



Studying Generation Z's Saving Interest: Sharia Financial Literacy, Religius, and Lifestyle

Sukma Irdiana^{1*}, Kusnanto Darmawan¹, Ainun Jariah¹

¹ Program Studi Manajemen, Institut Teknologi dan Bisnis Widya Gama, Lumajang, Indonesia

Corresponding author email: sukmapasah@gmail.com

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ABSTRACT

This research aims to investigate the factors that influence Generation Z's interest in saving at Islamic banks. Generation Z, born between the mid-1990s to the early 2010s, has been in the spotlight for their unique financial behavior and tendency to use technology in their financial transactions. In this context, Islamic financial literacy, religiosity, and lifestyle are considered as key factors that might influence their interest in saving in Islamic banks. This research uses a quantitative approach, using a simple random sampling method in taking samples. The number of samples in this research was 80 generation Z in Lumajang Regency. The analysis technique used is multiple linear regression analysis. The results of this research show that sharia financial literacy and religiosity have a significant effect on generation Z's interest in saving at sharia banks. However, lifestyle does not have a significant effect on generation Z's interest in saving at Sharia Banks. The coefficient of determination in this study was 79%, this shows that sharia financial literacy and religiosity have an important role in generation Z's interest in saving at Sharia Banks in Lumajang Regency. Meanwhile, Generation Z's lifestyle does not prevent them from saving at Sharia Bank.

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INTRODUCTION

Generation Z's range of interest in saving at Islamic banks includes various factors involving understanding, preferences and personal values. Generation Z, who are accustomed to technological advances and are digitally connected, tend to seek ease of access, transparency, and opportunities to contribute to social causes (Rafidah et al., 2020). In a financial context, their interest in saving in Islamic banks can be influenced by their understanding of Islamic financial principles, the level of religious involvement in daily life, and the suitability of Islamic banking products and services with their values that develop along with their lifestyle. modern

and social awareness (Ramadan & Nasution, 2022). Therefore, the range of Generation Z's interest in saving in Islamic banks includes a complex spectrum of aspects of Islamic financial literacy, religiosity, lifestyle and personal values which interact to form their preferences in choosing financial institutions (Krisdayanti, 2020).

Generation Z's interest in saving, in the context of understanding sharia financial literacy, reflects their level of knowledge and understanding of the principles of Islamic finance as well as the products and services offered by sharia banks (Candera *et al.*, 2020). Generation Z who have a high level of sharia financial literacy tend to be better able to recognize the benefits and advantages of a sharia-based financial system, such as avoiding usury practices and participating in investments that are in accordance with Islamic principles (A. J. Sari & Pradesyah, 2023). A strong understanding of sharia financial literacy can also help them make wiser decisions in planning and managing their finances by considering the moral and ethical aspects emphasized by Islam (Az-Zahra *et al.*, 2022). Therefore, Islamic financial literacy plays an important role in shaping generation Z's interest in saving in Islamic banks, as a result of a deeper understanding of the benefits and values offered by a financial system that is in accordance with Islamic principles (Nurrohmah & Purbayati, 2020).

Generation Z's interest in saving towards religiosity highlights the important role of religious values in their financial decision making (Ramadhani *et al.*, 2019). Generation Z, who have a high level of religious adherence, tends to look for financial solutions that are in line with Islamic teachings, including choosing a place to save (Musyaffa & Iqbal, 2022). For them, Islamic banks offer more than conventional financial services; it is a platform that respects the principles of their religion, such as the prohibition of usury and investment in accordance with Islamic sharia (Suprihati *et al.*, 2021). In this case, generation Z's religiosity can be the main driver in choosing Islamic banks as their savings option, because they seek harmony between their financial practices and the religious values they adhere to (Rafidah *et al.*, 2020). Therefore, generation Z's interest in saving towards religiosity reflects their need to strengthen spiritual connections in practical aspects of daily life, including financial management (Thohari & Hakim, 2021).

Generation Z's interest in saving towards lifestyle is reflected in their desire to choose financial institutions that are in line with their values and preferences in a modern lifestyle (Rahel *et al.*, 2020). Generation Z tends to show interest in lifestyles that focus on sustainability, social awareness, and digital experiences (Risnawati & Syaparuddin, 2021). In a financial context, Islamic banks offer opportunities to invest socially and environmentally, in line with generation Z's preferences to have a positive impact on society and the surrounding environment (Razi *et al.*, 2023). In addition, with Islamic banking services increasingly adopting technology and digital advances, generation Z can find comfort and convenience in saving online and using user-friendly banking applications (Andriani *et al.*, 2023). Therefore, generation Z's interest in lifestyle savings reflects their drive to integrate sustainable values, social awareness, and digital convenience in their financial decisions, with Islamic banks being an option that suits their preferences in a modern lifestyle (Musthofa & Musfiroh, 2022).

METHODS

This research will use a quantitative approach to collect data that can be measured numerically to analyze the influence of sharia financial literacy, religiosity and lifestyle on generation Z's interest in saving at sharia banks. The research design used is a cross-sectional

survey study, which involves collecting data at a certain point in time from generation Z respondents who have been randomly selected. The population in this study is generation Z individuals in the Lumajang Regency area with an unknown generation Z population. The research sample will be selected using a simple random sampling method, with inclusion criteria including individuals aged between the mid-1997s and 2012s. By using the Roscoe method, the number of samples in this study was 80 respondents. The collected data will be analyzed using inferential statistical techniques, namely multiple regression analysis, to evaluate the influence of the independent variable on the dependent variable. This statistical analysis will help in identifying the extent to which sharia financial literacy, religiosity and lifestyle influence generation Z's interest in saving in sharia banks.

RESULTS AND DISCUSSION

Research Result

In this research, there were 80 respondents as a sample from generation Z in Lumajang Regency who had saved in sharia banks. Based on the results of respondents in this research, it is known that 68% are women and 32% are men. The respondent's criteria is that they have saved at a sharia bank in Lumajang Regency.

To measure the validity and reliability of the instrument used, researchers have tested the instrument first using the Soland 2.1 application. From the results of testing the instrument, it is known that all items from each variable are declared valid because the corrected r shows a number > 0.30 . Apart from that, all the variables that have been tested are declared reliable because they have a Cronbach's alpha coefficient which shows a number > 0.6 so that the instrument created is suitable for use in collecting research data.

Based on the classic assumption test, namely the normality test using Kolomorov Smirnov, results were obtained above a significant value of 5%, this shows that this data is normally distributed. Meanwhile, the heteroscedasticity test obtained diagram results that did not form a particular pattern, so it could be said that heteroscedasticity did not occur. Likewise with the multicollinearity test, in this test the VIF value and tolerance value are ≤ 0.10 or equal to ≥ 10 , this result shows that multicollinearity does not occur.

Table 1. Multiple Linear Regression Results

Variables	t	Sig
Sharia Financial Literacy	15.923	0.000
Religiosity	3.457	0.008
Lifestyle	0.986	0.265
Determinant Coefficient	0.476	

Source: Processed data (2024)

The results of the multiple linear regression test show that sharia financial literacy has a significant effect on generation Z's interest in saving at sharia banks. This can be seen t count (15,923) $>$ t table (1,991) so hypothesis one is accepted. This situation shows that generation Z's sharia financial literacy can increase their interest in saving in sharia banks. Furthermore, religiosity has a significant effect on generation Z's interest in saving at sharia banks. This can be seen t count (3.475) $>$ t table (1.991) so hypothesis two is accepted. This situation shows that generation Z's religiosity can increase their interest in saving in Islamic banks. Then lifestyle does not have a significant effect on generation Z's interest in saving at Islamic banks, this can be

seen t count (0.986) < t table (1.991) so the third hypothesis is rejected. This situation shows that the lifestyle of generation Z cannot influence the desire to save in Islamic banks.

The coefficient of determination in this study was 0.476 or 47.6%. This situation shows that the variables of sharia financial literacy, religiosity and lifestyle can influence generation Z's interest in saving in sharia banks by 47.6%, while the rest is influenced by other variables which were not examined in this research.

Discussion

Sharia financial literacy has a significant effect on Generation Z's interest in saving at Islamic banks. This result is in line with (Nurrohmah & Purbayati, 2020) which highlights the important role of understanding and knowledge of Islamic financial principles in shaping their preferences in choosing financial institutions. Sharia financial literacy provides a strong foundation for generation Z to understand the benefits and advantages of a sharia-based financial system, such as avoiding usury practices and participating in investments that are in accordance with Islamic principles (Az-Zahra *et al.*, 2022). Research shows that a high level of sharia financial literacy can increase generation Z's interest in saving in sharia banks, because they are better able to recognize the values offered by financial institutions that are in line with their religious principles. Generation Z who have a deep understanding of Islamic financial literacy tend to see Islamic banks as an option that is more in line with their values and beliefs, because they value the harmony between Islamic financial principles and their daily financial practices (A. J. Sari & Pradesyah, 2023). Therefore, Islamic financial literacy plays an important role in shaping generation Z's interest in saving in Islamic banks, as a result of a deeper understanding of the benefits and values offered by a financial system that is in accordance with Islamic principles.

Religiosity has a significant effect on Generation Z's interest in saving at Islamic banks. The results of this research are in line with (Khotimah, 2018) which highlights the influence of religious values in their financial decision making. Generation Z's religiosity reflects the level of religious adherence and involvement in religious practices, which can influence their preferences in choosing financial institutions (P. I. Sari & Siregar, 2023). Research shows that Generation Z, which has a high level of religiosity, tends to look for financial solutions that are in accordance with Islamic teachings, including choosing Islamic banks as a place to save. Islamic banks offer financial services that respect religious principles, such as the prohibition of usury and investments that comply with Islamic sharia, which is in line with the preferences of the religious Generation Z. The more religious Generation Z tends to see Islamic banking as an option that is more consistent with their values and beliefs, and they may feel more comfortable and satisfied with financial institutions that address religious aspects in their services and products (Assah & Nurlailah, 2022). Therefore, religiosity plays an important role in shaping Generation Z's interest in saving in Islamic banks, because they seek harmony between their financial practices and the religious values they adhere to.

Lifestyle does not have a significant effect on generation Z's interest in saving in Islamic banks, emphasizing that modern lifestyle preferences do not directly influence their choice in choosing a financial institution. Although generation Z tends to show an interest in a lifestyle that focuses on sustainability, social awareness and digital experiences, not all aspects of this lifestyle are directly related to their preference in choosing a sharia bank as a place to save. Research (Afrizama & Melina, 2022) shows that although generation Z may adopt a lifestyle that is in line with sustainability values and social awareness, their preferences in choosing

Islamic banks are based more on other factors such as Islamic financial literacy and religiosity. Islamic banks offer financial services that comply with Islamic financial principles, such as the prohibition of usury and investments that comply with Islamic sharia, which may be a major consideration for generation Z who have a deep understanding of Islamic financial principles (Musthofa & Musfiroh, 2022). Additionally, technological advances and the use of user-friendly banking applications have made access to sharia banking services easier for generation Z, without having to sacrifice their digital lifestyle preferences. Therefore, while modern lifestyle may reflect certain values that are in line with Islamic principles, its influence on generation Z's interest in saving in Islamic banks is not always significant in the context of their preferences in choosing financial institutions (Krisdayanti, 2020).

CONCLUSION

The conclusions in this research show that 1) Financial Literacy: Generation Z who have a good understanding of finances tend to be more likely to save in Islamic banks. They may be more aware of the benefits of saving within a sharia framework and can make wiser decisions about managing their finances. 2) Religiosity: The level of religiosity also plays an important role. For generation Z who are strong in their religious values, Islamic banks may be more attractive because they are in accordance with Islamic principles in terms of finance and investment. This can encourage them to save in Islamic banks as a form of expression of their values. 3) Lifestyle: Although lifestyle can influence financial decisions, in this context, there does not appear to be a significant influence. This may be because interest in saving in Islamic banks is more influenced by factors such as financial literacy and religiosity rather than lifestyle.

Limitations in this research include 1) Generalization: This research was only conducted on generation Z in Lumajang Regency. 2) The variables observed were only three factors, namely sharia financial literacy, religiosity, and lifestyle.

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