

THE INFLUENCE OF FINANCIAL LITERACY, LIFESTYLE, AND FINANCIAL TECHNOLOGY ON THE INVESTMENT DECISIONS OF GENERATION Z IN MEDAN SUNGGAL DISTRICT

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Abstract

This study aims to analyze the influence of financial literacy, lifestyle, and financial technology on the investment decisions of Generation Z in Medan Sunggal District. Generation Z is a group that grew up in the digital era, and therefore exhibits more dynamic consumption patterns and financial behavior than previous generations. The study employs an associative quantitative approach using primary data from 100 respondents obtained through the Slovin technique. Data were analyzed using multiple linear regression with classical assumption tests. The results show that financial literacy ($\beta = 0.472$; sig. = 0.000), lifestyle ($\beta = 0.229$; sig. = 0.008), and financial technology ($\beta = 0.242$; sig. = 0.001) each have a positive and partially significant effect on investment decisions. Simultaneously, the three variables have a significant effect ($F = 27.130$; sig. = 0.000) with an Adjusted R^2 value of 0.442, meaning that 44.2% of the variation in investment decisions can be explained by the three variables, while the remaining 55.8% is explained by other variables outside the model.

Keywords: Financial Literacy, Lifestyle, Financial Technology, Investment Decisions, Generation Z

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INTRODUCTION

Financial management is one of the important aspects of an individual's life, as it relates to the ability to manage income, expenses, savings, and investment planning in order to achieve future financial goals. Good financial management helps a person make appropriate financial decisions, including in determining investment choices, thereby improving financial stability and security.

Each generation has different characteristics in managing finances. Baby Boomers tend to focus on security and long-term savings, Generation X emphasizes family economic stability, while Millennials have begun to utilize technology in financial activities. Generation Z, born around 1997–2012, is a generation that grew up amid the development of digital technology and the internet, and therefore exhibits more dynamic consumption patterns and financial behavior. Ease of access to information, social media, and various digital platforms also influence how Generation Z makes financial decisions, including investment decisions.

The development of the times has caused people's living needs to continue to increase, not only for primary needs but also for technology, internet, digital entertainment, online transportation, and various needs related to lifestyle. On the other hand, this increase in needs is not always matched by an adequate increase in income, so many individuals experience difficulties in managing their finances.

The imbalance between income and expenses can affect an individual's ability to make investment decisions. For Generation Z, investment decisions are important because this group is at the early stage of building financial independence and planning for the future. Based on a survey by UMN Consulting and Kompas.com, the majority of Generation Z shop through e-commerce, with a percentage of 66.09%, while daily needs such as fast food, internet and mobile credit, personal care products, and digital subscription services become routine expenses. As many as 66.39% of respondents shop online because it can be done at any time, and 39.72% because it saves time. In addition, various news reports indicate the increasing use of online loan services among Generation Z, which signifies the high utilization of financial technology but also reveals the risk of unwise financial decision-making due to low financial understanding.

Therefore, research on the influence of financial literacy, lifestyle, and financial technology on the investment decisions of Generation Z in Medan Sunggal District is important to identify the factors that influence the investment behavior of the younger generation in the digital era.

Problem Formulation

1. How does financial literacy affect the investment decisions of Generation Z in Medan Sunggal District?
2. How does lifestyle affect the investment decisions of Generation Z in Medan Sunggal District?
3. How does financial technology affect the investment decisions of Generation Z in Medan Sunggal District?
4. How do financial literacy, lifestyle, and financial technology simultaneously affect the investment decisions of Generation Z in Medan Sunggal District?

Research Objectives

This study aims to identify and analyze the influence of financial literacy, lifestyle, and financial technology, both partially and simultaneously, on the investment decisions of Generation Z in Medan Sunggal District.

THEORETICAL FRAMEWORK AND HYPOTHESES

Financial literacy is an individual's ability to understand financial concepts and information so as to effectively manage financial resources to achieve financial goals (Kusnandar & Kurniawan, 2022). Lifestyle reflects a person's pattern of activities, interests, and opinions that influence consumption behavior and how financial resources are managed (Sutisna, 2022). Meanwhile, financial technology is the utilization of digital technology in financial services to improve convenience, speed, efficiency, and accessibility (Nofinawati & Harahap, 2022). Investment decisions are the process of individual decision-making in allocating funds to various investment instruments by considering risk, return, and financial goals (Milati & Zen, 2022).

Based on this framework, the hypotheses of this study are:

H1: Financial literacy affects the investment decisions of Generation Z in Medan Sunggal District.

H2: Lifestyle affects the investment decisions of Generation Z in Medan Sunggal District.

H3: Financial technology affects the investment decisions of Generation Z in Medan Sunggal District.

H4: Financial literacy, lifestyle, and financial technology simultaneously affect the investment decisions of Generation Z in Medan Sunggal District.

RESEARCH METHOD

This study employs a quantitative approach, which is a method used to test hypotheses objectively through numerical data and statistical analysis, with the aim of examining relationships between variables in a measurable and systematic manner. The type of research used is associative with explanatory characteristics, meaning that the study seeks to explain the cause-and-effect relationship between independent variables and the dependent variable. The independent variables in this study are financial literacy, lifestyle, and financial technology, while the dependent variable is investment decision. The research was conducted in Medan Sunggal District, North Sumatra, over a period of three months, from June to November 2026, with the study population consisting of the entire Generation Z community residing in that area.

The population of this study comprises 33,443 members of Generation Z in Medan Sunggal District, based on data from the Central Bureau of Statistics (Badan Pusat Statistik, 2025). The sample size was determined using the Slovin technique with a 10% margin of error, which produced a total of 100 respondents to be included in the study. This sampling technique was chosen because it allows researchers to obtain a representative sample from a large population while maintaining a manageable and statistically justifiable sample size, as expressed in the formula e represents the margin of error. The data used in this study consist of both primary and secondary data; primary data were collected directly from respondents through the distribution of questionnaires,

while secondary data were obtained from documented sources such as scientific journals, books, annual reports, and official institutional documents (Hartono & Wibowo, 2023).

Prior to data collection, the research instrument must fulfill two important requirements, namely validity and reliability, in order to ensure that the questionnaire accurately and consistently measures the intended constructs. The validity test is used to determine the extent to which the research instrument truly measures what it is supposed to measure, and the questionnaire is considered valid if the calculated *r*-value (*r*-hitung) exceeds the critical *r*-value (*r*-tabel) (Fathurrahman & Cahyono, 2023). Meanwhile, the reliability test is carried out using the Cronbach's Alpha coefficient, where a value between 0.6 and 0.79 indicates acceptable reliability and a value of 0.8 or higher indicates high reliability (Setiawan, 2024). These two tests are essential because they guarantee that the data gathered from the 100 respondents are trustworthy and suitable for subsequent statistical analysis.

After the data were collected and verified, the analysis proceeded through several stages, beginning with classical assumption tests and followed by multiple linear regression analysis. The classical assumption tests consist of the normality test, the multicollinearity test, and the heteroscedasticity test, all of which are required to ensure that the regression model satisfies the underlying statistical assumptions. Once these assumptions were met, multiple linear regression analysis was performed to evaluate the influence of the independent variables on the dependent variable using the model represents financial technology. The coefficient of determination (R^2) was then calculated to measure how much of the variation in the dependent variable could be explained by the independent variables, while hypothesis testing was conducted both partially through the *t*-test and simultaneously through the *F*-test in order to determine the significance of each variable's influence.

RESULTS AND DISCUSSION

.1 Descriptive Statistics

This study involved 100 respondents, and all data could be processed because there were no missing data (missing = 0). A summary of the descriptive statistics is presented in Table 1.

Table 1. Descriptive Statistics

Variable	N	Mean	Median	Mode	Std. Deviation
Financial Literacy	100	25.99	26.00	26	4.572
Lifestyle	100	26.08	26.00	29	4.609
Financial Technology	100	26.38	26.00	31	4.786
Investment Decision	100	27.09	27.00	25	4.650

Source: Research Results, 2026 (Data processed)

The standard deviation value of each variable is smaller than its mean value, so the data distribution is relatively low and respondents' answers tend to be homogeneous. This indicates that the data obtained are quite good for use in further analysis.

3.2 Classical Assumption Test Results

Normality Test. The test results show that the histogram curve formed resembles a bell shape and is not skewed to the left or right. The Normal P-P Plot graph also shows that the data points are scattered around the diagonal line and follow its pattern. Testing with the One-Sample Kolmogorov-Smirnov Test produces an Asymp. Sig. (2-tailed) value of 0.200 (> 0.05), so it can be concluded that the data are normally distributed.

Multicollinearity Test. Each variable has a tolerance value > 0.1 and a VIF value < 10 , so no multicollinearity problems were found in this study.

Heteroscedasticity Test. The scatterplot graph shows that the points are scattered randomly without forming a specific pattern, either above or below the zero line on the Y-axis. The Glejser test results also show that the significance level of each variable is greater than 0.05, so heteroscedasticity does not occur in the regression model.

3.3 Multiple Linear Regression Analysis Results

Table 2. Multiple Regression Coefficient Test Results

Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	2.475	2.907		0.851	0.397		
Financial Literacy	0.472	0.086	0.464	5.469	0.000	0.783	1.277
Lifestyle	0.229	0.085	0.227	2.700	0.008	0.798	1.254
Financial Technology	0.242	0.074	0.249	3.281	0.001	0.980	1.021

Dependent variable: Investment Decision Source: Research Results, 2026 (Data processed)

The regression equation formed is:

$$\text{Investment Decision} = 2.475 + 0.472X_1 + 0.229X_2 + 0.242X_3 + e$$

Based on this equation:

1. Constant (a) = 2.475 indicates that if financial literacy, lifestyle, and financial technology are considered constant, then the value of the investment decision is 2.475.
2. The financial literacy coefficient = 0.472 indicates that every one-unit increase in financial literacy will increase the investment decision by 0.472 units.
3. The lifestyle coefficient = 0.229 indicates that every one-unit increase in lifestyle will increase the investment decision by 0.229 units.
4. The financial technology coefficient = 0.242 indicates that every one-unit increase in financial technology will increase the investment decision by 0.242 units.

3.4 Coefficient of Determination (R^2)

Table 3. Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.677	0.459	0.442	3.473

Source: Research Results, 2026 (Data processed)

The Adjusted R Square value of 0.442 indicates that financial literacy, lifestyle, and financial technology are able to explain 44.2% of their influence on investment decisions, while the remaining 55.8% comes from the influence of other variables outside this research model.

3.5 Simultaneous Hypothesis Testing (F-test)

Table 4. F-test Results (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	981.964	3	327.321	27.130	0.000
Residual	1158.226	96	12.065		
Total	2140.190	99			

Source: Research Results, 2026 (Data processed)

The F-table value is 2.71 and the F-count is 27.130 with a sig. value of 0.000 (< 0.05). Because $F\text{-count} > F\text{-table}$, H_0 is rejected and H_a is accepted, which means that simultaneously financial literacy, lifestyle, and financial technology have a significant effect on investment decisions.

3.6 Partial Hypothesis Testing (t-test)

Based on Table 2, with a t-table value of 1.985, the partial test results are as follows:

1. **Financial Literacy (X1).** The t-count value is $5.469 > t\text{-table}$ (1.985) with a significance of $0.000 < 0.05$, so financial literacy has a positive and partially significant effect on investment decisions.
2. **Lifestyle (X2).** The t-count value is $2.700 > t\text{-table}$ (1.985) with a significance of $0.008 < 0.05$, so lifestyle has a partially significant effect on investment decisions.
3. **Financial Technology (X3).** The t-count value is $3.281 > t\text{-table}$ (1.985) with a significance of $0.001 < 0.05$, so financial technology has a partially significant effect on investment decisions.

3.7 Discussion

The results of this study show that financial literacy is the most dominant variable influencing the investment decisions of Generation Z, as seen from the largest regression coefficient and t-count values. This is consistent with the views of Rahmawati (2022) and Pratama (2023), who state that a high level of financial literacy helps individuals understand the risks and returns of various investment instruments so that they can make more appropriate decisions. Generation Z with a good understanding of finance tends to be more rational in evaluating investment alternatives.

Lifestyle is also proven to have a significant effect on investment decisions. This finding supports the view of Darmawan (2023) that a lifestyle in accordance with one's economic capacity helps individuals allocate income more effectively, including in investment activities. Conversely, as stated by Kusuma (2024), an excessive lifestyle tends to increase consumptive behavior, thereby reducing the ability to set aside funds for investment.

Financial technology also has a significant effect on investment decisions, indicating that ease of access to digital financial services encourages Generation Z to be more active in investing. This is consistent with the explanation of Kurniawan and Hidayati (2023) and Rahmayanti (2024) that the utilization of financial technology expands access to investment products and supports more appropriate financial decision-making. However, as highlighted in the background, this ease needs to be balanced with adequate financial literacy so as not to give rise to less rational financial decisions.

Simultaneously, the three variables contribute 44.2% to investment decisions, while the remaining 55.8% is explained by other factors such as income level, financial behavior, risk tolerance, investment motivation, and the influence of social media, which were not examined in this model.

CONCLUSION

This study concludes that financial literacy, lifestyle, and financial technology each have a significant effect on the investment decisions of Generation Z in Medan Sunggal District, both partially and simultaneously. The results of the multiple linear regression analysis show that financial literacy ($\beta = 0.472$; sig. = 0.000) is the most dominant variable influencing investment decisions, followed by financial technology ($\beta = 0.242$; sig. = 0.001) and lifestyle ($\beta = 0.229$; sig. = 0.008), with all three variables demonstrating a positive direction of influence. Simultaneously, the F-test confirms that the three independent variables collectively exert a significant influence on investment decisions ($F = 27.130$; sig. = 0.000), while the coefficient of determination (Adjusted R^2) of 0.442 indicates that 44.2% of the variation in investment decisions can be explained by financial literacy, lifestyle, and financial technology, with the remaining 55.8% explained by other

variables outside the scope of this research model. These findings imply that Generation Z in Medan Sunggal District who possess higher financial literacy, adopt a wiser lifestyle, and make optimal use of financial technology tend to make more rational, measured, and beneficial investment decisions, which ultimately supports the development of better financial independence and long-term financial planning.

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