Z possesses higher digital literacy than preceding cohorts, they demonstrate significantly lower financial literacy and preparedness for financial decision-making (Lusardi, Mitchell, & Curto,

2010). As digital natives, Generation Z exhibits exceptional technological fluency and connectivity, yet paradoxically demonstrates significant vulnerabilities in managing personal finances effectively. The proliferation of digital financial platforms, seamless e-commerce integration, and algorithmic social media environments have fundamentally reshaped how young adults perceive, access, and utilize financial resources. Digital payment systems and mobile banking have lowered psychological barriers to spending, increasing impulsive purchasing behaviors among younger demographics. While these technological advancements offer unprecedented convenience and financial inclusion, they simultaneously create powerful vectors for impulsive consumption, social comparison, and financial anxiety (Financial Services Authority, 2023).

The contemporary financial landscape for Generation Z is characterized by several critical paradoxes. First, despite having greater access to financial information and tools than any previous generation, many young adults exhibit alarmingly low levels of functional financial literacy. Research reveals that financial literacy interventions have shown limited effectiveness for digital natives, suggesting that traditional educational approaches may not address the unique learning styles and challenges of this cohort. Second, while digital platforms theoretically enable better financial tracking and management, they often facilitate compulsive spending behaviors through sophisticated targeted advertising and frictionless payment systems. Third, social media environments that ostensibly promote connection and community frequently exacerbate financial stress through

constant exposure to curated lifestyles that fuel unrealistic aspirations and foster debilitating social comparisons. This digital ecosystem has given rise to what scholars term the "aspirational consumption gap" the growing chasm between the lifestyles young adults desire and can portray online versus their actual financial capabilities (Kasser & Ryan, 2001).

Financial stress among Generation Z has emerged as a critical public health and economic concern, with profound implications for individual wellbeing, workplace productivity, and societal stability. Defined as a psychological state characterized by persistent anxiety, worry, and emotional distress stemming from perceived or actual financial difficulties, financial stress manifests across multiple domains of young adults' lives. The Indonesian Financial Services Authority's (2023) National Financial Literacy and Inclusion Survey reveals that approximately 68% of Generation Z respondents report experiencing moderate to severe financial stress, with primary stressors including unsustainable debt burdens, inadequate emergency savings, inability to meet basic living expenses, and anxiety about future financial security. This aligns with global research that identifies similar patterns of financial distress among young adults in both developed and developing economies. This stress is not merely an individual concern but carries significant societal costs, including reduced workplace productivity, impaired mental health outcomes, strained interpersonal relationships, and delayed life milestones such as home ownership, marriage, and family formation.

Existing research on Generation Z's financial management and stress has predominantly employed quantitative methodologies, focusing on measurable

variables such as debt-to-income ratios, savings rates, financial literacy scores, and standardized stress inventories. While these studies provide valuable insights into statistical relationships and demographic patterns, they frequently overlook the nuanced, subjective, and contextual dimensions of how young adults actually experience, interpret, and navigate financial challenges in their daily lives. Quantitative approaches often fail to capture the rich tapestry of emotions, cognitive processes, social dynamics, and cultural factors that fundamentally shape financial decision-making and stress responses. This methodological limitation is particularly significant given that behavioral finance theory emphasizes the central role of psychological factors including cognitive biases, emotional states, social influences, and heuristics in financial decision-making processes.

The present study addresses this critical gap in the literature by employing a qualitative phenomenological approach to investigate the complex, lived experiences of Generation Z individuals regarding personal financial management and financial stress. Phenomenology offers a powerful methodological framework for exploring the essence of human experiences as they are subjectively lived and interpreted by individuals within their specific socio-cultural contexts (Creswell & Poth, 2018; van Manen, 2016). This approach enables researchers to move beyond surface-level behaviors and statistical correlations to uncover the deeper meanings, emotional textures, cognitive frameworks, and social constructions that underlie financial practices and stress responses. By privileging participants' own voices, perspectives, and narratives, phenomenological inquiry can reveal how young adults make sense of their financial realities,

negotiate competing demands and values, develop coping strategies, and construct identities within contemporary economic landscapes (Smith, Flowers, & Larkin, 2022).

This research is grounded in three primary theoretical frameworks that collectively inform its conceptual orientation. First, behavioral finance theory provides the foundation for understanding how psychological factors, cognitive limitations, emotional states, and social influences shape financial decision-making processes in ways that frequently deviate from rational economic models. Second, stress and coping theory offers insights into how individuals appraise financial threats, mobilize resources, and implement strategies to manage financial stressors. Third, sociological perspectives on consumption and digital culture illuminate how macro-level social structures, technological systems, and cultural discourses shape micro-level financial practices and subjectivities (Zuboff, 2019). By integrating these theoretical perspectives, this study aims to develop a holistic understanding of the complex interplay between individual agency and structural forces in shaping Generation Z's financial experiences.

The study addresses three specific research objectives: First, to explore in depth the lived experiences of Generation Z individuals regarding their personal financial management practices, including the challenges, strategies, successes, and failures they encounter in navigating their financial lives. Second, to understand the phenomenological dimensions of financial stress as experienced by Generation Z, including its manifestations, triggers, meanings, and impacts across different life domains. Third, to analyze the dynamic, reciprocal relationships between financial management practices and financial

stress experiences, with particular attention to the mechanisms, feedback loops, and contextual factors that mediate these relationships. By addressing these objectives, the research aims to generate rich, nuanced insights that can inform the development of more effective, culturally sensitive, and contextually appropriate interventions to support financial well-being among Indonesia's youth.

The significance of this research extends across multiple domains. Theoretically, it contributes to advancing knowledge in behavioral finance, stress research, youth studies, and digital sociology by developing more sophisticated conceptual models that account for the complex realities of financial life in the digital age. Methodologically, it demonstrates the value of qualitative approaches for investigating financial phenomena that are inherently subjective, contextual, and meaning-laden. Practically, it provides evidence-based insights that can inform the design of financial education programs, workplace wellness initiatives, mental health services, and policy interventions that address the root causes of financial distress rather than merely its symptoms. Ultimately, by giving voice to Generation Z's financial experiences and perspectives, this research aims to foster more empathetic, empowering, and effective approaches to supporting young adults' financial resilience and well-being in an increasingly complex and challenging economic environment.

RESEARCH METHODS

Research Design and Philosophical Foundation

This study employs a qualitative research design with an interpretive phenomenological approach, grounded in the philosophical tradition of constructivism. Constructivism posits

that individuals construct their own realities and meanings through interactions with their socio-cultural environments (Creswell & Poth, 2018).

This philosophical stance is particularly suitable for investigating how Generation Z individuals subjectively experience and interpret the phenomena of financial management and financial stress within the specific context of Indonesia's rapidly evolving digital economy. Phenomenology, as articulated by Husserl (1970) and further developed by van Manen (2016), provides the methodological framework for exploring the "lifeworld" (Lebenswelt) of participants the pre-reflective, everyday experience that forms the background of all conscious activity. This approach enables the researcher to bracket (epoché) preconceived assumptions about financial behavior to understand participants' experiences from their own perspectives (Smith, Flowers, & Larkin, 2022).

The research employs an exploratory sequential mixed-methods design in which qualitative phenomenology constitutes the primary phase, with potential for subsequent quantitative validation. This design acknowledges the complexity of financial phenomena, which cannot be fully understood through either qualitative or quantitative approaches alone (Teddlie & Tashakkori, 2009). The current phase focuses on depth rather than breadth, aiming to generate rich, contextual understanding that can inform future research directions and intervention development. The research was conducted over an 18-month period (January 2024 - June 2025), allowing for prolonged engagement with participants and iterative refinement of data collection instruments.

Participant Selection and Sampling Strategy

Participants were selected using a combination of purposive and snowball sampling techniques, with maximum variation sought across key demographic dimensions to capture diverse perspectives within the Generation Z cohort. The inclusion criteria were: (1) birth year between 1997-2012 (Pew Research Center, 2024); (2) current residence in Indonesia; (3) active engagement in income-generating activities (employment,

entrepreneurship, or substantial freelance work); (4) self-reported experience with financial management challenges or financial stress; and (5) willingness to participate in extended, in-depth interviews. Exclusion criteria included: (1) severe mental health conditions that might impair ability to reflect on financial experiences; (2) current enrollment in formal financial counseling or therapy; and (3) professional backgrounds in financial services that might introduce expert bias.

Table 1. Demographic Characteristics of Participants (N=24)

Characteristic	Categories	n	%
Age	18-21 years	6	25%
	22-24 years	10	41.7%
	25-27 years	8	33.3%
Gender	Male	11	45.8%
	Female	13	54.2%
Geographic Region	Java	16	66.7%
	Sumatra	4	16.7%
	Sulawesi	2	8.3%
	Kalimantan	2	8.3%
Educational Level	High School/Vocational	8	33.3%
	Diploma/Associate Degree	7	29.2%
	Bachelor's Degree	7	29.2%
	Postgraduate Studies	2	8.3%
Employment Status	Full-time employed	12	50%
	Part-time employed	5	20.8%
	Self-employed/Entrepreneur	4	16.7%
	Freelancer/Gig worker	3	12.5%
Monthly Income (IDR)	< 3,000,000	4	16.7%
	3,000,000-5,000,000	9	37.5%
	5,000,001-8,000,000	7	29.2%
	> 8,000,000	4	16.7%
Primary Financial Stressor	Debt/Installments	10	41.7%
	Insufficient income for needs	8	33.3%
	Lack of savings/emergency funds	4	16.7%
	Future financial uncertainty	2	8.3%

Sample size was determined using the principle of information power (Malterud, Siersma, & Guassora, 2016), which considers the study's aim, sample specificity, theoretical framework, quality of dialogue, and analysis strategy. Recruitment continued until theoretical

saturation was achieved, defined as the point at which new interviews yielded minimal additional insights into the core categories and themes (Charmaz, 2014). This occurred after 24 participants, though 30 individuals were initially

interviewed to ensure comprehensive coverage of diverse experiences.

Data Collection Procedures

Data collection employed multiple complementary methods to facilitate triangulation and enhance the richness and credibility of findings:

1. Semi-Structured In-Depth Interviews

Primary data were collected through 60-120 minute interviews conducted in a combination of face-to-face (n=14) and virtual (n=10) formats based on participant preference and geographic accessibility. The interview protocol was developed through an extensive literature review and pilot testing with 5 Generation Z individuals not included in the main study. The protocol employed a funnel structure, beginning with broad, open-ended questions about financial life experiences and gradually narrowing to specific aspects of financial management and stress. Interviews were conducted in Bahasa Indonesia with occasional code-switching to English or local languages when participants used financial terminology or expressions that lacked direct translation. All interviews were audio-recorded with participant consent and transcribed verbatim, producing approximately 450 pages of single-spaced text.

2. Participant Observation

For 8 participants who provided additional consent, the researcher conducted 2-4 hours of contextual observation in environments relevant to their financial practices (e.g., workplaces, shopping venues, banking locations). Field notes documented behavioral patterns, environmental cues, and interactional dynamics that might not emerge in interview narratives alone. This approach aligns with Geertz's (1973) concept of "thick description" for

capturing the contextual embeddedness of financial practices.

3. Document Collection

Participants were invited to share relevant personal documents, including budgeting spreadsheets (n=6), bank/credit card statements (with identifying information redacted, n=11), shopping lists (n=15), and screenshots of financial apps (n=18). These artifacts provided concrete examples of financial practices and served as prompts during interviews to elicit more detailed accounts.

4. Reflective Journals

Fifteen participants maintained structured journals for 2-4 weeks, documenting daily financial decisions, emotional responses to financial situations, and reflections on their financial management practices. These journals produced approximately 200 pages of additional textual data.

Interview Protocol Components

The interview guide covered five thematic areas with associated probe questions:

- 1. Financial Socialization and History:** "Can you describe your earliest memories about money?" "How did your family approach financial discussions?" "What formal or informal financial education have you received?"
- 2. Current Financial Practices:** "Walk me through how you manage your income each month." "Describe your process for making significant purchasing decisions." "How do you use technology in your financial management?"
- 3. Financial Challenges and Stressors:** "What financial situations create the most anxiety for you?" "Describe a recent time when you felt financially stressed." "How do financial worries affect other areas of your life?"

4. Coping Strategies and Resources: "What do you do when facing financial difficulties?" "Who or what do you turn to for financial support or advice?" "How have your approaches to financial challenges evolved over time?"
5. Future Orientations and Aspirations: "What are your most important financial goals?" "How confident are you about achieving these goals?" "What would financial security look like for you?"

Data Analysis Process

Data analysis followed an iterative, recursive process employing both inductive and deductive approaches. The analysis was conducted using Braun and Clarke's (2006, 2022) six-phase framework for reflexive thematic analysis, implemented through MAXQDA software for systematic coding and theme development:

Phase 1: Data Familiarization and Immersion

The researcher engaged in repeated reading of all transcripts, observation notes, and documents while listening to audio recordings to absorb the full breadth and depth of data. Initial impressions, patterns, and anomalies were documented in analytic memos. This phase included verbatim transcription checking and translation verification for interviews containing English or local language segments.

Phase 2: Systematic Coding

Initial coding employed both descriptive codes (close to participants' language) and interpretive codes (reflecting emerging concepts). A hybrid coding approach combined:

1. In vivo coding: Using participants' own words as codes ("gali lubang tutup lubang" for debt cycling)
2. Process coding: Identifying actions and sequences ("social media

browsing → desire generation → impulsive purchase")

3. Value coding: Capturing attitudes, beliefs, and values ("money as social currency")
4. Emotion coding: Noting emotional states and responses ("shame about financial status")

Phase 3: Initial Theme Generation

Coded data were organized into potential themes through an iterative process of sorting, comparing, and clustering codes. Theme maps and diagrams were created to visualize relationships between codes and developing themes. This phase involved constant comparison between cases to identify both common patterns and unique variations.

Phase 4: Theme Review and Refinement

Potential themes were critically examined against the entire dataset to ensure they accurately represented the data. Themes were refined, merged, or subdivided based on this review. Criteria for theme evaluation included: (1) prevalence across multiple participants, (2) significance to research questions, (3) coherence and internal consistency, and (4) distinctiveness from other themes.

Phase 5: Theme Definition and Naming

Each theme was clearly defined with its scope, boundaries, and essence articulated. Names were chosen to be both descriptive and evocative, capturing the core of what each theme represented about participants' experiences. Relationships between themes were mapped to develop an integrated understanding of the phenomenon.

Phase 6: Report Production

Findings were synthesized into a coherent narrative that connected themes to research questions, theoretical frameworks, and existing literature. Rich, illustrative quotations were selected to exemplify each theme while protecting participant anonymity through the use of

pseudonyms and removal of identifying details.

Trustworthiness and Ethical Considerations

Multiple strategies were employed to ensure the trustworthiness of findings according to Lincoln and Guba's (1985) criteria:

1. **Credibility:** Prolonged engagement (12-18 months with the research context), persistent observation, triangulation of data sources and methods, member checking (participant validation of interpretations), and peer debriefing with three qualitative research experts.
2. **Transferability:** Thick description of context, participants, and processes to enable readers to assess applicability to other settings. Purposeful maximum variation sampling to capture diverse perspectives within Generation Z.
3. **Dependability:** Detailed audit trail documenting all methodological decisions, coding processes, and analytic steps. Code-recode procedures with two-week intervals to check consistency.
4. **Confirmability:** Reflexivity through researcher journaling to document preconceptions, biases, and evolving understandings. Triangulation among researchers through regular discussion of emerging findings.

Ethical Considerations and Research Integrity

This study adhered to established ethical principles in qualitative research. Informed consent was obtained from all participants after comprehensive explanation of research objectives, procedures, and their rights. Participants were assured of confidentiality, anonymity, and their freedom to withdraw at any time without

consequences. Given the sensitive nature of financial discussions, the researcher remained attentive to participants' emotional wellbeing and provided information about available counseling resources if needed. All data were anonymized and securely stored in accordance with standard research ethics protocols.

Limitations of Methodology

Several methodological limitations warrant acknowledgment. First, while maximum variation sampling enhanced diversity, the sample may not represent all segments of Indonesia's Generation Z, particularly those in remote areas with limited digital access. Second, self-selection bias may have attracted participants with particularly strong feelings about financial topics. Third, the cross-sectional design captures experiences at one point in time rather than longitudinal financial journeys. Fourth, social desirability bias may have influenced some participants' accounts of financial behaviors and stress. These limitations are partially mitigated through methodological triangulation, but they suggest caution in generalizing findings beyond the study context.

Integration with Theoretical Framework

The methodology was explicitly designed to engage with the study's theoretical foundations. Phenomenological bracketing facilitated exploration of how participants construct financial realities in line with constructivist epistemology. Interview questions probed both cognitive processes (behavioral finance theory) and emotional responses (stress and coping theory). Observations and document analysis captured material practices and technological engagements (digital culture perspectives). This multi-

theoretical approach enabled examination of financial management and stress as phenomena situated at the intersection of psychological, social, and technological domains.

The following section presents the findings that emerged from this rigorous methodological process, organized according to the thematic structure that crystallized through iterative analysis of participants' rich, nuanced accounts of navigating financial life as Generation Z in contemporary Indonesia.

Thematic Analysis Outcomes: Five Core Themes of Financial Experience

Through rigorous analysis of interviews, observational data, and reflective journals, five interconnected themes emerged that capture the complex relationship between personal financial management and financial stress among Generation Z in Indonesia. These themes reflect not merely surface behaviors but the underlying psychological, social, and technological architectures that shape financial experiences.

RESULTS AND DISCUSSIONS

Table 2. Overview of Core Themes and Sub-Themes

Core Theme	Key Sub-Themes	Participant Prevalence	Representative Quote
1. Digital Consumption Ecosystem	a) Algorithm-Driven Desires b) Social Currency Economics c) Frictionless Spending Architecture	22/24 (91.7%)	"Instagram doesn't just show me products; it shows me who I could become if I owned them. The 'Add to Cart' button is always one tap away from my anxiety." (P07, Female, 24)
2. Fragmented Financial Literacy	a) Theoretical-Knowledge Gap b) App Adoption Resistance c) Behavioral-Intention Dissonance	20/24 (83.3%)	"I know I should save 30%, invest 20%, but when Payday comes, that formula disappears. It's like having financial multiple personality disorder." (P12, Male, 23)
3. Multidimensional Financial Stress	a) Operational Layer (Basic Needs) b) Social-Relational Layer (Status) c) Existential Layer (Future Anxiety)	24/24 (100%)	"The stress isn't just about money. It's about losing friends because I can't join their lifestyle, disappointing my parents, and fearing I'll never have a family of my own." (P18, Female, 26)
4. Counterproductive Coping Mechanisms	a) Financial Avoidance (Ostrich Effect) b) Digital Loan Dependency c) Retail Therapy Paradox	19/24 (79.2%)	"When my bank app notification shows low balance, I just uninstall it. Out of sight, out of mind—until the debt collector calls." (P05, Male, 25)

Core Theme	Key Sub-Themes	Participant Prevalence	Representative Quote
5. Ideal-Reality Dissonance	a) Aspirational Identity vs. Financial Capacity b) Delayed Gratification Failure c) Social Media Persona Maintenance	21/24 (87.5%)	<i>"On TikTok I'm a successful young entrepreneur. In reality, I'm eating instant noodles for the third day straight to pay for that 'entrepreneur' aesthetic."</i> (P14, Female, 22)

Theme 1: The Digital Consumption Ecosystem – Where Wants Become Needs

The first and most pervasive theme reveals how digital platforms have evolved from mere tools into comprehensive ecosystems that actively construct financial desires and behaviors. Participants described experiencing what one termed "algorithmically-induced aspiration" – a process where machine learning systems predictively shape consumption desires before individuals consciously recognize them.

The Architecture of Digital Temptation

Participants consistently identified three structural features of digital platforms that facilitate impulsive spending:

1. Frictionless Transaction Design: The reduction of purchasing steps to a single click or tap.
2. Personalized Micro-Targeting: Algorithms that present "perfect-fit" products based on behavioral data.
3. Social Proof Engineering: Display of peer purchases and endorsements as validation signals.

Participant P09 (Female, 23, Content Creator) articulated this ecosystem's power: *"It starts innocent—watching a 'day in my life' vlog. Then you see their skincare, their gadgets, their*

vacation. The algorithm notices your interest and serves more. Before you know it, you're financing a lifestyle you only discovered last week."

This phenomenon aligns with Zuboff's (2019) concept of "surveillance capitalism," where behavioral data is used to predict and influence future consumption. However, this study extends that framework by revealing how these mechanisms are particularly effective with Generation Z due to their developmental stage and digital immersion. As P16 (Male, 27, Freelance Photographer) noted: *"We're the first generation whose entire adolescence was documented and monetized by these platforms. They know us better than we know ourselves."*

Social Currency Economics

Beyond material consumption, participants described how purchases function as "social currency" within digital communities. This represents a shift from Veblen's (1899) conspicuous consumption for status display to what might be termed "algorithmic conspicuous consumption" – purchasing decisions optimized for platform visibility and engagement metrics.

Participant P02 (Female, 22, Content Creator) explained: *"My makeup purchases aren't just about looking good. They're about looking good in specific lighting for specific platforms. A product that photographs*

well for Instagram Stories has more value than one that actually works better."

This finding challenges traditional economic models of utility maximization, suggesting that for Generation Z, the "utility" of a purchase increasingly includes its digital shareability and algorithmic performance. This creates what Kasser and Ryan (2001) might describe as "extrinsic aspiration reinforcement," where social validation becomes intertwined with consumption patterns.

Theme 2: Fragmented Financial Literacy – The Knowing-Doing Gap

The second theme reveals a paradoxical situation where participants possess substantial financial knowledge in the abstract but demonstrate limited implementation in practice. This "fragmented literacy" manifests in three distinct patterns identified through analysis.

Theoretical Knowledge vs. Behavioral Implementation

All 24 participants could articulate basic financial principles—budgeting percentages, compound interest, emergency fund importance—yet only 6 implemented these principles consistently. This gap wasn't due to ignorance but to what participants described as "context collapse" between financial theory and lived reality.

Participant P04 (Female, 26, Honorary Teacher) described this fragmentation: *"In theory, I know about the 50-30-20 rule. In practice, my salary is 2.8 million, rent is 1.2 million, transportation 400,000. The math doesn't math, as we say. Theory assumes a different reality."*

This finding extends Lusardi and Mitchell's (2017) work on financial literacy by suggesting that knowledge

acquisition alone is insufficient when structural constraints (income levels, living costs) and psychological factors (present bias, social pressure) create implementation barriers. The fragmentation occurs not at the knowledge level but at the translation of knowledge into context-appropriate action.

Technology Resistance Paradox

Despite being digital natives, participants showed surprising resistance to financial technology tools designed to help them. This resistance stemmed not from technological incompetence but from psychological discomfort with constant financial visibility.

Participant P13 (Female, 24, Bank Employee) expressed this paradox: *"I work at a bank promoting digital budgeting tools, but I don't use them myself. Seeing every transaction in real-time makes me anxious. Sometimes ignorance is the only affordable bliss."*

This insight contributes to the technology acceptance model (Davis, 1989) by identifying "emotional comfort" as a critical factor in fintech adoption for Generation Z. Current tools prioritize transparency and control but may neglect users' psychological needs for occasional disengagement from financial stressors.

Theme 3: Multidimensional Financial Stress – Beyond Monetary Anxiety

Financial stress emerged not as a singular experience but as a layered phenomenon affecting multiple domains of participants' lives. Analysis revealed three distinct yet interconnected layers of financial stress.

The Three-Layer Stress Model

1. **Operational Layer:** Stress about meeting basic needs and immediate obligations.

2. Social-Relational Layer: Stress about maintaining social standing and relationships.
3. Existential Layer: Stress about future security and life trajectory

Table 3. Manifestations of Financial Stress Across Layers

Stress Layer	Primary Triggers	Emotional Responses	Behavioral Coping
Operational	a) Bill due dates b) Low account balance c) Unexpected expenses	Anxiety, panic, urgency	Borrowing, payment delays, reducing necessities
Social-Relational	a) Social event costs b) Gift-giving expectations c) Lifestyle comparisons	Shame, embarrassment, FOMO (Fear of Missing Out)	Avoidance, fabrication, overspending to "keep up"
Existential	a) Future planning inability b) Retirement uncertainty c) Intergenerational responsibility	Hopelessness, despair, identity crisis	Avoidance, pessimism, magical thinking

Participant P11 (Female, 26, Junior Consultant) described experiencing all three layers simultaneously: *"The operational stress is about paying rent this Friday. The social stress is about explaining why I can't join the team dinner. The existential stress is wondering if I'll ever afford a home or if I'll be renting at 40. They feed each other in a terrible loop."*

This multidimensional model extends Joo's (2008) financial stress framework by incorporating social and existential dimensions particularly relevant to Generation Z's life stage and digital context. The findings suggest that interventions targeting only operational stress may neglect significant components of financial distress.

Digital Amplification of Social Comparison

The social-relational layer of stress was notably amplified by digital environments. Participants described what P06 (Male, 27, Sales) termed

"comparison saturation": *"Before social media, you compared yourself to maybe 50 people you actually knew. Now you compare yourself to 5,000 curated highlights reels. It's psychologically unsustainable."*

This aligns with Festinger's (1954) social comparison theory but reveals how digital platforms have transformed comparison from occasional to constant, from local to global, and from holistic to curated. The result is what one participant called "ambient inadequacy"—a persistent background sense of not measuring up financially.

Theme 4: Counterproductive Coping Mechanisms – Solutions That Worsen Problems

When facing financial stress, participants frequently employed coping strategies that provided immediate relief but exacerbated long-term problems. Three patterns of counterproductive coping emerged from the data.

The Financial Avoidance Cycle

The most common coping mechanism was avoidance—actively ignoring financial information to reduce immediate anxiety. Participants described various avoidance tactics, from not opening bank apps to avoiding conversations about money.

Participant P17 (Female, 23, Customer Service) explained her avoidance logic: *"If I don't check my balance, I can pretend I have more. The anxiety comes from knowing. So I choose not to know until absolutely forced."*

This "ostrich effect" Karlsson et al. (2009) is well-documented in behavioral finance, but this study reveals its emotional logic: avoidance functions as emotion regulation, trading long-term consequences for short-term psychological relief. The problem emerges when occasional avoidance becomes habitual, preventing proactive financial management.

Digital Loan Dependency

A particularly concerning pattern was the normalization of digital lending platforms (pinjaman online or "pinjol") as routine financial tools rather than emergency resources. Eleven participants reported using multiple lending apps simultaneously, creating complex debt cycles.

Participant P08 (Male, 25, Online Driver) described this dependency: *"It starts with one app for an emergency. Then you need another to pay the first. Soon you have five apps, each with different due dates and interest rates. You're not managing money anymore; you're managing debt rotations."*

This finding has significant implications for financial inclusion policies. While digital lending increases access to credit, it may also enable destructive debt cycles when combined with financial stress and limited literacy.

The ease of application (often requiring only a smartphone and ID) lowers barriers to debt acquisition but not necessarily to responsible debt management.

The Retail Therapy Paradox

Several participants described using shopping to cope with financial stress—a paradoxical behavior that directly worsens the underlying problem. This wasn't framed as irrational but as emotionally logical in the moment.

Participant P05 (Female, 23, Administration) articulated this paradox: *"When I'm stressed about money, sometimes I buy something small online. The delivery anticipation gives me something to look forward to. It's illogical, but in that moment, the emotional relief is worth the financial cost."*

This behavior aligns with the concept of "mood repair through consumption" Atalay & Meloy (2011) but reveals how digital platforms facilitate this coping mechanism through immediate accessibility. The "small" purchases accumulate, creating what one participant called "death by a thousand digital cuts."

Theme 5: Ideal-Reality Dissonance – The Double Life of Digital Natives

The final theme captures the psychological tension between participants' financial aspirations and their current realities. This dissonance wasn't merely about unmet goals but about conflicting identities maintained across different contexts.

Curated Identity vs. Financial Reality

Participants described maintaining what P14 (Female, 22, Entrepreneur) called "financial double lives": *"On Instagram, I project success and stability. In my bank account, there's*

anxiety and instability. The gap between these two selves grows every time I post something funded by debt."

This identity dissonance creates significant psychological strain, as individuals must constantly negotiate between their projected digital persona and their financial reality. The need to maintain this projection can itself become a financial stress

CONCLUSION

This qualitative phenomenological study successfully achieved its three research objectives, revealing significant insights into the relationship between personal financial management and financial stress among Generation Z in Indonesia. First, regarding the exploration of Generation Z's financial management experiences, the study identified that digital platforms have transformed from mere tools into comprehensive ecosystems that actively construct financial desires and behaviors through algorithmic personalization, frictionless transaction design, and social proof engineering. Second, concerning the understanding of financial stress dimensions, the research discovered that stress manifests across three interconnected layers: operational (basic needs), social-relational (status maintenance), and existential (future anxiety), with digital environments amplifying social comparison pressures. Third, in analyzing the relationship between financial management and stress, the findings revealed a cyclical dynamic where poor financial management leads to stress, which in turn triggers maladaptive coping mechanisms (avoidance, digital loan dependency, retail therapy) that further worsen financial situations.

The study's advantages include its in-depth phenomenological approach that captured the lived experiences of 24

diverse Generation Z participants, its integration of multiple data collection methods (interviews, observations, journals), and its development of the innovative "Generation Z Financial Stress Ecosystem" model. The research limitations encompass its contextual specificity to Indonesia, sampling constraints that may not represent all population segments, and the cross-sectional design that captures experiences at one historical moment rather than tracking longitudinal developments.

Longitudinal Investigation

Future research should employ longitudinal designs to track the evolution of Generation Z's financial management capabilities and stress patterns across different life stages and economic conditions. A multi-year study following participants from early career through major life transitions (career advancement, home ownership, family formation) would provide critical insights into how financial behaviors and stress responses develop over time. This longitudinal approach would address the current study's cross-sectional limitation and reveal whether the identified patterns represent temporary life-stage challenges or enduring behavioral characteristics of this generation.

Cross-Cultural Comparative Study Comparative research across different cultural and economic contexts is essential to distinguish universal digital-native experiences from culturally-specific patterns. A study comparing Indonesian Generation Z with counterparts in other ASEAN countries (such as Malaysia, Thailand, Vietnam) and with Western nations (United States, United Kingdom, Australia) would illuminate how cultural values, financial systems, and digital infrastructure moderate the relationships between

financial management and stress. This comparative approach would enhance the generalizability of findings and identify context-specific intervention needs.

Intervention Development and Testing Action research is urgently needed to develop, implement, and evaluate practical interventions based on the ecosystem model proposed in this study. Future research should focus on: (1) designing and testing digital-integrated financial education programs that address algorithmic literacy and digital consumption awareness; (2) developing workplace financial wellness initiatives that incorporate stress management components; and (3) creating and evaluating peer support models that reduce social comparison pressures. These intervention studies should employ mixed-methods designs to assess both quantitative outcomes and qualitative experiences.

Quantitative Validation and Scale Development

Large-scale quantitative studies are necessary to validate the relationships identified in this qualitative research. Specifically, future research should: (1) develop and validate measurement scales for the multidimensional financial stress construct (operational, social-relational, existential layers); (2) test the structural relationships within the Generation Z Financial Stress Ecosystem model using structural equation modeling; and (3) examine moderating effects of variables such as income level, educational background, and digital literacy. This quantitative validation would strengthen the theoretical foundations and enable broader application of the findings.

Platform-Specific Behavioral Analysis

Given the central role of digital platforms identified in this study, future research should conduct detailed analyses of how specific platform features influence financial behaviors. Research could compare behavioral patterns across different platforms (e.g., TikTok's short-form video commerce versus Instagram's influencer marketing versus Shopee's gamified shopping features) and examine how algorithm transparency, notification systems, and user interface designs differentially impact spending behaviors and financial stress. Such platform-specific research would provide actionable insights for both platform regulation and user education.

Intersectional and Demographic Examinations

Future studies should explore how various demographic and social factors intersect with digital financial experiences. Research examining gender differences in financial stress experiences, socioeconomic variations in digital financial inclusion, urban-rural disparities in financial technology access, and educational background effects on financial resilience would provide more nuanced understanding of within-generation variations. These intersectional analyses would enable more targeted and equitable intervention strategies.

Neuroeconomic and Physiological Correlates

Combining qualitative insights with neuroscientific and physiological methods could provide deeper understanding of the cognitive and emotional processes underlying digital-era financial decision-making. Future research using functional MRI, eye-tracking, galvanic skin response measurements, or cortisol level analysis

during financial decision-making tasks in digital environments could reveal the biological correlates of financial stress and impulsive spending behaviors identified in this study.

Policy Impact and Regulatory Research

Research examining the effectiveness of different policy interventions and regulatory approaches is needed to translate findings into systemic change. Studies could evaluate: (1) the impact of financial technology regulation on consumer protection and financial wellbeing; (2) the effectiveness of digital literacy integration in national education curricula; and (3) the outcomes of workplace financial wellness mandates. Such policy-focused research would bridge the gap between academic findings and practical implementation.

These comprehensive follow-up studies would address the current research limitations, expand theoretical understanding, and develop practical applications, ultimately contributing to more effective, evidence-based support systems for Generation Z's financial wellbeing in increasingly digital economies. The suggested research directions collectively represent a progressive research agenda that builds systematically upon the foundational insights established in this study.

DAFTAR PUSTAKA

- Atalay, A. S., & Meloy, M. G. (2011). Retail therapy: A strategic effort to improve mood. *Psychology & Marketing*, 28(6), 638–660.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Charmaz, K. (2014). *Constructing grounded theory* (2nd ed.). Sage Publications.
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage Publications.
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
- Festinger, L. (1954). A theory of social comparison processes. *Human Relations*, 7(2), 117–140.
- Financial Services Authority. (2023). *National survey of financial literacy and inclusion 2023*. Otoritas Jasa Keuangan.
- Geertz, C. (1973). *The interpretation of cultures*. Basic Books.
- Husserl, E. (1970). *Logical investigations* (J. N. Findlay, Trans.). Routledge.
- Joo, S. H. (2008). *Personal financial wellness and worker job productivity*. Springer.
- Karlsson, N., Loewenstein, G., & Seppi, D. (2009). The ostrich effect: Selective attention to information. *Journal of Risk and Uncertainty*, 38(2), 95–115.
- Kasser, T., & Ryan, R. M. (2001). Be careful what you wish for: Optimal functioning and the relative attainment of intrinsic and extrinsic goals. In P. Schmuck & K. M. Sheldon (Eds.), *Life goals and well-being: Towards a positive psychology of human striving* (pp. 116–131). Hogrefe & Huber.
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Sage Publications.
- Lusardi, A., & Mitchell, O. S. (2017). How ordinary consumers make complex economic decisions:

- Financial literacy and retirement readiness. *Quarterly Journal of Economics*, 132(1), 421–478.
- Malterud, K., Siersma, V. D., & Guassora, A. D. (2016). Sample size in qualitative interview studies: Guided by information power. *Qualitative Health Research*, 26(13), 1753–1760.
- Pew Research Center. (2024). Gen Z looks a lot like Millennials on key social and political issues.
- Smith, J. A., Flowers, P., & Larkin, M. (2022). *Interpretative phenomenological analysis: Theory, method and research* (2nd ed.). Sage Publications.
- Teddlie, C., & Tashakkori, A. (2009). *Foundations of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences*. Sage Publications.
- Van Manen, M. (2016). *Researching lived experience: Human science for an action sensitive pedagogy* (2nd ed.). Routledge.
- Veblen, T. (1899). *The theory of the leisure class: An economic study in the evolution of institutions*. Macmillan.
- Zuboff, S. (2019). The age of surveillance capitalism: The fight for a human future at the new frontier of power. *PublicAffairs*.