The Demographical Analysis of Indonesian Young Adults' Financial Anxiety

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ABSTRACT

This study aims to understand what causes financial anxiety among Indonesian Young Adults in terms of demographical. A survey from 400 respondents was collected through an online questionnaire from July to August 2023 and analyzed using descriptive statistics, and continued by using Kruksal Wallis and Mann Whitney U to test whether there is a statistically significant difference between two or more independent variables. The result of this study found that there are no significant differences in gender and income in financial anxiety, but there are significant differences in educational level and occupation in financial anxiety. Individuals with only a high school degree as their educational background, and unemployed individuals have higher levels of financial anxiety than other groups.

INTRODUCTION

Every nation generally shares a common determination and aspiration—to achieve prosperity/ well-being for its citizens. Indonesia, home to its 268.17 million inhabitants, also harbors the dream of fostering prosperity for its people, including finance, namely financial well-being. From the government's point of view, improving individual financial well-being could decrease poverty, and improve economic development, since individuals with stable financial situations tend to use financial products that boost the development of the national economy.

According to (Strömbäck et al., 2020), measuring individual financial well-being consists of two factors; financial anxiety and financial security. Individuals who have better financial well-being feel secure about their financial situation, and experience lower financial anxiety. Indeed, according to a survey conducted by Deloitte (2023), financial anxiety has emerged as one of the top three challenges faced by Generation Z worldwide, including Indonesia. A staggering 47% of the Gen Z population grapples with financial anxiety concerning future financial situations, and 42% of Gen Z respondents

face anxiety about their daily financial situation. Another report from Populix (2022), surveying Indonesians in the age group 18-25 reveals that a substantial 59% of the population experience financial anxiety.

To decrease the number of financial anxiety among Gen Z in Indonesia, research about identifying which demographical group is affected by financial anxiety needs to be done. The reason for focusing on this age group since this age group faces financial anxiety higher than other generations (Deloitte, 2023), also this age group will lead the Indonesian growth in 2030 (OJK, 2022). Seeing that financial anxiety become the challenge that Indonesian Young Adults face nowadays, will help to build policies to improve financial well-being by decreasing the individual risk of financial anxiety. By identifying the demographic groups that suffer the most from financial anxiety, some solutions and recommendations could be built to decrease financial anxiety and improve financial well-being.

LITERATURE REVIEW

Financial anxiety refers to feelings of apprehension or worry about the financial situation (Archuleta et al., 2013). Financial anxiety is an emotional state of financial distress and includes a wide range of anxiety symptoms and universal concerns about one's financial situation. It is caused by the belief that one's current and future financial resources will not be sufficient to meet one's basic needs (Hassan et al., 2023).

Research by Shapiro & Burchell (2012) stated that people with financial anxiety usually have the same symptoms to avoid and even reject financial topics, such as looking at debt levels, reading bank statements, or planning how they will pay off debt in the future. According to Peterson & Miller (2019), if not managed and mitigated well, financial anxiety plays several roles in the destruction of the relationship. Financial anxiety will disrupt an individual financial situation and lead to poor decision-making when making a financial decision.

There are several research mentioned that different demographical groups have different results on their individual financial anxiety. Stephens & Al-Bahrani (2023) and Hassan et al. (2023), found that gender, educational level, income, and occupation could give different results on an individual's financial anxiety. In terms of gender, according to Hasler et al. (2021), women are more likely to feel financially anxious than men, This is because women are more likely to take on caregiving duties for the home and family, and because of this, they frequently have to work fewer hours or take time off from work, which could restrict their ability to make more money. This also aligns with Kim & Garman (2003) stated that women have more tendencies to affect financial anxiety than men because women are less financially educated than men, which makes financial anxiety more common for them.

In terms of educational level, according to Hassan et al. (2023), individuals who only obtain a high school degree, and have no occupation have higher financial anxiety than other demographical groups. This aligns with research conducted by Roll (2016) which mentioned increasing the level of education could decrease the level of individual financial anxiety. This happened because individuals with higher education have more knowledge and skills to make informed financial decisions. Higher education can also build a sense of discipline and long-term planning, which influence their financial

behavior. Ahamed (2022) found that people with lower income and unsecured jobs are more likely to have financial anxiety. Lastly, individuals with higher income have lower financial anxiety levels (B S et al., 2021), and have higher financial satisfaction than others (Archuleta et al., 2013).

METHODS

Questionnaire and Scale Item Development
The questionnaire used in the current study comprises two sections. The first section is to gather profiles and demographics of the respondents. The second part is the questionnaire in the form of a 5-point Likert Scale. Based on previous studies, there are 4 questions about personal financial anxiety.

Table 1. **Likert Scale**

Likert Scale	Scale Description
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

The label, measurement items and source used in measuring financial anxiety are shown in the table below.

Table 2. Measurement Items And Source Used In Measuring Financial Anxiety

Variables	Label	Measurement Items	Ref.
Financial Anxiety	FA1	1. I become unsure because of the lingo of financial experts.	(She et al., 2021)
	FA2	2. I am anxious about financial and money affairs.	
	FA3	3. I tend to postpone financial decisions.	
	FA4	4. After making a financial decision, I am anxious whether I was right or wrong.	

Data Collection Methods
Data is collected by distributing offline online questionnaires via Google Forms (individual, group email, and friends' connection) and online paid surveys. This study employs an online questionnaire with 5-point Likert scales as a research instrument to collect data from respondents. All the indicators in the questionnaire are based on previous research in a related field and were originally written in English. Those previous measurement items were then translated into Indonesian. After that, valid responses will be selected.

Data Analysis Methods
Descriptive Statistics
This study provides descriptive statistics to summarize the characteristics of the respondents. This section analyzed statistical data from several closed-ended questionnaire questions, including gender, education level, occupation, and income. The information presented related to their financial anxiety.

Kruskal Wallis and Mann Whitney U Test

This study offers various demographic factor tests on independent variables. The Kruskal-Wallis test is a nonparametric rank-based test that analyses whether there is a statistically significant difference between two or more independent variables that scale numerical data (interval/ratio) and ordinal scale (substitutes for one-way ANOVA). The Mann-Whitney U Test, on the other hand, is a non-parametric test used to compare the medians of two independent groups where the dependent variable data is ordinal or interval/ratio but not normally distributed (as a substitute for the t-test).

RESULTS

Respondent's Demographic

Analysis of the respondent demographics, as presented in Table 1 below, reveals several notable trends of 400 respondents. Predominantly, the survey participants were female, constituting 54.25% of the total. The majority of respondents hold a bachelor's degree, accounting for 43.25% of the sample. In terms of monthly income, the largest segment falls within the Rp 2,500,000 to Rp 4,999,999 range, encompassing 33.25% of the respondents, closely followed by those earning less than Rp 2,500,000 per month at 26.25%. In terms of employment status, nearly half of the respondents are full-time workers (47.75%), with students comprising the second-largest group at 35.25%.

Table 3. 0.I Respondents' demographic data

		Frequency	Percentage
Gender	Male	183	45,75%
	Female	217	54,25%
Educational Level	High School	146	36,50%
	Diploma	65	16,25%
	Bachelor	173	43,25%
	Master/ Doktoral	16	4,00%
Income/ month	< Rp 2.500.000	105	26,25%
	Rp 2.500.000- Rp 4.999.999	133	33,25%
	Rp 5.000.000- Rp 7.499.999	80	20,00%
	Rp 7.500.000- Rp 9.999.999	61	15,25%
	> Rp 10.000.000	21	5,25%
Occupation	Unemployed	24	6,00%
	Student	141	35,25%
	Part-timer	44	11,00%
	Full-timer	191	47,75%

Table 4. *Descriptive Statistics*

Descriptive Statistics					
	No of Item	Min	Max	Mean	Std. Dev
Financial Anxiety	4	4	20	14,33	3,82

Table 5. *Demographical impact on financial anxiety*

Demographic Variable	Percentage	Financial Anxiety Mean Score	p-Value
Gender			0,882[a]
Male	45,75%	3,5833	-
Female	54,25%	3,5829	-
Educational Level			0,000[b] (***)
High School	36,50%	3,932	-
Diploma	16,25%	3,869	0,245[a]
Bachelor	43,25%	3,233	0,000[a] (***)
Master/ Doctoral	4,00%	3,031	0,000[a] (***)
Income			0,187[b]
< Rp 2.500.000	26,25%	3,740	-
Rp 2.500.000- Rp 4.999.999	33,25%	3,566	-
Rp 5.000.000- Rp 7.499.999	20,00%	3,594	-
Rp 7.500.000- Rp 9.999.999	15,25%	3,500	-
> Rp 10.000.000	5,25%	3,402	-
Occupation			0,032[b] (**)
Unemployed	6,00%	4,021	-
Student	35,25%	3,684	0,097[a] (*)
Part-timer	11,00%	3,659	0,090[a](*)
Full-timer	47,75%	3,444	0,010[a] (**)

Note: The data analysis used the Mann-Whitney(a) and Kruskal-Wallis(b) *p <0,1 (90% confidence level), **p<0,05 (95% confidence level), ***p<0,01 (99% confidence level).

DISCUSSION
Descriptive Statistics
The descriptive analysis results show that Indonesian Young Adult's financial anxiety has an average score of 14,33. Suppose the average value is divided by the total score of financial anxiety. In that case, most respondents have 71.65% financial anxiety, indicating that Indonesian Young Adults face financial anxiety, with the lowest score being 4, while the highest score was 20, with a standard deviation of 3,82. When the average value is divided by the number of question items, the result is 3.6, indicating that students believe their facing financial anxiety.

Demographical impact on financial anxiety
Gender
According to the data, there are no significant differences between males and females in their financial anxiety mean score (p= 0,882). This result is the opposite of other research focusing on financial anxiety and gender. Many research found that women have more tendency to be financially anxious than men since women have other responsibilities to take care of their home and children, which impacts their time to work and make money. This is the reason why women have more tendency to be financially anxious than men (Hasler et al., 2021). However, when looking at this

research results, it concludes that men and women of Indonesian Young Adults have no significant differences in their financial anxiety levels. The reason for this finding is this result shows that gender roles among Indonesian Young Adults to make money in are equal between males and females. So, instead, there are differences between male and female young adults regarding their financial anxiety, the differences are not applied in Indonesian Young Adults. This is based on the research conducted by According to Blackstone et al. (2003), gender roles could be different in each society gender roles are determined by the various expectations that different societies have of individuals determined by their sexual orientation as well as the values and gender-related beliefs that each community has (Blackstone et al., 2003).

Educational Level
There are significant differences in financial anxiety mean score according to respondent's educational level (p=0,000***), and the higher educational level, the more likely respondents to have lower financial anxiety. The respondents who have high school as their last educational level have 3,93 as their financial anxiety level, but respondents who have master/ doctoral in their level of education have 3,03 in their financial anxiety level. After doing some different tests between each level of education, it can be inferred that there are significant differences in financial anxiety between respondents who graduated from high school with respondents who obtained a diploma degree/ higher. This finding aligns with research conducted by Hassan et al. (2023) and Roll et al. (2016), which found that individuals who obtained higher degrees than high school have lower financial anxiety levels than individuals who only obtained high school degrees.

Income
The results of this research found that the financial anxiety level is decreasing along with the increasing individual income. However, there is no significant difference in financial anxiety mean score according to respondent's income/month (p=0,187). This result contradicts other research focusing on financial anxiety and income which was conducted by Ahamed (2022) and (Hassan et al., 2023) which stated that people with low income tend to have higher financial anxiety than people with high income. A similar result was found in research conducted by Mann et al. (2020) which found that there is a decreasing economic anxiety along with increasing income, but a statistical difference is not found between the groups of income.

Occupation
Furthermore, respondents who have full-time jobs have the lowest financial anxiety score of 3,44, and unemployed respondents have the highest financial anxiety score of 4,02 (p=0,032**). After conducting the different tests between each group in occupation, it found that there is a statistical difference between students and the unemployed in their financial anxiety level (p=0,097*), unemployed between part-timer (p=0,090*), and between unemployed with full-timer (p=0,010**). This result aligns with research conducted by Ahamed (2022) and Basyouni & El Keshky (2021) which found that people with unsecured jobs might have higher levels of financial anxiety, and people with well-secured jobs denote a higher level of financial well-being.

CONCLUSION

Based on the analysis it can be concluded that there are no significant differences between men and women in their financial anxiety. Also, there are no significant differences between income groups in their financial anxiety level. There are significant differences between educational level groups with financial anxiety. In detailed, people who only obtain high school has higher financial anxiety than people continued their study to bachelor and master degree. Lastly, there are significant differences between unemployed, student, part-timer, and full-timer. People who are unemployed have higher level of financial anxiety than other groups in occupation.

Suggestion

This research focuses specifically on addressing financial anxiety as a component of enhancing the financial well-being of young adults in Indonesia. It's important to note that there are numerous other factors that could potentially influence financial anxiety, but these have not been included within the scope of this study. So, a broader range of variables should be considered in future research to provide a more holistic understanding variable that affect individual financial anxiety.

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