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Financial Behavior and Its Association with Impulsive Buying Behavior: An Empirical Analysis on Gen Z and Millennials

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Abstract

This research explores in depth the intricate relationship between financial behavior and impulsive buying behavior among Generation Z and Millennials two cohorts that have grown up in the digital era and are heavily influenced by online platforms. As digital payment systems, e-commerce applications, and social media marketing continue to expand, these generations face increasing exposure to persuasive digital advertising and instant purchasing options. Such exposure often leads to emotionally driven and unplanned purchases, raising concerns about long-term financial well-being. Using a quantitative research design, the study gathered primary data through structured questionnaires distributed to both Gen Z and Millennial respondents. The research examined several dimensions of financial behavior—such as budgeting practices, saving consistency, expense tracking, and long-term financial planning—to determine how these variables influence impulsive buying tendencies. Statistical analysis revealed a significant negative correlation between disciplined financial behavior and impulsive spending: individuals who demonstrate better control over their finances are less likely to make spontaneous purchases. In contrast, participants with weaker financial management skills tend to exhibit higher impulsivity, particularly within digital shopping contexts where convenience and social influence are strong. These findings emphasize the importance of enhancing financial literacy programs that go beyond basic knowledge to include behavioral awareness and emotional regulation in digital consumption. The study provides valuable insights for educators, policymakers, and marketers, highlighting the need to promote responsible financial decision-making and encourage mindful spending among young adults in the fast-evolving digital economy.

Keywords: Financial Behavior, Impulsive Buying Behavior, Gen Z and Millennials

1. Introduction

The emergence of digital technology and the proliferation of social media platforms have profoundly reshaped consumer behavior across generations. Among the most affected are Millennials and Generation Z, who have grown up in a highly connected environment that encourages rapid information exchange and instant access to goods and services. These cohorts exhibit distinct financial behaviors, often balancing between aspirations for financial independence and tendencies toward high consumption driven by emotional and social influences. In the context of Indonesia, Gen Z and Millennials is the biggest generation group in Indonesia which about 60% from total population in Indonesia (BPS, 2024). Hence, as digital marketing and online shopping environments continue to evolve, understanding the extent to which Millennials' and Gen Z's financial behavior influences their impulsive buying tendencies is increasingly vital. Such insights can inform strategies for promoting financial literacy, responsible spending, and sustainable consumer practices in the modern economy.

The research regarding impulsive buying behavior concept has received many attention (Lai, 2010). Impulsive buying behavior is an act of buying product unplanned without evaluate its consequences (Rodrigues et al., 2021). Impulsive behavior considered as a crucial influence on consumer behavior (Aragoncillo & Orús, 2018). Ensuring Gen Z to have knowledge about becoming a rational consumers is need to avoid impulsive purchase (Lai, 2010). Several factors have been identified influence impulsive behavior, such as financial education (Lai, 2010), shopping lifestyle (Fahriansah et al., 2023), discount or value shopping (Qomariyah et al., 2022), perceived social interaction from sellers (Zhang & Shi, 2022). It can be concluded that recent studies have increasingly focused on understanding the psychological and situational factors that drive impulsive buying; however, the financial dimension of this behavior remains underexplored. Considering Gen Z & Millennials face high exposure to online

shopping platforms and instant purchasing options, examining the influence of financial behavior provides a more comprehensive understanding of the mechanisms behind impulsive buying in the digital economy.

Financial behavior began to gain recognition and develop within both the business and academic domains in the 1990s. Its emergence was driven by increasing attention to individuals' behavior in the decision-making process (Sandi et al., 2020). Financial behavior plays a significant role in influencing individual's decision related well-being such as household and society (Rahman et al., 2021). Financial behaviour is defined as the management of a person's savings, expenditure, and budget (Perry & Morris, 2005). Hence, Financial behavior refers to the way people manage, think about, and make decisions with their money in everyday life. It includes habits like how someone plans their budget, tracks expenses, saves for the future, or decides when and how to spend. In simple terms, it's the reflection of a person's attitude and discipline toward their finances. People with good financial behavior usually plan their spending carefully, set aside savings regularly, and make thoughtful choices before making a purchase. They tend to stay financially stable and are less likely to experience money-related stress. On the other hand, poor financial behavior might show up as impulsive buying, not keeping track of expenses, or failing to save, which can lead to financial difficulties. There has been significant amount of research regarding financial behavior (Chavali et al., 2021; Grohmann et al., 2018; Kaiser & Menkhoff, 2017; Rai et al., 2019; Rodrigues et al., 2021; Stolper & Walter, 2017), most of research focused on its relationship with financial literacy, financial inclusion, and financial well-being. However, to the best of my knowledge, empirical investigations specifically examining the relationship between financial behavior and impulsive buying behavior remain relatively limited. This study therefore aims to bridge that gap by exploring how financial behavior shapes impulsive buying behavior among younger consumers.

2. Research Methods

Sample and Procedure

In order to investigate the correlation between financial behavior and impulsive buying behavior, this study employed a quantitative research design, which is appropriate for identifying patterns and testing relationships between measurable variables. Data were gathered through a structured questionnaire utilizing a five-point Likert scale, enabling respondents to indicate their level of agreement with each statement, ranging from "strongly disagree" to "strongly agree." This scale was chosen due to its effectiveness in capturing subjective perceptions and behavioral tendencies in a standardized and quantifiable manner. The questionnaire was disseminated online via a shareable link, allowing for broad and efficient participation while accommodating the digital-savvy nature of the target population.

The sampling method used in this research was purposive sampling, deliberately selecting individuals who met the criteria of belonging to the Millennial age group (29–44 years old) and Generation Z (13–28 years old). These cohorts were chosen based on their prominence as active consumers within digital and e-commerce environments, as well as their distinct financial attitudes and consumption behaviors. A total of 105 respondents successfully completed the questionnaire, providing a sufficient sample size for preliminary statistical testing. The demographic profile of the participants was organized based on age classification, ensuring that both Gen Z and Millennial respondents were adequately represented for comparative and inferential analysis.

Table 1. Amount of Respondent

	Amount	Percentage
Female	75	71%
Male	30	29%
Millennial	15	14%
Gen Z	89	85%

The data collected from the questionnaire were first subjected to preliminary screening to ensure completeness and accuracy. Descriptive statistical analysis was conducted to summarize the demographic characteristics of the respondents and provide an overview of the distribution of their responses. Prior to hypothesis testing, the data were evaluated for validity and reliability. Reliability testing was performed using Cronbach's Alpha to ensure internal consistency across the measurement items for both financial behavior and impulsive buying behavior constructs.

Measurements

To test the proposed hypothesis, measurement scales were developed based on established literature. The questionnaire consisted of two main sections: Financial Behavior and Impulsive Buying Behavior. The financial behavior section included seven items adapted from Janor et al., (2016), covering budgeting, saving, and financial control. Meanwhile, the impulsive buying behavior section contained five items derived from Aragoncillo & Orús (2018), focusing on emotional and spontaneous purchase tendencies.

Table 2. List of Questions

Category	Questions	Items Code
Financial Behavior	Consider the purchase carefully	FB 1
	Pay the bills on time	FB 2
	Closely monitoring personal financial affairs	FB 3
	Create long term goals and try to achieve it	FB 4
	Being responsible and maintaining a household budget	FB 5
	Actively saving or investing over the past year	FB 6
	I choose financial products after gathering information from various sources	FB 7
Impulsive Buying Behavior	I often buy things spontaneously	IBB 1
	I often buy things without thinking twice	IBB 2
	"buy now, think later" is my buying behavior	IBB 3
	Sometimes i feel the urge to buy things spontaneously	IBB 4
	The majority of my purchase are not carefully planned	IBB 5

3. Results and Discussions

To examine whether a significant correlation exists between financial behavior and impulsive buying behavior, this study employs a regression analysis framework. The variables analyzed are categorized as fixed effects and random effects, in accordance with the approach proposed by Stahle and Wold (1989). Before conducting the regression analysis, the study performed reliability and validity tests to ensure the quality and accuracy of the measurement instruments. Validity refers to the extent to which an instrument measures what it is intended to measure, ensuring that the data accurately reflect real conditions among respondents and can be generalized to similar populations. Reliability, on the other hand, indicates the consistency and stability of the measurement results over time (Ranganathan et al., 2024). The Cronbach's alpha coefficients for all constructs were found to be above 0.7, demonstrating a high level of internal consistency and confirming that the measurement instruments used were both reliable and valid.

Correlations

		FB1	FB2	FB3	FB4	FB5	FB6	FB7	IBB1	IBB2	IBB3	IBB4	IBB5	TOTAL
FB1	Pearson Correlation	1	.214**	.629**	.501**	.592**	.514**	.473**	-.386**	-.516**	-.498**	-.334**	-.510**	.281**
	Sig. (2-tailed)		.028	.000	.000	.000	.000	.000	.000	.000	.000	.001	.000	.004
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB2	Pearson Correlation	.214**	1	.303**	.303**	.433**	.263**	.335**	-.070	-.183	-.220**	-.164	-.120	.372**
	Sig. (2-tailed)	.028		.002	.002	.000	.007	.000	.479	.062	.024	.095	.224	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB3	Pearson Correlation	.629**	.303**	1	.670**	.639**	.405**	.325**	-.345**	-.320**	-.341**	-.148	-.316**	.456**
	Sig. (2-tailed)	.000	.002		.000	.000	.000	.001	.000	.001	.000	.133	.001	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB4	Pearson Correlation	.501**	.303**	.670**	1	.694**	.362**	.306**	-.255**	-.289**	-.374**	-.159	-.177	.474**
	Sig. (2-tailed)	.000	.002	.000		.000	.000	.001	.009	.003	.000	.106	.072	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB5	Pearson Correlation	.592**	.433**	.639**	.694**	1	.548**	.495**	-.379**	-.454**	-.359**	-.359**	-.284**	.489**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.008	.003	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB6	Pearson Correlation	.514**	.263**	.405**	.362**	.548**	1	.493**	-.353**	-.364**	-.227**	-.315**	-.382**	.392**
	Sig. (2-tailed)	.000	.007	.000	.000	.000		.000	.000	.000	.020	.001	.000	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
FB7	Pearson Correlation	.473**	.335**	.325**	.306**	.495**	.493**	1	-.262**	-.322**	-.205	-.257**	-.214	.436**
	Sig. (2-tailed)	.000	.000	.001	.001	.000	.000		.007	.001	.036	.008	.028	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
IBB1	Pearson Correlation	-.386**	-.070	-.345**	-.255**	-.379**	-.353**	-.262**	1	.730**	.596**	.466**	.547**	.353**
	Sig. (2-tailed)	.000	.479	.000	.009	.000	.000	.007		.000	.000	.000	.000	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
IBB2	Pearson Correlation	-.516**	-.183	-.320**	-.289**	-.454**	-.364**	-.322**	.730**	1	.664**	.415**	.617**	.298**
	Sig. (2-tailed)	.000	.062	.001	.003	.000	.000	.001	.000		.000	.000	.000	.002
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
IBB3	Pearson Correlation	-.498**	-.220**	-.341**	-.374**	-.359**	-.227**	-.205	.596**	.664**	1	.467**	.635**	.350**
	Sig. (2-tailed)	.000	.024	.000	.000	.000	.020	.036	.000	.000		.000	.000	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
IBB4	Pearson Correlation	-.334**	-.164	-.148	-.159	-.259**	-.315**	-.257**	.466**	.415**	.467**	1	.523**	.340**
	Sig. (2-tailed)	.001	.095	.133	.106	.008	.001	.008	.000	.000	.000		.000	.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
IBB5	Pearson Correlation	-.510**	-.120	-.316**	-.177	-.284**	-.382**	-.214	.547**	.617**	.635**	.523**	1	.360**
	Sig. (2-tailed)	.000	.224	.001	.072	.003	.000	.028	.000	.000	.000	.000		.000
	N	105	105	105	105	105	105	105	105	105	105	105	105	105
TOTAL	Pearson Correlation	.281**	.372**	.456**	.474**	.489**	.392**	.436**	.353**	.298**	.350**	.340**	.360**	1
	Sig. (2-tailed)	.004	.000	.000	.000	.000	.000	.000	.000	.002	.000	.000	.000	
	N	105	105	105	105	105	105	105	105	105	105	105	105	105

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

Reliability Statistics		Reliability Statistics	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
.847	7	.865	5

Figure 1. Reliability and Validity SPSS Result

Table 3. Reliability and Validity Result

Category	Items Code	Validity		Reliability (Cronbach Alpha)
		Pearson	Sig. (2-tailed)	
Financial Behavior	FB 1	0.281	0.004	0.847
	FB 2	0.372	0.000	
	FB 3	0.456	0.000	
	FB 4	0.474	0.000	
	FB 5	0.489	0.000	
	FB 6	0.392	0.000	
	FB 7	0.436	0.000	
Impulsive Buying Behavior	IBB 1	0.353	0.000	0.865
	IBB 2	0.298	0.002	
	IBB 3	0.350	0.000	
	IBB 4	0.340	0.000	
	IBB 5	0.360	0.000	

This research use IBM SPSS 22 to measure validity, reliability, and regression. From the result, all constructs are reliable because all construct above 0.7. As validity, all items considered as valid because the result of Sig < 0.05). after ensuring all constructs are reliable and valid, next step is to examine the correlation between Financial Behavior and Impulsive Buying Behavior.

Table 4. Correlation Result

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1					
	(Constant)	23.071	1.853	12.448	.000
	FB_Total	-.449	.075	-5.976	.000

a. Dependent Variable: IBB_Total

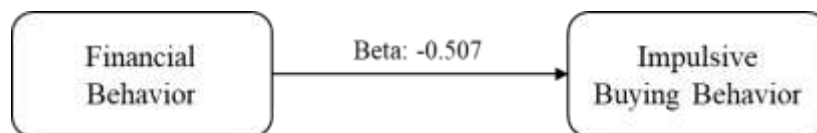


Figure 2. Correlation between FB and IBB

The regression analysis reveals that Financial Behavior exhibits a negative and statistically significant influence on Impulsive Buying Behavior, with a beta coefficient of -0.507 and a p-value below 0.05. This finding indicates that higher levels of Financial Behavior are associated with a lower tendency for impulsive purchasing. The negative coefficient suggests an inverse relationship, confirming that individuals who demonstrate stronger financial planning, budgeting discipline, and spending control are less likely to engage in impulsive buying. These results empirically support the theoretical assumption that rational financial decision-making acts as a psychological barrier against impulsive consumption tendencies.

This finding aligns with previous literature suggesting that financially literate and behaviorally disciplined consumers tend to make more rational and deliberate purchase decisions, thereby reducing the likelihood of spontaneous or emotionally driven buying behavior. The significant result further suggests that Financial Behavior serves as a protective mechanism or self-regulatory factor that mitigates the psychological triggers commonly associated with impulsive buying, such as instant gratification, emotional stimulation, or social influence.

4. Conclusion

The results of this study strongly indicate that financial behavior serves as a pivotal determinant in mitigating impulsive buying tendencies among consumers, particularly within younger, digitally active generations. The negative and statistically significant regression coefficient ($\beta = -0.507$, $p < 0.05$) confirms that individuals who consistently practice effective financial management—such as careful budgeting, systematic financial planning, and prudent spending control—are substantially less inclined to engage in spontaneous or emotionally driven purchasing decisions. This finding underscores the idea that rational and responsible financial behavior operates as a self-regulatory mechanism, enabling individuals to resist the psychological triggers and marketing pressures that often lead to unplanned expenditures. Furthermore, these empirical results reinforce and extend prior behavioral finance theories which emphasize the moderating influence of financial literacy, self-control, and money management skills in preventing irrational consumption patterns. They also highlight the importance of integrating behavioral components into financial education initiatives, suggesting that increasing awareness, discipline, and digital consumption mindfulness can significantly reduce impulsive spending behavior. Therefore, the study recommends the implementation of structured financial literacy programs, public awareness campaigns, and digital budgeting tools as proactive strategies to cultivate responsible spending habits. Such interventions are particularly crucial for Generation Z and Millennials, who are highly engaged with e-commerce and social media environments that frequently stimulate impulsive consumption through targeted digital marketing and instant purchasing features.

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