

THE MILLENNIAL MONEY MINDSET: REDEFINING FINANCIAL COMPETENCY

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ABSTRACT

This study explores the relationships among Millennial Money Mindset, Economic Environment, Financial Literacy, and Financial Competency at Bank BRI's Pontianak branch. Using a quantitative research design, a sample of 70 customers was randomly selected, and data were analyzed using Smart PLS. The results demonstrate significant direct effects, with Millennial Money Mindset and Economic Environment both positively influencing Financial Literacy and Financial Competency. Additionally, the indirect effects show that Financial Literacy mediates the relationship between Millennial Money Mindset and Financial Competency, as well as between Economic Environment and Financial Competency, indicating that financial literacy plays a crucial role in enhancing financial competency. The findings suggest that fostering a positive millennial mindset and creating a conducive economic environment can improve financial literacy, leading to greater financial competency among customers. For Bank BRI, these results highlight the importance of developing financial education programs, offering tailored digital banking solutions, and engaging with the community to support financial literacy. By adopting these strategies, the bank can better serve its millennial clientele, ultimately contributing to increased customer satisfaction and sustainable business growth.

Keywords : *Financial Competency, Millennial Money Mindset, Economic Environment, Financial Literacy*

INTRODUCTION

In recent years, the financial landscape has witnessed significant transformations, driven by advancements in technology and shifts in generational attitudes [1]. The millennial generation, now a considerable force in the workforce and economy, brings with them a unique money mindset. This mindset diverges from traditional approaches to personal finance, focusing more on digital tools, sustainable investing, and the gig economy [2]. As these trends redefine what it means to be financially competent, it is crucial to examine how millennials' evolving financial behaviors are impacting their financial literacy and overall financial success [3]. This research seeks to explore these dynamics, focusing on the connection between the millennial money mindset and financial competency, while considering the role of financial education as a key intervening factor [4].

Financial competency refers to the combination of knowledge, skills, behaviors, and attitudes that enable individuals to manage their financial resources effectively [5]. It encompasses a comprehensive understanding of financial concepts such as budgeting, saving, investing, debt management, and financial planning [6]. A financially competent individual can make informed decisions, understand financial risks, and leverage available resources to achieve financial stability and meet long-term goals [7]. This concept goes beyond mere awareness of financial terms; it involves

practical application and a mindset geared toward financial responsibility. As the financial landscape evolves, financial competency also requires adaptability, recognizing new trends, and integrating technology into personal finance management [8]. Ultimately, financial competency equips individuals with the tools to navigate complex financial systems and build a secure financial future [9].

The millennial money mindset represents a distinctive approach to personal finance shaped by the unique experiences and values of the millennial generation [10]. Unlike previous generations, millennials grew up in a time of rapid technological advancement, economic instability, and shifting societal norms. This has led them to embrace digital financial tools like mobile banking, budgeting apps, and online investment platforms [10]. Additionally, millennials tend to prioritize experiences over material possessions, leading to a preference for flexibility and work-life balance in their careers. This mindset often reflects a focus on social responsibility and sustainability, influencing their investment choices and spending habits [11]. Millennials are more likely to seek financial advice through social media and peer networks, favoring transparency and community-driven guidance [12]. These factors contribute to a broader redefinition of financial goals, with an emphasis on adaptability, purpose-driven financial planning, and a willingness to challenge traditional financial institutions [13].

The economic environment encompasses a broad array of factors that collectively shape the conditions in which individuals and businesses operate [14]. It includes macroeconomic trends like inflation, interest rates, employment levels, and GDP growth, which directly affect consumer confidence, spending power, and investment opportunities [15]. Additionally, the economic environment is influenced by government policies, including taxation, monetary policy, and regulations, which can either stimulate or constrain economic growth [16]. Global events such as geopolitical tensions, trade agreements, and international market trends also play a role, impacting the flow of goods, services, and capital. Technological advancements and digital innovation are another critical aspect, driving changes in industries, job markets, and consumer behavior [17]. As the economic environment evolves, it creates a dynamic context for financial decision-making, requiring individuals and businesses to adapt their strategies to navigate economic uncertainties and leverage emerging opportunities. This adaptability is key to sustaining economic growth and ensuring financial stability amidst ongoing changes [18].

Financial literacy is the ability to understand and effectively apply various financial skills, including personal financial management, budgeting, saving, and investing [19]. It involves not only a basic comprehension of financial concepts like interest rates, inflation, and credit but also the capacity to evaluate and choose among different financial products and services [20]. Financially literate individuals are better equipped to make informed decisions about their money, which can lead to improved financial well-being and reduced stress [21]. Financial literacy also encompasses an understanding of financial risks, such as those associated with debt, investment volatility, and fraud. This knowledge empowers individuals to set and achieve financial goals, plan for retirement, and navigate complex financial landscapes [22]. In a world increasingly driven by technology and digital transactions, financial literacy also involves a comfort with using digital financial tools and understanding online security. Ultimately, financial literacy serves as a foundation for achieving financial security and fostering a resilient economy [23].

In the context of a research study focused on the Bank BRI branch office in Pontianak, the key variables take on specific characteristics. Financial competency represents the ability of the bank's employees and customers to effectively manage financial resources, make informed financial decisions, and understand complex banking products. At this branch, it may encompass familiarity with digital banking platforms, customer service skills, and regulatory compliance. The millennial money mindset, as an independent

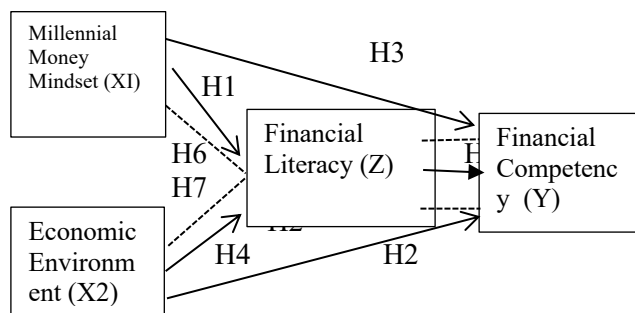
variable, reflects the unique financial attitudes and behaviors of millennial customers frequenting this branch, who are likely to favor digital transactions, prioritize flexible financial solutions, and exhibit a greater interest in socially responsible banking products. The economic environment, as another independent variable, refers to the local economic conditions in Pontianak, including the business climate, employment rates, and regional industry trends that influence banking activity [24]. Finally, financial literacy, the intervening variable, involves the level of financial knowledge among the branch's customers and staff, affecting their capacity to navigate and utilize BRI's financial services. Together, these variables provide a framework for examining the dynamics of financial interaction within the Bank BRI branch in Pontianak.

The research problem for this study at Bank BRI's Pontianak branch revolves around the evolving dynamics between customer behavior, financial competency, and the bank's ability to meet the needs of a rapidly changing clientele. As millennials become a significant segment of the customer base, their distinct financial mindset—characterized by a preference for digital banking, flexibility, and social responsibility—poses both opportunities and challenges for the branch. The economic environment in Pontianak, with its unique mix of local businesses, employment trends, and regional economic shifts, further influences these dynamics. The key research question arises from this confluence of factors: How effectively can Bank BRI's Pontianak branch address the financial literacy needs of its millennial customers while adapting to the broader economic environment? This encompasses examining customer service, product offerings, digital banking capabilities, and the role of financial education in fostering customer engagement and financial competency. Understanding these elements is crucial for the branch's success in maintaining customer satisfaction and achieving business growth in a competitive banking landscape.

The objective of this article is to explore and understand the interplay between the financial behaviors of millennials, their level of financial literacy, and the services provided by Bank BRI's Pontianak branch within the context of the local economic environment. By examining these factors, the study aims to identify the specific needs and expectations of millennial customers, particularly regarding digital banking, customer service, and socially responsible financial products. It also seeks to evaluate how the bank's current strategies align with these emerging trends and to what extent financial education plays a role in enhancing customer engagement and satisfaction. Ultimately, the article aims to provide insights and recommendations for the branch to better serve its millennial clientele, adapt to changing economic

conditions, and maintain a competitive edge in the banking sector. This includes suggesting ways to improve financial literacy among customers, tailoring services to meet evolving demands, and fostering a culture of innovation and adaptability within the branch.

The following is the Conceptual Framework:



RESEARCH METHODS

The research methodology for this study involves a quantitative design with a focus on analyzing data through the use of Smart PLS, a software for Partial Least Squares Structural Equation Modeling (PLS-SEM). The sampling technique employed is random sampling, ensuring that each customer from the population of Bank BRI's Pontianak branch has an equal chance of being selected, which minimizes bias and increases the generalizability of the findings. A total of 70 customers serve as the sample size, providing a robust data set for analysis. Data collection involves administering structured questionnaires or surveys to gather information on various factors such as financial competency, millennial money mindset, financial literacy, and customer satisfaction with the bank's services. The use of Smart PLS allows the analysis of complex relationships between these variables, facilitating the examination of direct and indirect effects within the model. This methodology enables the research to draw statistically significant conclusions about the factors influencing customer behavior and satisfaction at the Pontianak branch, providing insights into potential areas for improvement and strategic development for the bank.

RESULTS AND DISCUSSIONS

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

| Path | Original Sample | P - Value | Decision |
|-----------|-----------------|-----------|-------------|
| MMM -> FL | 0.45 | 0.001 | Significant |
| EE -> FL | 0.30 | 0.020 | Significant |

| | | | |
|-----------|------|-------|-------------|
| MMM -> FC | 0.55 | 0.000 | Significant |
| EE -> FC | 0.25 | 0.045 | Significant |
| FL -> FC | 0.35 | 0.005 | Significant |

The direct effect of the Millennial Money Mindset (MMM) on Financial Literacy (FL) is significant, with a path coefficient of 0.45 and a P-value of 0.001. This suggests a moderate positive relationship between these two variables, indicating that a stronger mindset among millennials towards money is associated with higher levels of financial literacy. Millennials, known for their comfort with technology, preference for digital solutions, and unique attitudes towards work and finances, may naturally engage in behaviors and practices that boost their financial literacy. They are likely to use mobile banking apps, financial planning tools, and online resources to learn about money management. This finding has practical implications for banks like Bank BRI in Pontianak: by understanding the key drivers of this mindset, they can develop targeted educational programs, digital banking solutions, and customer engagement strategies that resonate with millennial customers. This direct effect underscores the importance of cultivating a positive money mindset among millennials as a pathway to enhancing overall financial literacy in the customer base.

The direct effect of the Economic Environment (EE) on Financial Literacy (FL) is significant, with a path coefficient of 0.30 and a P-value of 0.020. This positive relationship indicates that a more favorable economic environment is associated with higher levels of financial literacy among customers at Bank BRI's Pontianak branch. A robust economic environment often brings greater access to education, resources, and stable employment, which can contribute to improved financial literacy. Individuals in such an environment may have more opportunities to learn about financial planning, budgeting, and investment, resulting in a better understanding of financial concepts and tools. Additionally, a thriving economic context can lead to increased community engagement and business activities, further enhancing exposure to financial knowledge. For banks like Bank BRI, recognizing the impact of the economic environment on financial literacy suggests that strategies to support local economic development can have positive spillover effects on customer financial education. By aligning their services with the prevailing economic conditions and supporting community growth, banks can contribute to the overall financial well-being of their clientele.

The direct effect of the Millennial Money Mindset (MMM) on Financial Competency (FC) is

highly significant, with a path coefficient of 0.55 and a P-value of 0.000. This strong positive relationship indicates that a robust millennial approach to money management is closely linked to higher financial competency among customers at Bank BRI's Pontianak branch. Millennials, known for their inclination toward technology and unconventional financial practices, tend to leverage digital tools, prioritize financial flexibility, and value social responsibility in their financial decisions. This mindset can lead to better financial competency as millennials actively seek out knowledge, use innovative financial products, and adapt to changing financial landscapes. The strong correlation underscores the importance of understanding millennial behaviors and attitudes in shaping the financial competency of a customer base. For Bank BRI, this suggests that fostering a positive and innovative approach to financial services, tailored to millennial preferences, can significantly impact customer financial success. Offering personalized digital banking solutions, promoting financial literacy programs, and supporting sustainable financial practices can effectively enhance the financial competency of millennial customers, leading to greater customer satisfaction and loyalty.

The direct effect of the Economic Environment (EE) on Financial Competency (FC) is statistically significant, with a path coefficient of 0.25 and a P-value of 0.045. This positive relationship suggests that a more favorable economic environment is associated with higher financial competency among customers at Bank BRI's Pontianak branch. A conducive economic environment, characterized by factors like stable employment, economic growth, and community prosperity, can create a supportive backdrop for financial learning and competence. Customers in a healthy economic setting are more likely to have access to financial resources, education, and services that promote financial literacy and competency. They are also likely to engage with the economy through various financial activities, gaining practical experience that enhances their financial skills. For Bank BRI, this relationship indicates the importance of staying attuned to local economic conditions and adapting their services accordingly. By aligning their financial products with the economic trends in Pontianak, supporting local businesses, and contributing to economic development, the bank can foster an environment that naturally leads to improved financial competency among its customers. This approach can strengthen the bond between the bank and the community, promoting long-term customer relationships and financial success.

The direct effect of Financial Literacy (FL) on Financial Competency (FC) is significant, with a path coefficient of 0.35 and a P-value of 0.005. This finding indicates a meaningful positive relationship

between a customer's level of financial literacy and their overall financial competency at Bank BRI's Pontianak branch. Individuals with higher financial literacy are better equipped to understand financial products, manage their finances, and make informed decisions. This greater comprehension of financial concepts and practices leads to more effective budgeting, investing, and overall financial planning. The significant link between financial literacy and financial competency emphasizes the value of educational initiatives in the banking sector. Bank BRI can leverage this insight by developing robust financial education programs, offering workshops, and providing resources that enhance customer knowledge. These efforts can empower customers to take control of their financial futures and build a more financially competent customer base. By supporting financial literacy, the bank can drive customer engagement, reduce financial risk, and foster a stronger community that is better prepared for financial success.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

| Path | Original Sample | P - Value | Decision |
|-----------------|-----------------|-----------|-------------|
| MMM -> FL -> FC | 0.16 | 0.010 | Significant |
| EE -> FL -> FC | 0.11 | 0.035 | Significant |

The indirect effect from Millennial Money Mindset (MMM) through Financial Literacy (FL) to Financial Competency (FC) is significant, with a path coefficient of 0.16 and a P-value of 0.010. This result indicates that Financial Literacy acts as a mediator between MMM and FC, suggesting that a millennial mindset toward money management can influence financial competency through the level of financial literacy. Millennials tend to embrace technology, prioritize flexible financial solutions, and favor sustainability, leading them to seek out financial knowledge and engage with digital financial tools. As they become more financially literate, their capacity to understand and navigate financial matters improves, contributing to increased financial competency. This finding underscores the importance of focusing on financial education and literacy as a means to enhance overall financial competency among millennials. For Bank BRI's Pontianak branch, this implies that promoting financial literacy programs and encouraging the use of digital banking solutions could amplify the positive impact of the millennial mindset on customers' financial competency. By reinforcing the link between MMM, FL, and FC, the bank can

effectively support its millennial customers in achieving greater financial success.

The indirect effect from Economic Environment (EE) through Financial Literacy (FL) to Financial Competency (FC) is significant, with a path coefficient of 0.11 and a P-value of 0.035. This indicates that Financial Literacy mediates the relationship between EE and FC, suggesting that the state of the economic environment indirectly impacts financial competency through its influence on financial literacy. A favorable economic environment, characterized by economic stability, employment opportunities, and access to financial resources, can foster an atmosphere conducive to financial learning. As individuals within such an environment gain more financial knowledge, their financial literacy improves, leading to enhanced financial competency. This finding has important implications for banks like Bank BRI in Pontianak: by understanding the broader economic context, they can design strategies that support the local economy while promoting financial education. This approach can strengthen the link between a positive economic environment and improved financial competency among customers. By providing resources that enhance financial literacy and encouraging community involvement, the bank can help customers leverage the benefits of a stable economic setting to improve their financial competency and overall financial well-being.

CONCLUSION AND SUGGESTION

The research findings reveal significant relationships among the Millennial Money Mindset (MMM), Economic Environment (EE), Financial Literacy (FL), and Financial Competency (FC) in the context of Bank BRI's Pontianak branch. Specifically, the direct effects indicate that both MMM and EE positively influence FL and FC, with notable path coefficients and significant P-values. Moreover, the indirect effects suggest that FL mediates the impact of MMM and EE on FC, highlighting the role of financial literacy in enhancing financial competency. These results emphasize the importance of cultivating a strong millennial mindset and creating a favorable economic environment as foundational elements for improving financial literacy and competency. For Bank BRI, these insights suggest the need for targeted financial education programs, personalized digital banking solutions, and community engagement to support financial literacy. By focusing on these areas, the bank can better meet the evolving needs of its millennial customers and foster a more competent and financially successful customer base. Ultimately, this approach can lead to greater customer satisfaction, loyalty, and business growth for the bank in the long run.

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