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Financial behavior drives Generation Z financial well-being

Liliana Inggrit Wijaya
Department of Management, Faculty of Business and Economics, Universitas Surabaya
Center of Excellence for Financial Literacy and Intergenerational Well-being
Jl. Raya Kalirungkut, Surabaya, East Java, 60293, Indonesia
liliana@staff.ubaya.ac.id

Bertha Silvia Sutejo*
Department of Management, Faculty of Business and Economics, Universitas Surabaya
Center of Excellence for Financial Literacy and Intergenerational Well-being
Jl. Raya Kalirungkut, Surabaya, East Java, 60293, Indonesia
bertha@staff.ubaya.ac.id

Clarisa Imanuelita Wijaya
Department of Management, Faculty of Business and Economics, Universitas Surabaya
Jl. Raya Kalirungkut, Surabaya, East Java, 60293, Indonesia
clara.angelrista@gmail.com

*Corresponding Author

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Abstract: *The issue of financial well-being is growing in Indonesia. Generation Z is recorded as a generation that faces significant challenges related to its financial adequacy. This is because Generation Z tends to have spending more than income, adopting a consumptive lifestyle, and actively taking online loans to fulfill mere pleasure. This study aims to examine the influence of financial literacy, financial risk tolerance, financial socialization, financial stress, and financial confidence on the financial behavior and financial well-being of Generation Z in Surabaya, Indonesia. The population of this study is Generation Z in Surabaya between 17 and 28 years old; and also have at least one of the four financial activities and have managed finances independently, either fully or partially in the past year. Sampling was carried out using a non-probability sampling technique with purposive sampling as a sample selection technique. The results of the 189 respondents showed that all variables had a positive effect on financial behavior, except for the variable of financial confidence. In addition, the results of the study also showed that the variables of financial risk tolerance, financial socialization, and financial behavior had a positive effect on financial well-being, but financial literacy, financial stress, and financial confidence had no effect.*

Keywords: *financial behavior; financial confidence; financial literacy; financial risk tolerance; financial socialization; financial stress; financial well-being*

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Perilaku keuangan menentukan kesejahteraan keuangan Generasi Z

Abstrak: *Isu kesejahteraan keuangan berkembang di Indonesia. Generasi Z tercatat sebagai generasi yang menghadapi tantangan signifikan terkait kecukupan finansialnya. Hal ini karena Generasi Z cenderung memiliki pengeluaran lebih besar daripada pendapatan, mengadopsi gaya hidup konsumtif, serta aktif melakukan pinjaman daring untuk memenuhi kesenangan belaka. Penelitian ini bertujuan untuk menguji pengaruh literasi keuangan, toleransi risiko keuangan, sosialisasi keuangan, stres keuangan, dan kepercayaan diri keuangan terhadap perilaku keuangan dan kesejahteraan keuangan Generasi Z di Surabaya, Indonesia. Populasi penelitian ini adalah Generasi Z di Surabaya berusia 17 hingga 28 tahun dan setidaknya pernah melakukan salah satu dari empat aktivitas keuangan serta telah mengelola keuangan secara mandiri, baik secara penuh maupun parsial dalam satu tahun terakhir. Pengambilan sampel dilakukan menggunakan teknik non-probability sampling dengan purposive sampling sebagai teknik penentuan sampel. Hasil dari 189 responden menunjukkan bahwa seluruh variabel berpengaruh positif terhadap perilaku keuangan, kecuali variabel kepercayaan diri keuangan. Selain itu, hasil penelitian juga menunjukkan bahwa variabel toleransi risiko keuangan, sosialisasi keuangan, dan perilaku keuangan berpengaruh positif terhadap kesejahteraan keuangan, namun literasi keuangan, stres keuangan, dan kepercayaan diri keuangan justru tidak berpengaruh.*

Kata kunci: *kepercayaan diri keuangan; kesejahteraan keuangan; literasi keuangan; perilaku keuangan; sosialisasi keuangan; stres keuangan; toleransi risiko keuangan*

INTRODUCTION

The young generation in Indonesia is currently required to increasingly struggle to secure their financial future (Kumar et al., 2023). The Generation Z phenomenon in Surabaya shows that the high cost of living, easy access to digital credit, and social-media-driven spending exacerbate these problems (Amara, 2025; Katadata Insight Center, 2022). Generation Z covers nearly 28% of Indonesia's population and is a significant cluster in Surabaya (Rainer, 2023; Suminar, 2021). Therefore, it is very important to be able to understand the factors that affect financial well-being in Generation Z.

Research findings on financial well-being vary widely. Kumar et al. (2023) found no relationship between financial well-being and general well-being. Oktavianus et al. (2025), Rahman et al. (2021), and Chauhan et al. (2022) found that higher financial literacy leads to better outcomes. Furthermore, findings regarding other factors influencing financial well-being show mixed results. Kumar et al. (2023) demonstrated, in their study, a relationship between financial socialization and financial behavior. In contrast, the study by Pandey & Utkarsh (2024) did not find such a relationship. Rahman et al. (2021) show that financial stress worsens financial behavior and well-being. Kumar et al. (2023) and Oktavianus et al. (2025) show that financial stress can sometimes lead to wiser money management. Most previous research focused on the general population or developed countries; this study examined young people in urban areas, especially in Indonesia, in the context of digital finance.

The study further examined the gap in the results using two main frameworks; they are the determinant model from Kumar et al. (2023) and the financial confidence framework from Respati et al. (2023). The research focuses on Generation Z in Surabaya who are 17-28 years old and have engaged in at least one financial activity on their own in the past year. The purpose is to identify which factors most influence financial behavior and financial well-being among Generation Z in Surabaya. This study examines whether financial literacy, financial risk tolerance, financial socialization, financial stress, and financial confidence directly shape financial behavior. Do these factors and financial behavior affect financial well-being? And is financial behavior the main link between real financial knowledge, attitudes, and impact?

Generation Z is an important issue in financial well-being, given the many cases related to young people's demands in making financial decisions in an all-digital environment driven by an increasing consumption culture. Surabaya is the second-largest city as the main urban, business, and education center. Badan Pusat Statistik (2026) shows that in the population between 15 and 29 years old, there are

702,761 people, occupying the second position at the national level. In addition, Bank Indonesia in the Indonesian Payment System Blueprint (Badan Pusat Statistik, 2026) recorded a massive surge in non-cash payment instruments and Surabaya became one of the main drivers at the regional level to accompany aggregate growth nationally. East Java was recorded as the second most national position related to QRIS users and Surabaya was ranked first. In addition, Surabaya is also the main driver of retail clearing and a large portion of the growth of East Java's payment system. Surabaya is also part of the total national digital transaction volume which has grown by 38.08% in the annual digital economy structure through e-money for the urban public transportation ecosystem and toll roads. Because of this, Surabaya is the right research object to explain how Generation Z manages their financial behavior and well-being.

Previous studies have shown that the research results on financial well-being are still inconsistent. Some studies have found that financial literacy can directly improve financial well-being. Other studies have found that knowledge alone is not enough without being supported by appropriate financial behavior. Inconsistencies are also seen in the influence of financial socialization, financial stress, and financial beliefs. This condition indicates that financial well-being is not simply a result of what young adults know or believe, but also depends on how they translate financial knowledge, attitudes toward risk, social learning, stress, and financial beliefs into real financial behavior. This research answers this gap by placing financial behavior as a central mechanism that links financial literacy, financial risk tolerance, financial socialization, financial stress, and financial confidence with financial well-being. The novelty of this research lies not only in the use of Generation Z in Surabaya as a sample, but also in testing whether financial behavior functions as the main pathway that transforms knowledge, attitudes, and social influence into meaningful factors for financial well-being in the context of urban digital finance.

The contribution made by research related to literature. First, research increasingly clarifies that financial literacy can improve financial behavior but not directly improve financial well-being. Second, financial risk tolerance and financial socialization can affect financial well-being, either directly or through financial behavior. Third, it provides practical evidence that financial welfare programs for young people should prioritize behavior formation, such as budgeting, saving, price comparison, emergency fund preparation, and the use of digital credit in a disciplined manner, rather than focusing solely on knowledge.

Kumar et al. (2023) found that people with a strong understanding of basic economic concepts are better prepared to deal with unexpected expenses. Pandey & Utkarsh (2024) also show that financial literacy reduces the likelihood of unnecessary debt. Oktavianus et al. (2025) prove that financial literacy allows a person to deal with complex financial situations. In addition, Oktavianus et al. (2025) and Rahman et al. (2021) actually found that higher financial knowledge directly increases a sense of security. Shim et al. (2009) also found that knowledge alone does not guarantee financial well-being without proper financial behavior. Therefore, the hypotheses formulated are as follows.

H_{1a}: Financial literacy has a positive influence on financial behavior.

H_{1b}: Financial literacy has a positive influence on financial well-being.

Financial risk tolerance demonstrates the classic risk-return principle that individuals who are more risk-tolerant will take financial steps that take into account long-term rewards. Kumar et al. (2023) found that people with a higher financial risk tolerance were more involved in forward-oriented financial planning. This is also in line with the research of Owusu et al. (2023). A person who is tolerant of risk will encourage more effective financial decisions. Individuals feel more financial security over time. Kumar et al. (2023) show that resilience during financial volatility will facilitate asset accumulation and the achievement of long-term goals. Owusu et al. (2023) prove that risk-tolerant investors often achieve higher returns, thereby improving overall financial well-being. Therefore, the hypotheses formulated are as follows.

H_{2a}: Financial risk tolerance has a positive influence on financial behavior.

H_{2b}: Financial risk tolerance has a positive influence on financial well-being.

Financial socialization is the process by which individuals learn about money from others and institutions. Kumar et al. (2023) found that families and schools are places to build the foundation for healthy financial habits, while Owusu et al. (2023) showed the influence of parental figures in adolescent money management. Kumar et al. (2023) also argue that open family conversations about money will

help teens to build better credit and make more informed career choices, both of which help maintain financial satisfaction. Therefore, the hypotheses formulated are as follows.

H_{3a}: Financial socialization has a positive influence on financial behavior.

H_{3b}: Financial socialization has a positive influence on financial well-being.

Financial stress is one of the most debated relationships in literature. Guan et al. (2022), Mokhtar & Rahim (2017), and Rahman et al. (2021) show that money-related anxiety will damage decision-making and financial well-being in general. Rahman et al. (2021) also show that high financial stress makes financial satisfaction lower. Therefore, the hypotheses formulated are as follows.

H_{4a}: Financial stress has a negative influence on financial behavior.

H_{4b}: Financial stress has a negative influence on financial well-being.

Confidence in one's financial abilities is based on psychological theories about self-efficacy. Abdurrahman & Nugroho (2024) and Respati et al. (2023) found that young people, who believe in their capacity to easily achieve financial goals, are able to easily achieve their financial goals if they plan and save consistently. Arifin et al. (2017) and Morris et al. (2022) corroborate this by showing that financial confidence will support disciplined money management. Financial confidence encourages better financial habits; it can also contribute to a stronger sense of financial security. Respati et al. (2023) found that belief in the financial future is able to reduce anxiety and develop a prosperity-oriented mindset. Therefore, the hypotheses formulated are as follows.

H_{5a}: Financial confidence has a positive influence on financial behavior.

H_{5b}: Financial confidence has a positive influence on financial well-being.

The relationship between financial behavior and financial well-being is one of the most important in the literature. Kumar et al. (2023), Rahman et al. (2021), and Respati et al. (2023) show that practical habits, such as budgeting, saving, and avoiding impulsive spending, directly improve financial security and life satisfaction. Abdurrahman & Nugroho (2024) found that financial behavior is an important part that transforms financial knowledge and attitudes into true prosperity. Therefore, the hypothesis formulated is as follows.

H_6: Financial behavior has a positive influence on financial well-being.

The following is the conceptual framework of this research. It is depicted in Figure 1.

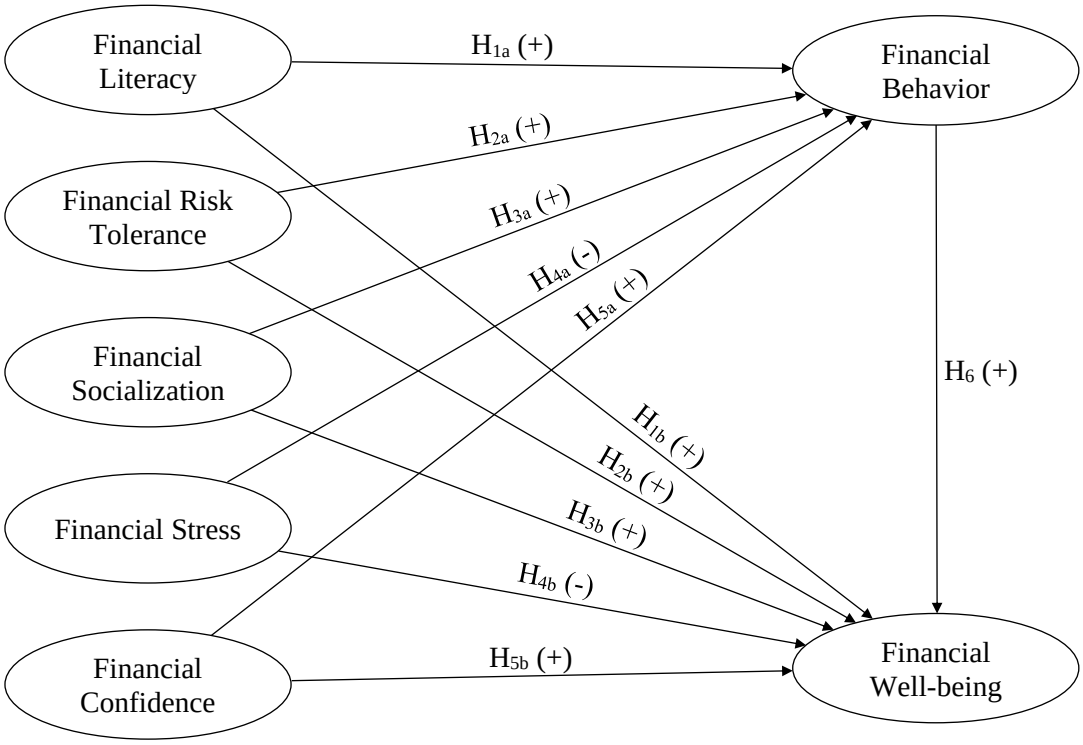


Figure 1. Research framework
Source: Researcher literature review (2026)

The figure illustrates the causal relationships among financial literacy, financial risk tolerance, financial socialization, financial stress, financial confidence, financial behavior, and financial well-being.

METHOD

This research is a causal study examining the factors that determine the financial quality of life of Generation Z in Surabaya. The factors tested were financial literacy, financial risk tolerance, financial socialization, financial stress, financial confidence, financial behavior, and financial well-being. The data are the primary one collected through questionnaires to capture respondents' perceptions and experiences. The questionnaire was distributed through Google Forms and social media platforms such as Instagram, WhatsApp, and Telegram. The questionnaire consists of two main parts; the first is the respondent profile, and the second is the question item related to the research variables. Question items were adapted from previous research in Table 1. The questionnaire uses a five-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5).

Table 1. Research variables and indicators

Variable	Code	Indicators	Sources
Financial well-being	FW1-FW6	Perceived financial security, ability to meet needs, and future financial confidence	Kumar et al. (2023)
Financial behavior	FB1-FB6	Budgeting, saving, controlling expenses, price comparison, and prudent money management	Kumar et al. (2023); Rahman et al. (2021)
Financial literacy	FL1-FL3	Understanding basic financial concepts and financial decision knowledge	Kumar et al. (2023); Chauhan et al. (2022)
Financial risk tolerance	FRT1-FRT3	Willingness to accept financial uncertainty and long-term risk-return trade-off	Kumar et al. (2023); Owusu et al. (2023)
Financial socialization	FS1-FS3	Financial learning from family, school, community, and religious/social values	Kumar et al. (2023); Shim et al. (2009)
Financial stress	FSTRES1-FSTRES2	Financial pressure, anxiety, and perceived difficulty in meeting obligations	Guan et al. (2022); Rahman et al. (2021)
Financial confidence	FC1-FC3	Confidence in managing money and achieving financial goals	Morris et al. (2022); Respati et al. (2023)

Source: Researcher literature review (2026)

The target population is Generation Z individuals between 17 and 28 years old domiciled in Surabaya. The sampling technique uses purposive sampling with sample criteria, such as being (1) using and/or saving in banks/e-wallets, (2) paying bills/online shopping, (3) investing, (4) using pay later or applying for credit/installments/loans, and (5) managing their personal finances for the past year either fully or partially. Referring to Hair (2011), the research model has seven latent variables so that a minimum of 150 respondents will be used to test the hypothesis. The questionnaire was distributed

between September 2025 and January 2026. Questionnaires were distributed to 210 respondents who live in Surabaya, of which 195 returned it and 189 were valid to continue the testing process. 189 respondents were respondents who met the sampling criteria so that they could be declared worthy of representing the population because they were more than the minimum threshold of respondents for seven latent variables (Hair, 2011).

Data analysis was conducted using the structural equation model with SmartPLS 4. Evaluation of the measurement model used outer loading, average variance extracted (AVE), composite reliability (CR), and Cronbach's alpha. The indicator is considered valid if the outer loading value exceeds 0.70 and the AVE exceeds 0.50. Meanwhile, the indicator is considered reliable if the CR and Cronbach's alpha values exceed 0.70. The structural model was also evaluated using R-square, path coefficient, t-statistic, and *p*-value. A bootstrapping technique with 5,000 subsamples was used to test the significance of direct and indirect influences. A relationship is considered significant if the t-statistic value exceeds 1.96 and the *p*-value is below 0.05, with the direction of the coefficient corresponding to the hypothesis.

RESULTS AND DISCUSSION

Results

Table 2. Respondent demographic profile

Characteristics	Categories	Percentage
Gender	Male	42.3
	Female	57.7
Age	17 - < 20 years old	15.9
	20 - < 23 years old	68.8
	23 - < 25 years old	9.0
	25 - 28 years old	6.3
Education	High school	7.4
	Diploma	3.2
	S1 (bachelor)	87.8
	S2 (postgraduate)	1.6
Jobs	Students	76.7
	Business owners	5.3
	Employees	18.0
Revenue (IDR)	< 1 million	19.6
	1 million - < 3.5 million	38.7
	3.5 million - < 6 million	23.3
	6 million - < 8.5 million	11.1
	8.5 million - < 11 million	2.6
	11 million - < 20 million	2.6
	≥ 20 million	2.1
Monthly cost (IDR)	< 1 million	27.0
	1 million - < 3.5 million	50.8
	3.5 million - < 6 million	18.5
	6 million - < 8.5 million	1.1
	8.5 million - < 11 million	1.0
	11 million - < 20 million	0.5
	≥ 20 million	1.1
Financial management	Fully self-sufficient	79.4
	Partly independent	20.6
Emergency fund	Yes	74.1
	No	25.9

Source: Data processed (2026)

A total of 210 responses were obtained from Generation Z in Surabaya. After conducting a validity and reliability test in the initial test of 30 respondents, all measurement items were valid and reliable to analyze. The SmartPLS 4 SEM model was used to test the influence between financial literacy, financial risk tolerance, financial socialization, financial stress, financial confidence, financial behavior, and financial well-being.

Table 2 shows that most respondents are students (76.7%). This aligns with the study's focus on Generation Z, i.e. between 20 and 23 years old (68.8%). The largest income (38.7%) is between Rp1 million and less than Rp3.5 million. The income obtained from monthly allowances is relevant to education; the largest is in students (87.8%). Students earn allowances from family, part-time work income, freelance, scholarships, or income from small businesses. The largest monthly expenses (50.8%) are in the range of Rp1 million to less than Rp3.5 million. The respondents' profiles show that most financial management is self-managed (79.4%) and the majority also have an emergency fund (74.1%). Based on the profile, the inclusion criteria explain why all valid respondents are financially relevant to the research. Respondents must have at least one financial activity in one year, such as banking services, shopping online, investing, and using credit services or QRIS. There are 189 respondents who need to complete a screening statement so that it shows that 100% of the respondents to be analyzed have met the criteria.

Table 3. Evaluation of measurement models

Variable	Loading factor	AVE	Composite reliability (CR)	Cronbach's alpha
Financial well-being		0.775	0.954	0.942
FW1	0.861			
FW2	0.874			
FW3	0.877			
FW4	0.888			
FW5	0.879			
FW6	0.904			
Financial behavior		0.682	0.928	0.907
FB1	0.827			
FB2	0.767			
FB3	0.809			
FB4	0.851			
FB5	0.844			
FB6	0.852			
Financial literacy		0.755	0.902	0.839
FL1	0.889			
FL2	0.859			
FL3	0.859			
Financial risk tolerance		0.818	0.931	0.889
FRT1	0.885			
FRT2	0.906			
FRT3	0.921			
Financial socialization		0.748	0.899	0.832
FS1	0.869			
FS2	0.861			
FS3	0.865			
Financial stress		0.874	0.933	0.856
FSTRES 1	0.934			
FSTRES 2	0.937			
Financial confidence		0.727	0.888	0.820
FC1	0.873			
FC2	0.859			
FC3	0.825			

Source: Data processed (2026)

Before testing the structural correlation, the measurement model is evaluated to ensure the validity and reliability of the construction. Table 3 shows that all indicators have loading factor more than 0.70 and are declared valid. The convergent validity is also supported by the average variance extracted (AVE) value which ranges from 0.682 to 0.874. AVE also shows valid because it is more than 0.50. The reliability test for composite reliability (CR) and Cronbach's alpha values ranged from 0.820 to 0.954, i.e. more than 0.70. The results show that all measurement instruments are valid and reliable. The results of the R^2 structural model explain 65.8% variance in financial behavior and 49.2% variance in financial well-being. The results of the hypothesis testing are presented in Table 4 and Figure 2.

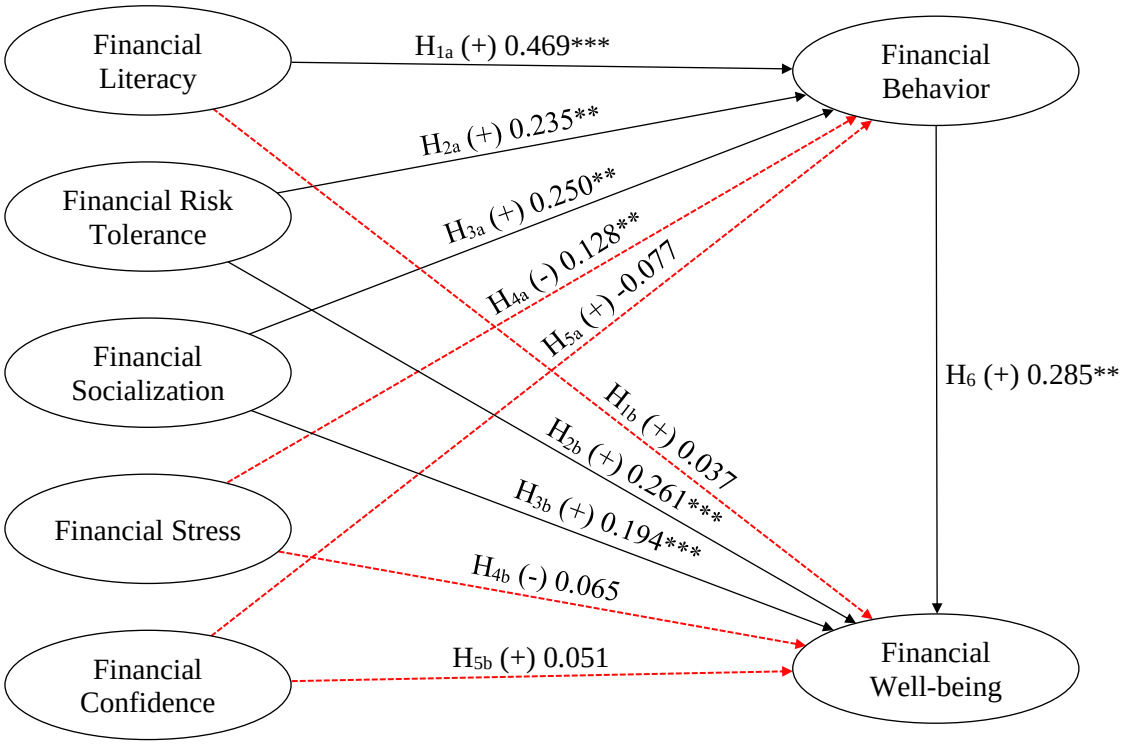
The results of the hypothesis test showed that six out of eleven hypotheses were supported. Financial literacy, financial risk tolerance, and financial socialization were found to have significant positive effects on financial behavior (H_{1a}, H_{2a}, H_{3a}). Financial literacy showed the strongest influence ($\beta = 0.469$, $p < 0.001$). Financial risk tolerance and financial socialization also were found to directly improve financial well-being (H_{2b}, H_{3b}). Financial behavior also was found showed a significant positive influence on financial well-being (H_6: $\beta = 0.285$, $p = 0.005$) and strengthened as the central research model.

Meanwhile, the five hypotheses that are not supported are H_{1b}, H_{4a}, H_{4b}, H_{5a}, and H_{5b}. Financial literacy does not directly affect financial well-being (H_{1b}). Financial stress has no direct effect on financial behavior and financial well-being (H_{4a}, H_{4b}). Likewise, financial confidence also does not affect financial behavior or financial well-being (H_{5a}, H_{5b}). Overall, the results of the study show that Generation Z in Surabaya has high and low financial well-being related to good and bad financial behavior practices or habits rather than just financial knowledge. These financial behaviors or habits are influenced by financial literacy, financial risk tolerance, and financial socialization, not due to financial stress or financial confidence. This study also proves that financial behavior is the main mediator between variables and financial well-being.

Table 4. Hypothesis testing results

Hypothesis	Relationships	Path coefficient	T-stat	*P*-value	Verdict
H_{1a} (+)	Financial literacy (FL) → Financial behavior (FB)	0.469	5.537	0.000	Supported
H_{1b} (+)	Financial literacy (FL) → Financial well-being (FW)	0.037	0.438	0.661	Not supported
H_{2a} (+)	Financial risk tolerance (FRT) → Financial behavior (FB)	0.235	3.115	0.002	Supported
H_{2b} (+)	Financial risk tolerance (FRT) → Financial well-being (FW)	0.261	2.926	0.003	Supported
H_{3a} (+)	Financial socialization (FS) → Financial behavior (FB)	0.250	3.630	0.000	Supported
H_{3b} (+)	Financial socialization (FS) → Financial well-being (FW)	0.194	2.540	0.012	Supported
H_{4a} (-)	Financial stress (FSTRES) → Financial behavior (FB)	0.128	2.771	0.006	Not supported
H_{4b} (-)	Financial stress (FSTRES) → Financial well-being (FW)	0.065	1.206	0.228	Not supported
H_{5a} (+)	Financial confidence (FC) → Financial behavior (FB)	-0.077	1.392	0.164	Not supported
H_{5b} (+)	Financial confidence (FC) → Financial well-being (FW)	0.051	0.804	0.422	Not supported
H_6 (+)	Financial behavior (FB) → Financial well-being (FW)	0.285	2.782	0.005	Supported

Source: Data processed (2026)



Note: Dotted line: insignificant; Full Line: Significant
Figure 2. Structural models with significant path coefficients
Source: Researcher literature review (2026)

Discussion

The analysis of the factors that affect financial well-being in Generation Z in Surabaya proved to be more complicated than expected, not in line with some previous studies, and added new insights. An important finding in this study is that the role of financial behavior is central or key. These results prove that people who plan expenses, compare prices, save regularly, and set up an emergency fund feel more financially secure. This result shows one important thing that these habits have now begun to develop.

Financial literacy, financial risk tolerance, and financial socialization can help improve financial behavior, but only financial risk tolerance and financial socialization have a more direct impact on financial well-being. Meanwhile, financial literacy does not succeed in having a direct impact on financial well-being. Therefore, the results show that for Generation Z in Surabaya, it is not only possible to know finances but also how to apply that knowledge in more important practices. Some young adults show that even though they have financial education, they still feel insecure like knowledge without action will not guarantee financial well-being.

The findings also answer the main question of the research; namely how does financial literacy affect behavior and well-being? The results show that financial literacy improves financial behavior but does not directly improve financial well-being. The results of this study answer the main question of the study by showing that financial behavior is the main link between financial knowledge, attitudes, social influences, and financial well-being. This aligns with the findings of Shim et al. (2009) and Kamila et al. (2025), which state that literacy indirectly influences well-being, primarily through behavior. Financial literacy has been shown to significantly improve financial behavior, but it does not directly improve financial well-being (Rahman et al., 2021; Oktavianus et al., 2025). One reason is that many respondents indicated that they are still dependent on their families, limiting their financial knowledge and ultimately affecting their current financial well-being. This indicates that new knowledge will be meaningful if it is manifested in practical habits, such as budgeting, saving, controlling expenses, comparing prices, and preparing emergency funds. Thus, financial education that is only limited to the delivery of information may not be adequate for Generation Z if it does not encourage consistent financial behavior.

Financial risk tolerance is simpler. Young people who are comfortable with uncertainty manage their money more actively and feel better about their financial situation. This is in line with the concept of risk-return. People who accept or tolerate risk are more likely to invest, diversify, and plan for the future, and help them build assets and confidence. These results strongly support the findings of Kumar et al. (2023) and Owusu et al. (2023) who state that resilience is not just prudence, is an important financial skill for young adults in an ever-changing economy. Financial socialization turned out to have a stronger impact than expected. Learning about money from parents, school, or religious teachings not only shapes financial behavior but also directly improves financial well-being. This shows that where the financial lessons come from is just as important as what is taught. When these financial values are shared through a trusting relationship or meaningful belief, they will provide real emotional support and security. These findings are in line with Kumar et al. (2023) who highlight cultural factors such as place, family, and community can make financial socialization stronger.

The surprising results are shown from financial stress. Financial stress is not detrimental to financial behavior as expected. On the contrary, it encourages more careful spending and planning. Respondents, who are worried about paying bills or helping their families, are more careful with money. This is in line with Kumar et al. (2023) who show that financial stress can motivate young adults when they have support. Financial stress does not have a major impact on overall financial well-being, likely due to family support assistance. These results are not in line with Rahman et al. (2021), who found that financial stress negatively impacts the well-being of more financially independent individuals. The results then showed that financial stress affects people differently depending on their level of independence.

The most unexpected outcome was financial confidence. Although it is theoretically suggested that believing in oneself will lead to better behavior and financial well-being, it turns out that this is not always the case. One possible reason is that confidence without real experience doesn't have a big impact. Many Generation Z respondents are optimistic about their financial future but because they don't have their own income or full responsibility for spending, their confidence has not materialized in real habits. These findings are in contrast to Respati et al. (2023) and Abdurrahman & Nugroho (2024) who prove that people will be more confident and financially independent when they have their own income and financial experience. These results provide evidence that confidence becomes important later in life when young adults manage their finances.

Financial risk tolerance and financial socialization both directly influence financial well-being and indirectly influence it through financial behavior. This suggests that young people are more willing to face uncertainty and receive stronger financial learning from family, school, or community, so they tend to develop healthier financial habits and feel more financially secure. Financial stress positively influences financial behavior. These results are contrary to the initial hypothesis that predicts negative impacts. This suggests that moderate stress can encourage more careful spending patterns for respondents who still receive family support. However, financial confidence does not significantly influence either financial behavior or financial well-being. This suggests that confidence without adequate income, independence, or experience cannot yet produce tangible financial results.

Other research findings also show that for Generation Z in Surabaya, financial well-being does not only come from financial knowledge or financial confidence. The financial well-being process must be built through financial behaviors that are driven by financial risk tolerance, social learning, and controllable financial stress. Meanwhile, only relying on financial literacy and self-confidence to help is not enough.

The results of the study have important practical implications, namely that financial education today must be focused on building good financial behavior rather than just sharing information. Behaviors, such as budgeting exercises, saving challenges, or investment simulations, can help turn knowledge into experiential practice. Parents and educators are key because they will be role models and share experiences so that they are more useful than just learning theoretically. Policymakers in the future should create more programs that make young adults aware that they are still dependent on their families. In addition, it also helps them become more independent over time.

This research still has limitations that need to be further explored by future research, such as whether the role of behavior as a mediator also applies in Indonesian cities other than Surabaya? or in rural areas with different access to money? In addition, it can also be researched related to when Generation Z is more financially independent? How will financial stress, financial confidence, and

financial behavior interrelate over time? Cultural factors, such as collectivism, religious values, and digital habits, also need to be studied more deeply. Overall, this study shows a new way of thinking about financial well-being. For young adults, financial well-being is not only about having the right knowledge but also good behavior, good decisions, resilience, social support, and sometimes caring for help.

CONCLUSION AND SUGGESTIONS

The purpose of this research is to examine the factors that affect the financial well-being of Generation Z in Surabaya. Research proves that financial behavior is a major mediator of various factors and financial well-being. This research also provides an understanding that having financial knowledge or literacy is not enough without being supported by action. Although financial literacy helps in managing money, it does not directly provide financial security. The results of the study are not in line with or contrary to the concept that financial education alone is enough. This research shows that the program created should focus on building good financial habits or behaviors rather than just financial knowledge.

Another finding, that is also important, is that financial stress does not necessarily impair financial behavior. Apparently, financial stress can make young adults more careful in managing their finances. A person who experiences financial stress actually shows that financial pressure can help, especially for Generation Z who have family support. In addition, financial confidence still has a gap between those who believe in themselves and those who have the resources or independence to act. Most of the respondents still receive financial support from their parents, so their confidence has not yielded tangible results. Young people, who are tolerant of financial risks and gain financial knowledge from family, school, or religion, tend to manage finances better. They also feel more secure about its financial future. Another result is the importance of early financial socialization from parents and educators who do not just teach financial theory.

This study concludes that financial behavior is the main mechanism in explaining financial well-being among Generation Z in Surabaya. Financial literacy improves financial behavior but does not directly improve financial well-being. Financial knowledge alone is not enough unless it is realized in consistent financial management practices. Financial risk tolerance and financial socialization directly strengthens financial well-being and support better financial behavior. The results show that young people feel more financially secure when they can manage risk, learn about finances from their families and social environment, and apply financial knowledge in their daily behavior.

Research shows that financial stress does not necessarily weaken financial behavior. Financial stress encourages more careful financial management. This is because many respondents are students who still receive financial support from their families. Financial confidence also does not have a significant effect on financial behavior or financial well-being. Financial confidence needs to be supported by real financial experience and autonomy. Therefore, financial literacy programs for Generation Z should focus on behavior change through budgeting practices, saving challenges, emergency fund planning, responsible use of digital credit, and investment simulations, rather than relying on theoretical financial knowledge in the classroom.

This study was limited to 189 Generation Z respondents in Surabaya and most of them were students aged 20-23 years old and still dependent on family support. Therefore, the research findings cannot be generalized to all Generation Z groups. Older, financially independent Generation Z, young people in rural areas, or other generations may yield different results. Future research is expected to increase the number of respondents to make the sample more representative of the population. In addition, future research should also test research models in other cities, compare financially dependent young people with those who are already independent, and apply longitudinal designs to observe how financial stress, financial confidence, financial behavior, and financial well-being can change as Generation Z's financial independence increases.

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