

## **EXPLORING THE INFLUENCE OF MONEY, FOMO, AND RESTRAINT ON GENERATION Z'S PERSONAL MONEY MANAGEMENT, MODERATED BY FINANCIAL AWARENESS**

**Komang Widhya Sedana Putra P<sup>1</sup>, Ni Wayan Lasmi<sup>1</sup>**

<sup>1</sup> Universitas Pendidikan Nasional

e-mail: [widhyasedana@undiknas.ac.id](mailto:widhyasedana@undiknas.ac.id)

### **Abstract**

As the importance of personal money management becomes increasingly recognized in Indonesia, this research investigates the factors influencing Generation Z's financial behaviors. Specifically, it explores the impact of the money addiction, Fear of Missing Out (FoMO), and restraint on personal money management, with financial awareness serving as a moderating variable. Employing a quantitative approach, the research utilizes a questionnaire to gather data from a sample of 100 respondents in Denpasar City, selected through the Slovin formula. The data is analyzed using the path analysis program Smart PLS 3.0. The findings reveal a positive correlation between the money addiction, FoMO, and restraint with personal money management. Furthermore, financial awareness is identified as a moderator in these relationships. The study suggests that Generation Z should enhance their financial awareness to better prepare and manage their finances effectively. The insights gained from this research encourage regular personal money management to achieve focused and sustainable financial management.

**Keywords:** Money addiction, FOMO, Restraint, Personal Money Management, Financial Awareness

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### **INTRODUCTION**

Individuals employ diverse approaches in managing their personal finances, shaped by distinct goals and needs. The significance of personal financial management, referred to as personal money management (Zulfialdi & Sulhan, 2023), is increasingly recognized in Indonesia. Various factors drive Indonesians to engage in personal money management, including the rising cost of living, the availability of diverse credit and loan options, and the increasing sophistication of investment products (Fajriyah & Listiadi, 2021).

In the coming years, Generation Z is expected to enter a productive age group, contributing significantly to the financial system and societal well-being (Moko et al., 2022). Born from 1995 to 2010, Generation Z is identified by their adeptness in technology and their capacity for multitasking. The rapid advancement of technology has both advantageous and detrimental effects, particularly for those in the working age group (Susanto et al., 2022).

More and more of Generation Z uses the internet than previous generations have, which makes it possible to do a lot of things without having to interact with people in person. Events like the well-publicized case at the Bogor Agricultural Institute highlight the challenges Generation Z faces in handling personal finances. In this case, students experienced financial hardships as a result of falling prey to online loan fraud. This emphasizes how important it is to promote financial awareness as a crucial element in encouraging responsible personal money management.

The case at IPB University emphasizes the need for increased financial awareness across society, including educational institutions. Financial institutions are actively promoting financial education programs through various media channels and online platforms. The essence of personal money management is to achieve a balance between expenditures and income, maximizing the use of money to attain desired long-term goals.

The concept of the "money addiction," previous research has demonstrated that the desire for significant wealth has a positive effect on personal money management. (Prasetyo & Lestari, 2022). However, conflicting findings exist (Simange, 2022). In this context, financial awareness serves as a moderating variable, emphasizing its role in mitigating poor financial decisions resulting from a high money addiction but low financial awareness.

Given the tech-savvy nature of Generation Z, characterized by vulnerability to impulsive behavior and Fear of Missing Out (FOMO), developing strong restraint becomes essential for effective personal money management (Simange, 2022). Financial awareness acts as a crucial moderating variable between FOMO, restraint, and personal money management, guiding individuals to make informed decisions in the long run.

Unfortunately, many Generation Z individuals struggle to fully control their finances. The emerging concept of "FOMO" or Fear of Missing Out contributes to impulsive expenditures and inadequate money management among university students in Indonesia (Rifdani & Cerya, 2022). Financial awareness emerges as a possible moderator in the connection between FOMO and personal money management, providing individuals with the knowledge to control FOMO-driven unnecessary consumption or investments.

Research by (Nur et al., 2022) and (Rosa & Listiadi, 2020) emphasizes the positive influence of restraint on personal money management. Financial awareness, as a moderating variable, plays a crucial role in regulating the association amidst the money addiction, FOMO, restraint, and personal money management.

In conclusion, effective personal money management involves finding a balance between expenditures and income to maximize financial resources for long-term goals. The money addiction, FOMO, and restraint are significant factors influencing personal money management, with financial awareness serving as a key moderator in these relationships. Strengthening financial awareness among Generation Z is crucial for fostering informed financial decision-making and ensuring a secure financial future.

The theory of planned behaviour (TPB) is often employed in the design or assessment of smoking cessation programs (Dadipoor et al., 2023). In line with this theory, an individual's inclination to engage in a certain behavior is largely affected by their personal evaluation of it, the social pressure they feel, and their perceived ability to control it. Attitudes are formed based on beliefs about the outcomes of a behavior, and weighing these outcomes shapes attitudes (or behavioral beliefs). Presently, the theory of planned behavior (TPB) is instrumental in predicting various behaviors related to both social interactions and health, such as adherence to exercise routines. One of the most widely used psychological frameworks for examining exercise behavior is the Theory of Planned Behavior (TPB) (Feng et al., 2023). The Theory of Planned Behavior (TPB) has developed into a thorough analytical framework that explains people's willingness to use educational technology in a particular way (Liu & Wang, 2024).

Referring to (Du & Tang, 2005), it is stated that the level of an individual's money addiction can be measured using the Money addiction Scale (LOMS), encompassing aspects such as wealth, success, motivation, and the significance of money. A study conducted by (Delmiyetti et al., 2022) explained that individuals affected by a high "Money addiction" significantly impact all activities related to money.

Przybylski in 2013 asserted that Fear of Missing Out (FOMO) behavior is a negative emotional reaction arising from unfulfilled social relationship needs characterizes the Fear of Missing Out (FOMO). This relatively new psychological phenomenon manifests as feelings of social inadequacy,

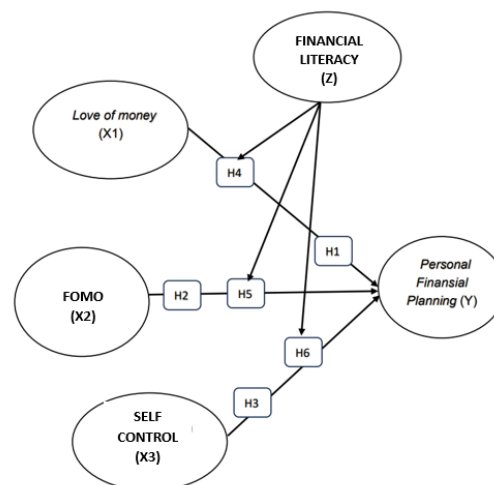
loneliness, or frustration, either as physical sensations or mental conditions (Sasongko et al., 2023). According to (Wahyuni Yulya et al., 2022), if not wisely addressed, the fear of missing out behavior may be detrimental and impact mental health. Good mental health entails a serene, calm, and positive mental state, enabling individuals to enjoy their daily lives and appreciate those around them.

According to (Iverson & Dervan, n.d.), restraint is the ability to manage one's own emotions in a manner beneficial to task performance, being sensitive to one's conscience, prioritizing long-term pleasure over immediate gratification, and quickly recovering from emotional pressure. Restraint can be defined as an individual's capacity to resist impulses and control their behaviour . (Smithikrai & Phetkham, 2019) states that restraint aids in decision-making and maintaining a strong determination, enabling individuals to become worthy, influential, or financially successful.

Effective financial management for future endeavors is the goal of personal or family financial management, which aims to achieve financial objectives through systematic, methodical, and cautious strategies (Susanto et al., 2022).

In realizing money management, several factors come into play, such as financial attitudes, income, financial behavior, and so forth. Good financial behavior habits emerge through rational decision-making in managing finances, ensuring that the right approach does not lead individuals into uncontrolled fulfillment of desires (Napitupulu et al., 2021). Financial management requires money management to achieve both short-term and long-term goals, and these goals can be attained through methods such as savings, investments, or fund allocations.

According to (Zulfaldi & Sulhan, 2023), every individual should be aware of their finances to avoid financial difficulties since they often find themselves in situations where to the benefit of the latter, they have to put one interest ahead of the other. According to (Prasetyo & Lestari, 2022), financial awareness is the ability of an individual to manage their finances effectively, enabling them to develop and lead a more prosperous life in the future.



**Picture 1.** Theoretical Framework

## RESEARCH METHOD

Research Location:

This study is conducted among Generation Z individuals residing in Denpasar City.

Population:

The population for this research consists of Generation Z individuals in Denpasar City, both male and female, aged between 13 and 25 years, with a total population of 79,339. The data were obtained from the Denpasar City Data Center.

#### Sample Size Determination:

The Slovin formula is employed in this research to ascertain the sample size. Given the vast total population, the Slovin formula is applied to obtain a smaller yet representative sample. For this study, the sample size is determined as 100 individuals from Generation Z residing in Denpasar City.

#### Research Technique:

The research employs a questionnaire (survey/questionnaire) as the primary data collection method. This questionnaire is distributed to all selected participants, representing Generation Z in Denpasar City within the age range of 17 to 23 years.

## RESULT AND DISCUSSION

**Table 1**  
**Structural Model Evaluation Results (Inner Model)**

Model Struktural	Variabel Dependen	R-Square
<b>1</b>	Personal Money management	0,970
Kalkulasi : $Q2 = 1 - (1 - R12)$ $= 1 - (1 - 0,970)$ $= 0,970$		

It is evident from the data in the table that the Q2 value is 0.970, which is close to 1. As a result, the assessment result shows that the structural model has a good goodness-of-fit. This result suggests that the model can explain 97% of the information in the data, with the remaining 3% being explained by errors or variables that the model did not include.

**Table 2**  
**Path Coefficient Result**

Variabel	Original Sample (O)	T Statistics ( O/STDEV )	P Values
Money addiction -> Personal Money management	0,592	13,430	0,000
FOMO -> Personal Money management	0,391	10,063	0,000
Pengendalian Diri -> Personal Money management	0,385	10,820	0,000
X1*Z -> Personal Money management	0,021	2,274	0,032
X2*Z -> Personal Money management	0,032	2,525	0,015
X3*Z -> Personal Money management	0,033	1,989	0,047

The information from the recapitulation of the above analysis can determine the results of hypothesis testing as follows:

- a. **Hypothesis Testing (H1):** Based on the study findings, possessing a strong desire for wealth significantly and positively influences one's capacity to manage personal finances. With a path coefficient of 0.592 and a T-statistic of 13.430 (where T-statistic  $> 1.96$ ), along with a p-value of 0.00 ( $< 0.05$ ), all corroborate this assertion. Therefore, Hypothesis 1 (H1) affirming the positive impact of money passion on personal finance management is upheld.
- b. **Hypothesis Testing (H2):** The study reveals that Fear of Missing Out (FOMO) behavior indeed plays a substantial and beneficial role in individual financial management. A T-statistic value of 10.063 and a path coefficient of 0.391, supported by a p-value of 0.00 ( $< 0.05$ ), provide evidence for this. Hence, Hypothesis 2 (H2) asserting the positive influence of FOMO on personal financial management is validated.
- c. **Hypothesis Testing (H3):** The research affirms that exercising self-restraint significantly and positively impacts one's ability to manage personal finances. A T-statistic of 10.820 and a p-value of 0.00 ( $< 0.05$ ), alongside a path coefficient of 0.385, validate this assertion. Therefore, Hypothesis 3 (H3) asserting the improvement of money management through exercising restraint is supported.
- d. **Hypothesis Testing (H4):** The study indicates a moderating role of financial awareness on the relationship between money passion among Generation Z individuals in Denpasar City and personal finance management. Supported by a path coefficient of 0.021, a T-statistic of 2.274 (where T-statistic  $> 1.96$ ), and a p-value of 0.032 ( $< 0.05$ ), this moderation is confirmed. Thus, Hypothesis 4 (H4) proposing the influence of financial knowledge on the relationship between personal finance management and money passion is upheld.
- e. **Hypothesis Testing (H5):** Research suggests a moderating effect of financial awareness on the association between personal finance management and Fear of Missing Out (FOMO) among Generation Z in Denpasar City. With a path coefficient of 0.032, a T-statistic of 2.525 (where T-statistic  $> 1.96$ ), and a p-value of 0.015 ( $< 0.05$ ), this moderation is substantiated. Therefore, Hypothesis 5 (H5) proposing the mitigation of FOMO's impact on individual financial management by financial literacy is supported.
- f. **Hypothesis Testing (H6):** It is suggested that financial literacy could moderate the relationship between self-discipline and individual financial management among Generation Z in Denpasar City. Supported by a path coefficient of 0.033, a T-statistic of 2.525 (where T-statistic  $> 1.96$ ), and a p-value of 0.015 ( $< 0.05$ ), this moderation is underscored. Hence, Hypothesis 6 (H6) proposing financial knowledge as a moderator in the association between restraint and personal finance management is upheld.

## CONCLUSION

### **Money Addiction and Personal Money Management:**

There exists a positive and significant correlation between money addiction and personal money management among Generation Z in Denpasar City. This finding aligns with previous research, which suggests that "the inclination towards and desire for money positively impacts personal finance management" (Prasetyo & Lestari, 2022).

### **Fear of Missing Out (FOMO) and Personal Money Management:**

Fear of Missing Out (FOMO) behavior also exerts a positive and significant influence on personal money management. This result is consistent with prior studies indicating that "Generation Z individuals experiencing FOMO tendencies tend to exhibit better personal money management skills" (Rifdani & Cerya, 2022).

### **Restraint and Personal Money Management:**

The analysis indicates that exercising restraint has a positive and significant impact on personal money management. This finding is in line with the notion that "the ability to control impulses and financial behavior contributes to more effective personal finance planning" (Smithikrai & Phetkham, 2019).

### **Role of Financial Awareness:**

Financial awareness serves as a pivotal mediator and moderator in the relationship between money addiction, FOMO, restraint, and personal money management. Generation Z individuals with heightened financial awareness demonstrate improved personal money management skills. This supports existing research indicating that "enhanced financial awareness can amplify the beneficial effects of money addiction and restraint on personal money management" (Nur et al., 2022).

### **Recommendations:**

Based on the research findings and to enhance policies and practices for Generation Z's money management, the following recommendations are proposed:

#### **Improved Financial Awareness:**

Government and educational institutions should intensify efforts to bolster financial awareness through targeted educational programs. Consistent with prior research, "financial education initiatives can foster a deeper understanding of financial concepts among Generation Z" (Napitupulu et al., 2021).

#### **Money Management Workshops:**

Organizing workshops focused on money management specifically tailored to Generation Z can aid in cultivating better personal finance management skills.

#### **Development of Financial Applications:**

Collaboration between government and private sectors to develop financial applications tailored to the needs of Generation Z can facilitate better financial management practices.

#### **Empowering Students:**

Efforts should be made in higher education environments to empower students with knowledge about financial products and services. Collaborating with financial institutions can broaden their understanding and awareness.

#### **Collaboration with Universities:**

Financial institutions can collaborate with universities to deliver financial education programs, thereby enhancing students' comprehension of financial concepts and mitigating risks such as uncontrolled online borrowing.

#### **Involvement of the Tech Industry:**

Engaging the technology industry in financial education and training can equip Generation Z, who are heavy consumers of internet content, with better understanding and utilization of digital financial tools.

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