The Phenomenon of Financial Literacy, Fear of Missing out (FOMO) and Hedonistic Lifestyle Among Gen Z in Central Java and Their Impact on Financial Behavior

Akhyaruddin Hidayatulloh[1*], Suhita Whini Setyahuni[2], Fakhmi Zakaria[3],Rudi Kurniawan[4]

[1-4]Universitas Dian Nuswantoro, Indonesia
* 211202207483@mhs.dinus.ac.id

Abstract
The penetration of digital finance has heightened risks regarding consumer behavior and debt accumulation among Generation Z. This issue is exacerbated by the national gap between financial literacy and inclusion, as well as significant digital-age pressures specifically FOMO and hedonistic lifestyles—that undermine the rationality of their daily financial allocation. This study aims to analyze the influence of financial literacy, FOMO, and hedonistic lifestyles on the financial management behavior of Generation Z in Central Java.The study employs a quantitative causal approach. The population consists of Generation Z in Central Java, with a sample of 115 respondents selected via purposive sampling. Data analysis was conducted using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software.The results indicate that financial literacy, FOMO, and hedonistic lifestyles have a positive and significant impact on financial behavior.This research contributes empirical evidence within the framework of Behavioral Finance Theory to explain the determinants of financial behavior among Generation Z in Central Java. The broad scope of the study allows for generalizability. Consequently, efforts to improve financial management behavior should be primarily directed toward strengthening financial literacy.

Keywords: Fear of Missing Out, hedonistic lifestyle, financial literacy, financial management behavior, Generation Z

Introduction

The development of digital technology has transformed people's financial management patterns through easier access to various financial services, such as digital wallets, mobile banking, ecommerce, and buy now pay later (BNPL). This convenience offers benefits in increasing financial inclusion, but also has the potential to encourage consumer behavior if not accompanied by the ability to manage finances effectively appropriate (Muntahanah et al., 2021). Financial management behavior is an individual's ability to plan, budget, control, use, and save financial resources to meet current and future needs. This ability is increasingly important in the digital age, as financial decisions can be made quickly and with reduced friction.

Generation Z is the group most closely exposed to digital technology developments, having grown up in an environment dominated by the internet and social media. This situation contributes to Generation Z's high technology adoption rate, but also increases their vulnerability to impulsive buying, consumer behavior, and the use of digital credit. In Central Java, the number of Generation Z members has reached 9,023,730, making them one of the largest productive age groups and playing a crucial role in the development of the digital economy (Badan Pusat Statistik, 2020). This large population makes Generation Z's financial management behavior a relevant issue to study. The urgency of this research is further strengthened by the gaps in national financial literacy and inclusion. The National Survey of Financial Literacy and Inclusion shows that the financial literacy index increased from 65.43% in 2024 to 66.46% in 2025, while the financial inclusion index increased even higher from 75.02% to 80.51%(Otoritas Jasa Keuangan, 2025; Stabilitas, 2025). This gap indicates a behavioral anomaly where people have used various financial services without adequate understanding of the risks and financial consequences.

This difference indicates that the use of financial services is growing faster than the public's ability to understand and manage financial risks. This phenomenon is reflected in the increasing use of buy now pay later services, with total financing reaching IDR 6.81 trillion in May 2024, a 33.64% increase compared to the previous year (Kumparan, 2024). (PERBANAS (2024) data also shows that Generation Z is the second-largest user of pay later services after millennials, placing this group at a higher risk of suboptimal financial management.

Financial management behavior is influenced by cognitive, psychological, and social factors. Financial literacy describes an individual's ability to understand financial concepts and make rational financial decisions. Conversely, Fear of Missing Out (FOMO) is a psychological condition characterized by concerns about being left behind by the experiences or activities of others, leading individuals to follow consumption trends without careful consideration (Przybylski et al., 2013). Furthermore, a hedonistic lifestyle oriented toward seeking pleasure and consumption satisfaction also has the potential to increase unplanned spending (Anggraeni & Gunawan, 2024; Elliyana & Rahman, 2025). The interaction of these three factors is thought to influence Generation Z's financial management behavior amidst the rapid development of digital media.

Previous research has shown that financial literacy tends to have a positive effect on financial management behavior, while FOMO and a hedonistic lifestyle are more often associated with consumptive behavior and impulsive buying. However, research findings on the influence of FOMO and a hedonistic lifestyle on financial behavior are inconsistent. Some studies have found an influence significant, while other studies report that these two variables have no significant impact. Furthermore, most studies still examine these three variables separately, thus not providing a comprehensive picture of how cognitive, psychological, and social factors work simultaneously to shape the financial management behavior of Generation Z.

Based on these conditions, this study aims to analyze the influence of financial literacy, Fear of Missing Out (FOMO), and a hedonistic lifestyle on the financial management behavior of Generation Z in Central Java. This research is expected to enrich behavioral finance studies by integrating cognitive, psychological, and social factors in explaining the financial management behavior of the younger generation and providing an empirical basis for developing financial literacy improvement programs that better align with the characteristics of Generation Z in the digital economy era. Based on these conditions, this study aims to analyze the influence of financial literacy, Fear of Missing Out (FOMO), and a hedonistic lifestyle on the financial behavior of Generation Z in Central Java Province. This research is necessary because the increase in national financial literacy and inclusion has not been fully followed by healthy financial behavior, especially among the Generation Z group who are closely related to the development of digital technology and various digital-based financial services. The results of this study are expected to provide empirical evidence regarding the factors influencing the financial behavior of Generation Z, thus providing a basis for the government, financial institutions, and educational institutions in designing more effective financial education strategies that are in line with the characteristics of the younger generation in the digital era.

Literature Review

Behavioral Finance Theory explains that individual financial decisions are not solely based on rational considerations but are also influenced by psychological, emotional, and social factors. According to Statman (2019), this theory views individuals as normal people with cognitive limitations, so financial decisions are influenced by needs, emotions, and personal preferences, rather than solely by rational economic considerations. This view differs from traditional finance theory, which assumes that every individual always acts rationally in every financial decision (Statman, 2019). Katenova et al. (2025) explain that Behavioral Finance developed in response to the limitations of traditional finance theory in explaining real-world financial behavior. This theory emphasizes that financial decisions are influenced by various behavioral biases, such as overconfidence, anchoring, herding, and loss aversion, which can cause individuals to deviate from rational decisions. The influence of these biases is increasingly potent in the digital era, as individuals are constantly exposed to information and various technology-based financial platforms (Katenova et al., 2025). According to Herathmenike et al. (2025), individual financial decisions are also influenced by emotions, heuristics, and social pressure, so the decision-making process is not always based on objective evaluation. As a result, financial decisions are often influenced by fear, emotional impulses, and the desire for certain satisfactions (Herathmenike et al., 2025). Behavioral Finance Theory is used as a theoretical basis to explain that Generation Z's financial management behavior is influenced not only by cognitive abilities in the form of financial literacy, but also by psychological factors such as Fear of Missing Out (FOMO) and social factors reflected in a hedonistic lifestyle. These three variables are seen as determinants that influence how individuals make decisions in managing their personal finances.

Within the framework of second-generation behavioral finance theory, fund management is no longer viewed as occurring in a sterile economic vacuum; instead, it positions the individual as a "normal" agent who balances various interests ranging from utility and self-expression to emotional considerations. Daily financial management constitutes a complex mosaic of behaviors, wherein individuals often act as agents with limited cognitive capacity to process all market information simultaneously. Amidst these limitations, a command of financial facts serves as a vital cognitive anchor, activating reflective thought processes that help neutralize errors stemming from impulsive decision-making (Statman, 2019). Financial literacy is an individual's ability to understand, evaluate, and utilize financial information to support sound decision-making. Individuals with a high level of financial literacy tend to be better at budgeting, managing expenses, saving, and planning for future financial needs. Conversely, low financial literacy can lead to difficulties in financial management and increase the risk of making poor financial decisions. According to Lusardi and Mitchell (2023), financial literacy plays a crucial role in helping individuals make better economic decisions and supports long-term financial well-being (Lusardi & Mitchell, 2023). The OECD (2023) also explains that individuals with higher levels of financial literacy tend to exhibit better financial behaviors, including in financial planning, expense management, and rational financial decision-making (OECD, 2023). These findings are supported by Amanah et al. (2016), who demonstrated that financial knowledge influences personal financial behavior (Amanah et al., 2016). The higher an individual's level of financial literacy, the better their financial behavior; previous research indicates that financial literacy plays a significant role in shaping individual financial behavior.

Financial literacy encompasses the ability to understand financial concepts and money-related behaviors, as well as the capacity for rational financial decision-making. A study by Aprilian (2025) found that financial literacy has a significant negative effect on the consumptive behavior of university students; in other words, higher financial literacy corresponds to lower consumptive behavior. Another study by Prawitasari (2025) states that financial literacy positively influences the financial behavior of Generation Z, particularly regarding personal financial behavior. The higher an individual's level of financial literacy, the better their financial behavior.
H1: Financial literacy has a positive and significant effect on financial behavior.

The more pronounced the hedonistic lifestyle, the poorer or more impulsive the financial behavior becomes.
H2: A hedonistic lifestyle has a negative effect on financial behavior.

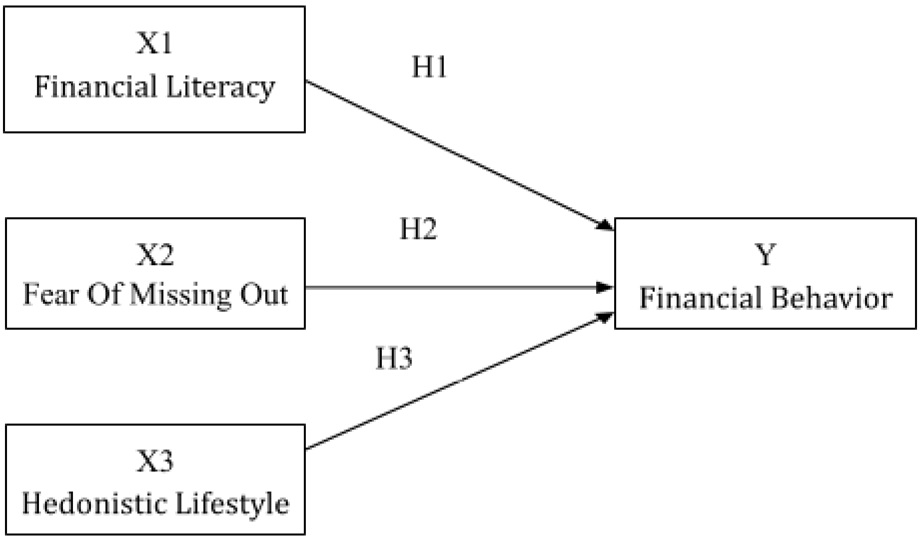
The second-generation behavioral finance framework asserts that humans, as "normal" agents, often engage in irrational economic actions because their decisions are driven by the pursuit of emotional satisfaction and the need for social expression to avoid exclusion. These psychological barriers trigger compensatory behaviors that undermine logical reasoning; personal funds that should be allocated for long-term utility are instead diverted to alleviate short-term social anxiety (Statman, 2019). This situation is exacerbated by the proliferation of retail financial technology innovations and digital platforms, which significantly intensify social influence and emotional biases in individuals' daily economic decisions (Katenova et al., 2025). Four decades of research in behavioral economics consistently demonstrate that close interactions within digital social networks play a decisive role in destabilizing the personal financial management of the younger generation (Kumar et al., 2026). A sociological fear of missing out on valuable opportunities compels individuals to take unplanned financial actions, thereby degrading the quality of their financial management (Katenova et al., 2025). Fear of Missing Out (FOMO) is the apprehension that others are having rewarding experiences in one's absence, driving individuals to constantly keep up with the activities, information, and trends within their social circles. High levels of FOMO make individuals more susceptible to social influence and prone to engaging in various consumption activities to avoid feeling left behind. Przybylski et al. (2013) explain that individuals with high FOMO levels tend to have a strong need to remain connected to social activities and stay updated on their surroundings (Przybylski et al., 2013). Gupta and Sharma (2021) add that FOMO can foster compulsive behavior regarding social activities and increase the tendency to engage in social comparison. This condition can influence financial decisions, as individuals are more easily driven to follow emerging consumption trends (Gupta & Sharma, 2021). Fear of Missing Out (FOMO) is a psychological state in which individuals fear missing out on experiences, trends, or activities that others are participating in. This concept was first developed by Kaddouhah (2024), who explained that FOMO arises from unmet social needs, driving individuals to stay connected with their social circles particularly through digital media and social media platforms. In the context of financial behavior, FOMO can affect both consumption and investment decisions, as individuals tend to take impulsive financial actions to avoid being perceived

as lagging behind their social group (Ivantcheva, 2021).The FOMO phenomenon is increasingly prevalent among the younger generation due to the high usage of social media platforms such as Instagram, TikTok, and others that showcase consumerist lifestyles, investment trends, and specific spending habits. Individuals experiencing FOMO tend to purchase goods, follow investment trends, or use digital financial services without careful planning. Consequently, their financial behavior becomes less rational, driven more by social emotions than by objective financial considerations.FOMO causes individuals to fear missing out on social and financial trends emerging in the digital landscape. This condition triggers consumerist behavior and impulsive financial decisions, as individuals are driven to emulate the activities of others without considering their own economic means. Intensive exposure to social media amplifies the tendency to purchase products, pursue investments, or use specific financial services solely to gain social validation and avoid the feeling of being left behind. The higher an individual's level of FOMO, the more likely their financial behavior is to become irrational and unstable (Ivantcheva, 2021).
H3: FOMO (Fear of Missing Out) has a negative effect on

Financial management behavior refers to an individual's behavior in managing financial resources through the processes of planning, using, controlling, and making financial decisions to achieve financial well-being. The OECD (2023) defines financial behavior as an individual's concrete actions in managing finances, reflecting the ability to make appropriate financial decisions to achieve financial well-being. This behavior includes financial planning, considering financial capabilities before making purchases, choosing financial products wisely, and seeking adequate information before making financial decisions (OECD, 2023).

Amanah et al. (2016) explain that personal financial management behavior refers to an individual's behavior in managing and administering personal finances, influenced by habits, psychological factors, and the decision-making process. This behavior is reflected in the ability to prepare a budget, control expenses, meet financial obligations, save regularly, and plan for short-term and long-term financial needs (Amanah et al., 2016).

According to the OECD (2023), good financial management behavior plays a crucial role in increasing financial resilience because it enables individuals to face financial risks, meet urgent needs, and maintain financial stability. Conversely, poor financial management behavior can increase the risk of future financial problems (OECD, 2023). Yosefa (2024) defines financial management behavior as an individual's ability to manage finances in a planned manner according to established financial needs and goals. This ability enables individuals to allocate financial resources effectively so that current needs can be met without neglecting future financial interests (Yosefa, 2024).



Method

This study uses a quantitative approach with an explanatory research design to analyze the influence of financial literacy, Fear of Missing Out (FOMO), and a hedonistic lifestyle on the financial management behavior of Generation Z in Central Java. The data used are primary data obtained through a questionnaire distributed using Google Forms. The quantitative approach was chosen because it can objectively measure relationships between variables through statistical testing (Sugiyono, 2017).

$$n = \frac{Z^2 . P. (1 - P)}{d2}$$

Description:
n = number of samples
Z = standard value of the normal distribution (95% confidence level, Z value = 1.96) P = maximum estimate of the population proportion (set at 0.5 if the proportion is unknown) d = margin of error, set at 10% or 0.1.

$$n = \frac{(1{,}96)^2 . 0{,}5. (1 - 0{,}5)}{(0{,}1)^2}$$

$$n = \frac{3{,}8416.0{,}25}{0{,}01}$$

n = 96,04 = 96

Based on the calculation results, the minimum sample size required is 96 respondents. In its implementation, this study obtained 115 respondents who met the research criteria so that all data were used in the analysis process. The sampling technique used purposive sampling, namely a technique for determining samples based on certain characteristics that are in accordance with the research objectives (Sugiyono, 2017). The inclusion criteria for respondents in this study include: (1) belonging to the Generation Z group with an age range of 17–27 years; (2) domiciled in Central Java Province; (3) actively using social media; and (4) completing the questionnaire completely.

Table 1. Operational Definition of Variables

Variables	Definition	Indicator	Scale
Financial Literacy (Sari & Listiadi, 2021)	The level of knowledge and ability of a person in managing financial resources to achieve prosperity	1. Knowledge of money management Knowledge of savings and investments 2. 3. Understanding of financial risks 4. Ability to make financial decisions Understanding of financial products	Likert Scale
Fear of Missing Out (FOMO) (Hernawati, 2025)	Worry or anxiety that arises from feeling left out of the valuable experiences that other people are experiencing.	1. Fear of missing out on trends 2. Drive to follow activities 3. Intensity of social media use 4. Feelings of anxiety if you don't stay up-todate Social comparison	Likert Scale
Hedonisme Lifestyle	A view of life that considers that pleasure and material enjoyment are the main goals in life.	1. Consumption for pleasure 2. Impulse buying 3. Prioritizing lifestyle 4. Instant gratification orientation 5. Social recognition	Likert Scale

Financial Behavior (Xiao, 2008)	A person's real actions in managing the planning, implementation and control of financial funds.	1. 2. 3. 4. 5.	Saving habits Expense management Financial planning Consumption control Financial obligations	Likert Scale

Results and Discussion
This study uses a quantitative approach with an explanatory research design to analyze the influence of financial literacy, Fear of Missing Out (FOMO), and a hedonistic lifestyle on the financial behavior of Generation Z in Central Java. The data used are primary data obtained directly through an online questionnaire using Google Forms. The quantitative approach was chosen because it allows for objective measurement of relationships between variables through statistical testing (Sugiyono, 2017).

The population in this study is all Generation Z residents of Central Java Province. According to data from the Central Statistics Agency (2020), the number of Generation Z in Central Java reached 9,023,730. The sample size was determined using the Lemeshow formula with a margin of error of 10% as follows:

Respondent characteristics show that most participants are in the 20–25 years age range (79.13%), followed by 26–30 years old (14.78%), while respondents aged 14–19 years old were only 6.09%. This condition indicates that most respondents are Generation Z who are in the early adulthood phase, namely the transition period towards economic independence and starting to make financial decisions independently. Based on domicile, respondents are dominated by Semarang City/Regency (30.43%) and Kendal Regency (29.57%), while the rest are spread across various regions in Central Java such as Salatiga, Demak, Magelang, Solo, and several other areas. In terms of employment, respondents are dominated by students/university students (45.22%), followed by private employees (25.22%) and entrepreneurs (13.91%). The majority of respondents also have an income or pocket money of Rp1,000,000–Rp5,000,000 (64.35%), while 31.30% have an income of less than Rp1,000,000 and only 4.35% have an income above Rp10,000,000. These characteristics indicate that most respondents are still in the early stages of financial independence so that their apparent financial management behavior tends to be influenced by their limited ability to manage resources.

The study results should be clearly presented and supported with relevant tables and figures. This section should also discuss the principles and generalizations derived from the findings, along with any exceptions, issues, theoretical and practical implications, and recommendations. All tables and figures must be cantered and numbered appropriately. Table headings should be placed at the top, while figure captions should be positioned below the figures. Any references related to tables and figures should be included beneath them.

Tabel 1. Outer Loading Model Akhir

Konstruk	**Indikator**	**Outer Loading**	**Notes**
Financial Literacy	X1.1	0,759	Fullfiled
	X1.2	0,710	Fullfiled
	X1.3	0,804	Fullfiled
	X1.4	0,829	Fullfiled
	X1.5	0,712	Fullfiled
Fear of Missing Out	X2.1	0,790	Fullfiled
	X2.2	0,754	Fullfiled
	X2.3	0,767	Fullfiled
	X2.4	0,822	Fullfiled
	X2.5	0,791	Fullfiled
Hedonistic Lifestyle	X3.1	0,813	Fullfiled

	X3.2	0,732	Fullfiled
	X3.3	0,793	Fullfiled
	X3.4	0,868	Fullfiled
	X3.5	0,863	Fullfiled
Financial behavior	Y1	0,824	Fullfiled
	Y2	0,786	Fullfiled
	Y3	0,763	Fullfiled
	Y4	0,732	Fullfiled
	Y5	0,803	Fullfiled

Source: SmartPLS 4 output processed by the researcher, (2026).

The evaluation results show that all indicators meet the recommended outer loading values. The Financial Literacy construct, the Fear of Missing Out construct, the Hedonistic Lifestyle construct, and the Financial Behavior construct all meet the recommended minimum threshold. Based on these evaluation results, the measurement model meets the requirements for convergent validity.

Table 2. Results of Construct Reliability Test

Construct	Cronbach's Alpha	rho A	Composite Reliability	AVE
Financial Literacy	0,822	0,838	0,875	0,584
Fear of Missing Out	0,846	0,857	0,889	0,617
Hedonistic Lifestyle	0,875	0,885	0,908	0,665
Financial Behavior	0,842	0,850	0, 887	0,612

Source: SmartPLS 4 output processed by the researcher, (2026).

The test results show that all constructs have a Composite Reliability value above 0.70 and an AVE value above 0.50, thus fulfilling the requirements for reliability and convergent validity.

Table 3. Heterotrait-Monotrait Ratio (HTMT) Test Results

Konstruk	**Financial Literacy**	**FOMO**	**Hedonistic Lifestyle**	**Financial Behavior**
Financial Literacy				
FOMO	0,107			
Hedonistic Lifestyle	0,116	0,647		
Financial Behavior	0,576	0,339	0,360	

Source:SmartPLS 4 output processed by the researcher,(2026).

Table 4. Fornell–Larcker Criterion Results

Construct	**Financial Literacy**	**FOMO**	**Hedonisctic Lifestyle**	**Financial Behavior**
Financial Literacy	0,764			
FOMO	0,055	0,785		
Hedonistic Lifestyle	0,018	0,560	0,815	
Financial Behavior	0,496	0,354	0,329	0,782

Source:Smart PLS 4 output processed by the researcher, (2026).

The evaluation results using the Fornell–Larcker criteria show that the square root mean squared correlation (AVE) value for each construct is greater than the correlation between the other constructs. These results indicate that each construct has good discrimination ability against other constructs. This finding is also supported by the cross-loading results, which show that all indicators have the highest loading values on the constructs they measure. Thus, the measurement model has met the requirements for discriminant validity and is suitable for use in evaluating structural models.

Table 5. Collinearity Statistics Results (Inner VIF Values)

Relationship between constructs	**Inner VIF**	**Decision**
FOMO Regarding Financial Behavior	1,003	Multicollinearity is not present.
The Impact of a Hedonistic Lifestyle on Financial Behavior	1,462	Multicollinearity is not present.
Financial Literacy and Financial Behavior	1,458	Multicollinearity is not present.

Source:SmartPLS 4 output processed by the researcher, (2026).

The test results show that all exogenous constructs have Inner VIF values between 1.003–1.462, all of which are far below the maximum limit of 5.00 as recommended by Jr et al. (2022). These findings indicate that there is no high correlation between the independent variables in the structural model. Thus, the constructs of Financial Literacy, Fear of Missing Out (FOMO), and Hedonistic Lifestyle do not experience multicollinearity problems, so all variables are suitable for use in structural relationship testing and hypothesis testing.

Table 6. Model Fit Evaluation Results

Indeks Model Fit	Saturated Model	Estimated Model
SRMR	0,080	0,080
d_ULS	1,336	1,336
d_G	2,418	2,418
Chi-square	824,540	824,540
NFI	0,528	0,528

Source: SmartPLS 4 output processed by the researcher, (2026).

The evaluation results show that the SRMR value for the Saturated Model and Estimated Model is 0.080, respectively, while the NFI value is 0.528. In addition, SmartPLS also produces a d_ULS value of 1.336, d_G of 2.418, and Chi-square of 824.540. Overall, the model has a less than optimal level of fit, in the PLS-SEM approach, the main evaluation remains focused on the model's predictive ability, the analysis continues by measuring the model's ability to explain endogenous variables through the coefficient of determination (R2).

Table 7. Coefficient of Determination (R^2) Results

Endogenous Construct	R Square	R Square Adjusted	Category
Financial Behavior	0,380	0,364	Weak

Source: SmartPLS 4 output processed by the researcher, (2026).

The results of the structural model evaluation indicate that the Financial Behavior construct has an R2 value of 0.380, with an Adjusted R2 of 0.364. This value indicates that the variables Financial Literacy, Fear of Missing Out (FOMO), and Hedonistic Lifestyle simultaneously explain 38% of the variation in Generation Z's Financial Behavior in Central Java. Meanwhile, 62% of the variation in Financial Behavior is explained by factors outside the research model that were not analyzed in this study.

Based on the classification by Jr et al. (2022), the R2 value of 0.364 is below the 0.25 threshold, thus categorizing the model's predictive ability in explaining variation in Financial Behavior as weak. This finding indicates that although the model is able to explain some variation in respondents' financial behavior, there are still many other factors beyond Financial Literacy, Fear of Missing Out (FOMO), and Hedonistic Lifestyle that are more dominant in influencing Generation Z's Financial Behavior.

Table 8. Effect Size Results (f2)

Relationship between constructs	F2	Category
Financial Literacy and Financial Behavior	0,372	Minor effect
Fear of Missing Out and Financial Behavior	0,051	Minor effect
Hedonistic Lifestyle and Financial Behavior	0,0044	Minor effect

Source: SmartPLS 4 output processed by the researcher, (2026).

The analysis results show that Financial Literacy has an effect size (f2) of 0.372, which falls into the large effect category. This indicates that Financial Literacy contributes significantly to improving the predictive ability of Financial Behavior.

Meanwhile, Fear of Missing Out (FOMO) has an f2 value of 0.051, while Hedonistic Lifestyle has an f2 value of 0.044. Both values contribute to changes in the coefficient of determination of Financial Behavior, which can be categorized as small effects. These findings indicate that the influence of these two constructs on Financial Behavior is relatively small in the research model.

Table 9. Hypothesis Testing Results

Hypotesis	Relationships Between Variables	Original Sample (β)	t-statistic	p-value
H1	Financial Literacy and Financial Behavior	0,481	9,215	0,000
H2	Fear of Missing Out (FOMO) and Financial Behavior	0,215	2,775	0,006
H3	The Impact of a Hedonistic Lifestyle on Financial Behavior	0,200	2,336	0,020

Source:SmartPLS 4 output processed by the researcher, (2026).

The test results show that Financial Literacy has a path coefficient (β) of 0.481, with a t-statistic of 9.215 and a p-value of 0.000. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that Financial Literacy has a positive and significant effect on the financial behavior of Generation Z in Central Java. Therefore, Hypothesis 1 (H1) is accepted.

Conversely, the relationship between Fear of Missing Out (FOMO) and Financial Behavior also showed insignificant results. The path coefficient value was 0.215, with a t-statistic of 2.775 and a pvalue of 0.006, indicating that the effect of FOMO on financial behavior is statistically significant. Therefore, Hypothesis 3 (H3) is accepted.

The relationship between Hedonistic Lifestyle and Financial Behavior yielded a path coefficient of 0.200, with a t-statistic of 2.336 and a p-value of 0.020. This value does not meet the significance criteria because the t-statistic is >1.96 and the p-value is 0.05, indicating that a Hedonistic Lifestyle has a significant effect on Financial Behavior. Therefore, Hypothesis 2 (H2) is accepted.
Overall, the results of the hypothesis testing indicate that only Financial Literacy, Fear of Missing Out (FOMO), and a Hedonistic Lifestyle have a significant effect on the Financial Behavior of Generation Z in Central Java.

Conclusion

This study shows that financial literacy, Fear of Missing Out (FOMO) and hedonism lifestyle are factors that have a positive and significant influence on the financial behavior of Generation Z in Central Java, the phenomenon of passive digital financial literacy such as the use of buy now pay late (BNPL) services and digital wallets which, although providing ease of transactions, also triggers an escalation of consumptive behavior and debt collection among Generation Z. This problem is almost when approaching between literacy levels and concerns about the psychosocial pressures of the digital era in the form of Fear of Missing Out (FOMO) and hedonism lifestyle orientation that requires rationality of daily financial allocation. Regarding this phenomenon, this study aims to analyze and empirically test the influence of financial literacy, FOMO, and hedonism lifestyle on the financial management behavior of Generation Z in Central Java Province. This finding shows that the ability that understanding and applying financial knowledge encourages psychology to follow trends and orientation towards pleasure plays a role in shaping financial behavior. However, the ability of these three variables in explaining financial behavior is still relatively low, so that the financial behavior of Generation Z is also influenced by various other factors outside the research model. These findings reinforce the point that improving financial literacy remains a crucial aspect in fostering better financial behavior among Generation Z.

Based on hypothesis testing using the Partial Least Squares-Structural Equation Modeling (PLSSEM) approach, empirical findings indicate that all independent variables significantly influence financial behavior. The financial literacy variable demonstrated a positive and significant effect, with a path coefficient (β) of 0.481, a t-statistic of 9.215, and a p-value of 0.000 ($p<0.05$), indicating that increased financial cognitive understanding contributes directly and substantially to improved financial management behavior. Furthermore, Fear of Missing Out (FOMO) also significantly impacted financial behavior, with a β value of 0.215, a t-statistic of 2.775, and a p-value of 0.006. Similarly, the hedonistic lifestyle variable demonstrated a significant influence on financial behavior, with a path coefficient of β = 0.200, t-statistic = 2.336, and p-value = 0.020. This finding reinforces the idea that Generation Z's

financial behavior is not solely determined by cognitive aspects such as financial knowledge, but is also strongly influenced by psychological drives and a digital lifestyle.
A problem in researching financial behavior among Generation Z is that ease of access to digital financial services is currently compared to adequate financial literacy. This situation creates more frequent financial oversight, especially when individuals are exposed to psychological pressures such as Fear of Missing Out (FOMO) and a hedonistic lifestyle.

Based on these limitations, future research is recommended to use a more heterogeneous sample involving Generation Z from various occupational groups, income levels, and regions to improve generalizability. Future research also needs to add other variables that theoretically influence financial behavior, such as self-control, financial attitudes, financial self-efficacy, locus of control (Chandra & Satria, 2023), financial education in the family, financial experience, and the influence of the social environment, so that the model's ability to explain financial behavior can be.

Bibliography

Amanah, E., Rahardian, D., & Iradianty, A. (2016). Pengaruh financial knowledge, financial attitude dan external locus of control terhadap personal financial management behavior pada mahasiswa S1 Universitas Telkom. E-Proceeding of Management, 3(2), 1228–1235.

Anggraeni, Y., & Gunawan, K. (2024). The Analysis of Hedonic Lifestyle Impact on Irrational Purchasing Behavior with Social Acknowledgement as a Moderating Variable. Review of Management and Entrepreneurship, 8(1), 101–113. https://doi.org/10.37715/rme.v8i1.4393

Badan Pusat Statistik. (2020). Jumlah Penduduk menurut Wilayah, Klasifikasi Generasi, dan Jenis Kelamin, INDONESIA, Tahun 2020. https://sensus.bps.go.id/topik/tabular/sp2020/2/0/0

Elhai, J. D., Levine, J. C., Dvorak, R. D., & Hall, B. J. (2016). Fear of missing out, need for touch, anxiety and depression are related to problematic smartphone use. Computers in Human Behavior, 63, 509–516. https://doi.org/10.1016/j.chb.2016.05.079

Elliyana, E., & Rahman, A. (2025). Hedonistic Lifestyle Among Generation Z: a Qualitative Study of Consumptive Behavior on Social Media. World Journal of Arts, 2(6), 1–4.

Gupta, M., & Sharma, A. (2021). Fear of missing out: A brief overview of origin, theoretical underpinnings and relationship with mental health. World Journal of Clinical Cases, 9(19), 4881–4889. https://doi.org/10.12998/wjcc.v9.i19.4881

Herathmenike, H. M. M. A., Dewasiri, N. J., & Munasinghe, A. (2025). Unpacking Investor Psychology: A Systematic Review and Meta-Analysis of Behavioural Biases Shaping Investment Decisions*. F1000Research, 14, 1–24. https://doi.org/10.12688/f1000research.168166.1

Jr, J. F. H., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). SAGE.

Katenova, M., Frolova, Y., & Schmunkamp, P. (2025). Behavioral Finance in the sphere of investment: Systematic Review of Literature between 2020 and 2025. F1000Research,14(949), 1–17. https://doi.org/10.12688/f1000research.166104.1

Kumar, V. M. V., Kumar, V. L., Dupam, S. R., & Ghayas, A. (2026). Behavioral finance: a fourdecade bibliometric exploration. Journal of Economics, Finance and Administrative Science, 1–48. https://doi.org/10.1108/JEFAS-06-2025-0203

Kumparan. (2024). OJK: Utang Warga RI di Paylater Tembus Rp 6,81 Triliun per Mei 2024. https://kumparan.com/kumparanbisnis/ojk-utang-warga-ri-di-paylater-tembus-rp-6-81-triliunper-mei-2024-235fnT85MNu

Lusardi, A., & Mitchell, O. S. (2023). The Importance of Financial Literacy: Opening a New Field.
Journal of Economic Perspectives, 37(4), 137–154. https://doi.org/10.1257/jep.37.4.137 Muntahanah, S., Cahyo, H., Setiawan, H., & Rahmah, S. (2021). Literasi Keuangan, Pendapatan
dan Gaya Hidup terhadap Pengelolaan Keuangan di Masa Pandemi. Jurnal Ilmiah Universitas Batanghari Jambi, 21(3), 1245. https://doi.org/10.33087/jiubj.v21i3.1647

Nogueira, M. C., Almeida, L., & Tavares, F. O. (2025). Financial Literacy, Financial Knowledge, and Financial Behaviors in OECD Countries. Journal of Risk and Financial Management, 18(3), 1–15. https://doi.org/10.3390/jrfm18030167

Nurazijah, M., Fitriani, S. L. N., & Rustini, T. (2023). The Effect of Hedonic Lifestyle on Consumptive Behaviour among College Students. Journal on Education, 05(02), 2345–2352. http://jonedu.org/index.php/joe

OECD. (2023). OECD / INFE 2023 international survey of adult financial literacy.

Otoritas Jasa Keuangan. (2025). Siaran Pers Bersama: Indeks Literasi dan Inklusi Keuangan

Masyarakat Meningkat, OJK dan BPS Umumkan Hasil Survei Nasional Literasi Dan Inklusi Keuangan (SNLIK) Tahun 2025. https://ojk.go.id/id/berita-dan-kegiatan/siaranpers/Pages/OJK-dan-BPS-Umumkan-Hasil-Survei-Nasional-Literasi-Dan-Inklusi-KeuanganSNLIK-Tahun-025.aspx?

PERBANAS. (2024). Paylater dan Generasi Digital: Fenomena Baru dalam Perilaku Konsumen Gen Z dan Milenial. https://perbanas.org/publikasi/artikel-perbanas/paylater-dan-generasidigital-fenomena-baru-dalam-perilaku-konsumen-gen-z-dan-milenial

Prawitasari. (2025). Financial Behavior of Gen Z Students: Digital Lifestyle, FoMo, and Financial Literacy. Solusi, 23(3), 475–487. https://doi.org/10.26623/slsi.v23i3.12359

Przybylski, A. K., Murayama, K., Dehaan, C. R., & Gladwell, V. (2013). Motivational, emotional, and behavioral correlates of fear of missing out. Computers in Human Behavior, 29(4), 1841–1848. https://doi.org/10.1016/j.chb.2013.02.014

Qu, Y. (2023). Influences of Hedonic Consumption on Business and Individuals Quality of Life.
Communications in Humanities Research, 9(1), 110–122. https://doi.org/10.54254/27537064/9/20231144

Rozgonjuk, D., Sindermann, C., Elhai, J. D., & Montag, C. (2020). Fear of Missing Out (FoMO) and social media's impact on daily-life and productivity at work: Do WhatsApp, Facebook, Instagram, and Snapchat Use Disorders mediate that association? Addictive Behaviors, 110(March), 106487. https://doi.org/10.1016/j.addbeh.2020.106487

Stabilitas. (2025). SNLIK 2025: Indeks Literasi Keuangan Capai 66,46 Persen, INdeks Inklusi Keuangan 80,51 Persen. https://www.stabilitas.id/snlik-2025-indeks-literasi-keuangan-capai6646-persen-indeks-inklusi-keuangan-8051-persen/?