

CHAPTER I

INTRODUCTION

1.1 Background

Remund (2010) states that financial literacy is the level of understanding a person has about financial concepts, their ability and confidence to manage personal finances in short-term decisions and long-term plans, and knowledge of economic events. (Rahayu & Meitriana, 2024: 36) found that financial literacy is basic knowledge that includes personal finance, savings, credit, insurance, and investments. Therefore, it can be concluded that financial literacy is the knowledge about personal finance and a person's confidence to make short-term and long-term financial decisions. Sobaya et al. (2016) and Setyowati et al. (2018) in Ningrum (2021: 361) suggest that personal finance, or a person's personal financial planning, is significantly influenced by their financial literacy. Thus, the author believes that learning personal financial planning is crucial to enhance basic knowledge about personal finance in order to avoid missteps in making financial decisions.

A good understanding of financial literacy can help Generation Z in planning and managing their personal finances efficiently, which will later influence their spending and saving strategies (Fitrianti et al., 2024). However, according to information from Indonesia's Financial Services Authority (OJK, 2019), the financial literacy rate of Generation Z in Indonesia only reaches 44.04%, which is the lowest compared to other generation groups, with the second lowest being millennials at 47,98%. These values of financial literacy rate are considered on several aspects, and are considered low since it is still below 60% (Laturette et al., 2021). The low financial literacy rate among Generation Z can be a problem for them in planning their finances.

Amelia & Sugiharto (2020) stated that undergraduate students are at an age where they are still in the transition from dependence on their guardians to financial independence. Gen Z, with the most undergraduate students aged between 18-25 years, has the habit of following social media trends that can lead to

consumptive and hedonistic behavior (Arum: 2023:60), which will ultimately result in financial losses for them. Such a hedonistic lifestyle can cause Generation Z to engage in excessive consumption with very little regard to its financial consequences (Ritakumalasari & Susanti, 2021). By negating the financial consequences of a hedonistic lifestyle, ultimately, Gen Z may end up in debt and experience financial failure. According to the research from Katadata Insight Center (KIC) and Zigi (2021) in the article from Databoks (2022), less than 40% of Gen Z consider saving a part of their earnings, with most of them only saving for emergency purposes that will last them less than 3 months of a tight daily budget. This shows that more education regarding personal finance, money management, and saving is needed. However, based on a brief survey conducted by the author, 70% of 102 respondents aged 18-25 years have never received personal financial planning education in their lives. Not having education related to personal finance may affect their money management poorly, which may ultimately lead them to unforeseen financial losses and debts.

Bafadal (2025: 184) states that Generation Z prefers interactive learning methods. Unfortunately, the most common way to learn personal finance is to read books about financial topics. In order to increase Gen Z's financial literacy, the author aims to design an interactive medium for learning personal finance. Soge et al. (2024) mentioned that there are already many financial platforms available in the form of desktop applications, mobile applications, or websites. However, apps that include gamified features for learning personal finance are less common and may be useful in promoting user engagement, according to the research from French et al., (2021: 373). In addition, Nasution (2020: 80) mentions that Generation Z also prefers learning through play. Therefore, the author emphasizes in designing a mobile application regarding personal finance education that aligns with Gen Z's interest in gamification. With the application designed, it is hoped that financial literacy among Gen Z, particularly undergraduates, can be improved.

1.2 Problem Statement

According to the background stated above, the problem identifications found by the author are the following:

1. The lack of financial literacy in Indonesian Gen Z results in missteps in their financial decisions.
2. The lack of gamified apps to learn personal finance to enhance Gen Z's overall financial literacy.

From both of the problems identified above, the question posed to be the problem statement would be:

How does one design a mobile application for improving financial literacy among undergraduates through personal finance?

1.3 Scope and Limitations

This design will be for Gen Z, particularly undergraduate students aged 18-25 years, with the SEC of A-B who reside in Jakarta and Tangerang. The objective of the design will focus on creating an application with gamification features to improve financial literacy among undergraduate students through the education of personal finance.

1.4 Research Objective

Based on the problem statement created, the author's goal is to design a mobile application for improving financial literacy among undergraduates through personal financial planning.

1.5 Research Benefits

1. Theoretical benefit:

This research is beneficial for increasing the financial literacy of Indonesian Generation Z through a gamified mobile application. This research is expected to contribute to the knowledge center in Visual Communication Design for those who want to design other gamified applications in the future.

2. Practical benefit:

It is hoped that this research can be beneficial for lecturers, students, or other researchers in finding references related to the Visual Communication Design Pillars (*Pilar DKV*), particularly in the design of gamified applications. Additionally, this design is also expected to be useful as a reference for

researchers related to increasing financial literacy among Generation Z through personal finance education. Finally, this design can also serve as one of Universitas Multimedia Nusantara's archives related to Final Projects.

