

Factors Affecting the Financial Well-Being of Generation Y and Z in Batam: A Mixed Methods Study

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Abstract

Factors Affecting the Financial Well-Being of Generation Y and Z in Batam: This study analyzes the influence of religiosity, mental budgeting, financial behavior, risky indebtedness behavior, and financial preparation for retirement on financial well-being in Generation Y and Z in Batam. The approach used is mixed methods with quantitative as the main method, supported by qualitative data from interviews with seven respondents (five men and two women). A total of 305 respondents were selected through purposive sampling and analyzed using SEM-PLS. The results show that religiosity has a significant positive effect on financial behavior and indirectly improves financial well-being. Mental budgeting has a positive effect on financial behavior, but not on financial well-being directly. Financial behavior and financial preparation for retirement are important mediators, while risky indebtedness behavior hurts retirement preparation and financial well-being. These findings can be the basis for more targeted financial education and policies for the younger generation in Indonesia. Strong religious values encourage wiser financial behavior, such as saving, avoiding consumptive debt, and managing expenses more responsibly. For generations Y and Z, this has had a positive impact on their financial well-being, as seen in stable financial conditions, achievement of financial goals, and reduced money-related stress.

Keywords: Financial Well-Being, Religiosity, Mental Budgeting, Financial Behavior, Risky Indebtedness Behavior, Financial Preparation for Retirement, Generation Y, Generation Z, Batam, Quantitative

Introduction

Financial well-being is defined as the feeling of security and control that individuals feel towards their financial condition. Kim and Lee (2024) described financial well-being as individual satisfaction that includes six different aspects, namely finance, home, leisure,

business, environment, and health. In addition, Malik and Ishaq (2023) articulated financial well-being as the condition of individuals who have adequate resources, can manage finances, have skills in making financial decisions, and can deal with financial shocks. Generation Z, also known as the “Internet generation” or “I-generation,” is a demographic group that relies heavily on digital technology in their daily lives (Siregar & Pratiwi, 2024).

Various factors influence an individual's financial well-being. Research by Mahdzan et al. (2023) and Budiyanto et al. (2024) showed that a high level of religiosity can be positively correlated with financial well-being through the formation of discipline and frugal habits in financial management. In addition, Bai (2023) suggested that effective mental budgeting plays an important role in shaping healthy financial behavior, including increased awareness of financial consequences and self-control, which ultimately contributes to better financial well-being. Furthermore, Vieira, Matheis, and Maciel (2023) found that individuals who have good retirement preparation tend to avoid borrowing risks, can maintain their standard of living, and have a more positive perception of their financial well-being.

A survey conducted by the Financial Services Authority (OJK) in 2024 of Generation Z in Indonesia, defined as individuals born between 1997 and 2012, indicated significant challenges in their efforts to achieve optimal financial well-being. In this context, financial well-being includes not only adequate income but also the ability to manage personal finances wisely, avoid excessive debt accumulation, and plan well for the future. The results of the National Survey on Financial Literacy and Inclusion (SNLIK) in 2024 show that the 18 to 25 age group has a financial literacy rate of 70.19% and a financial inclusion rate of 79.21% (Financial Services Authority, 2024). While these figures indicate a positive development, the financial literacy rate of below 75% implies that the majority of Generation Z is not fully prepared to face and manage more complex financial issues. This has the potential to negatively impact their financial well-being in the long run, given their lack of in-depth understanding of efficient and prudent financial planning and management. In contrast, the 28 to 43 age group shows higher levels of financial literacy and inclusion, with the literacy index reaching 74.82% and inclusion at 84.28% (Financial Services Authority, 2024). This increase reflects the positive correlation between age, life experience, greater financial responsibility, and more active participation in economic activities with the level of understanding and access to financial services.

Ilyas et al. (2021) in their research suggest that the high interest in investment among Generation Z is not based on considerations of financial well-being but driven by Fear of Missing Out (FOMO) behavior. This behavior tends to encourage individuals to make investment decisions without careful consideration, thus increasing their vulnerability to manipulative strategies in the capital market, such as pump and dump schemes. This condition can have a negative impact if not balanced with an adequate level of financial literacy. Furthermore, one of the significant challenges faced by Generation Z is the tendency of consumptive behavior, where spending is allocated more to social and lifestyle activities than to financial planning. The preference to shop or eat out frequently reduces their capacity to save or invest. A lack of understanding of financial management and long-term planning exacerbates this imbalance, potentially negatively impacting their financial health in the future Akbar and Armansyah (2023).

This research has the potential to make an original contribution to the study of the relationship between religiosity, financial behavior, and financial well-being, especially among Generation Y and Z in Indonesia. Although previous studies have explored the influence of religiosity on financial behavior and financial well-being, the majority of these studies focused on the general population or more mature age groups. To illustrate, the study conducted by Goi et al. (2024) highlighted the role of self-efficacy and religiosity in shaping financial behavior and financial well-being but did not specifically target the younger generation. As such, this study extends the understanding of how religious values influence financial behavior and financial well-being in younger age groups, which has previously been relatively under-explored in academic literature.

This study also contributes by adding the dimensions of risky indebtedness behavior and financial preparation for retirement as mediating variables for financial well-being. Previous studies by Vieira, Matheis, and Maciel (2023) have shown that risky indebtedness behavior harms retirement preparation and overall financial well-being. However, this study extends these findings by specifically investigating how risky indebtedness behavior affects financial well-being through the mediation of retirement preparation, especially in generations Y and Z in Indonesia. Generations Y and Z are two productive age groups that currently dominate the labor force population and are active in economic activities. Both generations exhibit distinctive financial behavioral characteristics that have the potential to influence their level of financial well-being. Therefore, this study involves respondents from Generation Y and Z to gain a more comprehensive understanding of the factors that influence financial well-being in the current productive age group. In particular, Generation Z tends to exhibit consumptive behavior that may hinder their ability to save and invest and has a relatively low level of knowledge about financial management. Given these characteristics, an in-depth understanding of how these factors affect their future financial health is crucial.

Literature Review

Financial Wellbeing Theory

The Bureau (2023) defines financial well-being as an individual's ability to meet current financial obligations, feel secure about future financial conditions, and have the freedom to make life choices that allow them to enjoy life. In line with this definition, the Consumer Financial Protection Bureau (CFPB) identifies four main dimensions of financial well-being. The first dimension is short-term financial security, which relates to the capacity to manage regular expenses. The second dimension is the ability to handle emergencies, which is the availability of emergency funds to cope with unexpected expenses. The third dimension is financial decision-making freedom, which allows individuals to make choices that support their lifestyle and personal goals. The fourth dimension is long-term financial well-being, which includes financial planning for the future, such as retirement savings or investments. This theory is significant in assessing the financial well-being of generations Y and Z by considering aspects of daily financial management, emergency preparedness, financial decision-making freedom, and long-term planning.

This study adopts the Consumer Financial Protection Bureau's (CFPB) financial well-being theory (Bureau, 2023) because it offers a comprehensive approach to evaluating financial well-being. This approach covers not only aspects of daily financial management but also preparedness for the financial future and flexibility in financial decision-making. The

relevance of this theory lies in its ability to analyze problems and challenges related to expense management, financial risk avoidance, and future planning. By considering dimensions such as short-term financial security, emergency preparedness, and long-term financial planning, the theory enables an in-depth analysis of the factors that influence Generation Z's financial well-being and how they manage their finances in the contemporary social and economic context.

Hypothesis Development

Religiosity can generally be defined as the process of internalizing religious values into an individual's daily life, which is reflected in actions and words. Thus, religious beliefs are manifested in individual behavior and actions, which show how religion is practiced by adherents (Budiyanto et al., 2024). Various definitions of religiosity have been put forward by experts. For example, He et al. (2022) state that religiosity is an integral part of the human cognitive system that includes beliefs, values, expectations, and behavior.

Siyal et al. (2024) stated that high religious beliefs in individuals can have an impact on responsible credit card use behavior and debt management, which will prevent individuals from getting involved in debt traps. This will have a positive effect on a person's financial behavior. Lei et al. (2024) in their research results state that one of the main mechanisms that explains the relationship between religiosity and financial behavior is self-control. More religious individuals tend to have better self-control, which helps them make wiser financial decisions. From the above statement, this research hypothesizes that:

H₁. Religiosity has a significant positive effect on financial behavior.

Financial behavior is defined as individual actions related to financial management, including spending, saving, borrowing, and short-term and long-term investment activities (Chaity et al., 2024). According to Candy and Vira (2024), financial behavior is a reflection of individual actions in managing finances consciously, such as saving habits, budgeting, and controlling expenses in a rational and planned manner. This behavior is influenced by several main factors, namely financial literacy, self-control, socialization from parents, and peer influence.

Research by Owusu et al. (2023) and Sajid et al. (2024) indicates that financial management skills influence saving and spending habits. Individuals with good financial management skills tend to show greater control over spending, especially unplanned spending, which in turn has a positive impact on financial well-being. Similar findings from Sajuyigbe et al. (2024) also reinforce that improved financial behavior is positively correlated with improved financial well-being.

Furthermore, Prakash et al. (2022) found that financial behavior has a positive and significant influence on individual financial well-being. Financial behavior refers to the actual implementation of personal financial management. This study also highlights the crucial role of financial behavior as a mediator variable between financial knowledge and financial well-being. In other words, financial knowledge is only effective in improving financial well-being if it is implemented through wise behavior. Therefore, improving financial well-being depends not only on an individual's level of understanding about finance but also on the effectiveness

of managing and applying that knowledge in daily life. Based on these findings, this study hypothesizes that:

H₂. Financial behavior has a significant positive influence on financial well-being.

Research by Wijaya et al. (2024) shows that high religious commitment in individuals correlates with more rational financial behavior, which further contributes to increased financial well-being. In line with this, Hasmin et al. (2025) and Budiyo et al. (2024) stated that religiosity has a positive influence on financial behavior. This is because religious values encourage individuals to be more disciplined, frugal, and responsible in managing finances. Religious individuals tend to avoid waste and prioritize long-term needs over momentary desires. Values such as patience, gratitude, and belief in divine sustenance encourage prudence in financial decision making. Therefore, religiosity plays a role in shaping healthy financial habits and supporting family welfare, especially in low-income groups.

Li (2022) in his study states that in terms of financial risk-taking, more religious individuals tend to avoid high-risk investments and prefer safe financial instruments, such as savings or low-risk bonds. This effect varies by religious denomination, where Protestants are more conservative in taking risks than Catholics. This study shows that religiosity has a positive influence on more cautious and less risky financial behavior. This can help individuals avoid financial mistakes caused by excessive speculation.

Sajid et al. (2024) in their research results state that individuals who have financial habits such as effective financial management along with high financial literacy and confidence in managing one's finances, the better their financial behavior, which in turn will have a positive effect and improve individual financial well-being.

Mahendru et al. (2022), Anthon et al. (2022) state that financial behavior has a positive influence on financial well-being. Financial behavior, which includes saving habits, spending management, investment behavior, and credit management, plays a role in improving individual financial well-being. This research also emphasizes that the more responsible a person is in managing their finances, the more likely they are to achieve higher financial well-being. Therefore, based on the above findings, this study hypothesizes:

H₃. Religiosity has a significant positive effect on financial well-being mediated by financial behavior.

Bai (2023) defines mental budgeting as a cognitive method that individuals use to organize and monitor finances internally, without the need for physical records. This technique facilitates the allocation of income and expenses in the mind, making it easier to manage finances and make more rational financial decisions. In line with this, Wahla et al. (2020) found that a positive mental budgeting mindset encourages planned investment, which is an important component of healthy financial behavior and directly impacts individual financial behavior.

Furthermore, Mahapatra and Mishra (2020) and Bai (2023) stated that effective mental budgeting plays a crucial role in the formation of healthy financial behavior. Individuals who actively implement mental budgeting tend to exhibit more disciplined financial management, reduce non-essential spending, and place greater focus on saving. The

ability to control spending and allocate financial resources more effectively helps individuals avoid impulse spending. Moreover, consistent implementation of mental budgeting not only increases individuals' awareness of their financial habits but also facilitates the achievement of long-term financial goals. As such, this mindset has a significant positive influence on an individual's overall financial behavior. Based on these findings, this study proposes a hypothesis:

H4. Mental budgeting has a significant positive effect on financial behavior.

Wahla et al. (2020), Das and Das (2024), and Ali et al. (2024) state that by dividing money into certain categories, such as daily needs, savings, and investments, a person can have more control in managing their expenses. This prevents overspending, improves saving habits, and reduces the risk of unnecessary debt. As a result, individuals who apply mental budgeting tend to feel more financially secure and stable, as they have a clear plan for present and future needs. Thus, mental budgeting has a positive influence on a person's financial well-being by creating more organized and controlled finances.

Bai (2023) in his research results stated that someone who can manage mental budgeting tends to have more stable and prosperous finances. By getting used to organizing and monitoring expenses in their minds, they can be more disciplined in managing money, avoid unnecessary spending, and focus more on saving or investing. This habit helps them to use money more wisely, so that their finances are more controlled and they are less prone to financial difficulties, which will have a positive impact on individual financial well-being.

Chun and Johnson (2021) stated that mental budgeting has an insignificant effect on financial well-being, especially when done excessively. Individuals with a very high budgeting mentality can worry too much about the "pain of payment", such as feeling heavy when spending money, even for important things. This makes them more cautious, but sometimes so cautious that they miss good financial opportunities. This makes them less flexible and hesitant to make financial decisions that could be profitable in the future, such as investments that have the potential for big profits. So, although mental budgeting can help manage finances, if done rigidly or excessively, it does not help improve overall financial well-being. Therefore, based on the findings above, this study hypothesizes:

H5. Mental budgeting has a significant positive effect on financial well-being.

Abrantes Braga and Oliveira (2020), Vieira, Matheis, and Maciel, (2023) state that consumptive behavior influenced by impulsivity can affect individual financial decision making, especially in terms of consumption and debt accumulation. Individuals with high levels of impulsivity tend to show a preference for instant gratification (present bias), which encourages purchasing decisions without careful planning. Persistent impulsive buying patterns can lead to the formation of consumptive debt, which gradually reduces the room for allocation of funds towards long-term financial goals, including retirement preparation.

Leandro and Botelho (2022) emphasize that easy access to credit, such as instant loans, can worsen financial conditions if not accompanied by adequate self-control and financial literacy. Individuals who are accustomed to using credit to fulfill consumptive needs tend to experience overleverage, where a large proportion of their income is used to pay debt installments. This has a direct impact on reducing the ability to save and invest consistently

for retirement. Thus, impulsive behavior and poor debt management are the main inhibiting factors in financial preparation for retirement. Therefore, based on the above findings, this study hypothesizes:

H₆. Risky indebtedness behavior has a significant negative effect on financial preparation for retirement.

Research by Kim (2020) shows that careful financial preparation for retirement contributes significantly to the financial well-being of individuals in old age. Individuals who save and invest early have adequate resources to maintain a decent standard of living after retirement. Studies also indicate that high savings rates and asset ownership are positively correlated with increased post-retirement life satisfaction. With sufficient retirement funds, individuals can avoid financial stress, enjoy a peaceful retirement, and have the flexibility to fulfill health, social, and recreational needs, which overall maintains financial well-being from both an economic and psychological perspective.

Dayana Anandhi and Velmurugan (2024) found that financial preparation for retirement has a significant positive influence on financial well-being. In their study, tax planning acts as a strategic link that optimizes the benefits of financial planning, including retirement savings, through reduced tax burden and increased income management efficiency. The results indicate that individuals who systematically integrate financial planning and tax planning tend to achieve higher levels of financial well-being compared to those who only focus on one aspect. The integration of these two elements creates a solid foundation for achieving long-term financial stability, reducing financial stress, and facilitating wiser and more sustainable financial decision-making.

Vieira, Matheis, and Maciel (2023) state that individuals who have financial planning and set goals for the future tend to show higher levels of financial well-being. This supports the creation of a more stable life and allows them to enjoy life better in the future. Based on the above findings, this study proposes a hypothesis:

H₇. Financial preparation for retirement has a significant positive influence on financial well-being.

Ferreira et al. (2021) state that risky indebtedness behaviors, such as risky debt habits, can negatively impact financial well-being by reducing individuals' control over their finances, increasing stress levels, and decreasing life satisfaction. Individuals who experience over-indebtedness tend to feel higher anxiety and difficulty in achieving life goals, which ultimately leads to feelings of a lack of independence and loss of control over their lives. Furthermore, ongoing financial stress also has the potential to affect mental and physical health, including sleep disturbances and increased risk of chronic diseases, further worsening holistic well-being.

Vieira, Matheis, and Maciel (2023) found that individuals who have financial planning for retirement tend to exhibit higher levels of financial well-being. With careful planning, they can face the future with more peace of mind, reduce stress due to financial uncertainty, and ensure the availability of sufficient funds to meet the needs of life in old age. In addition, good retirement planning also allows individuals to maintain their desired lifestyle without having to rely on others. With a more stable financial condition, they can live their retirement more

comfortably, be more independent, and have a better overall quality of life. Based on these findings, this study proposes a hypothesis:

H₈. Risky indebtedness has a significant negative effect on financial well-being, mediated by financial preparation for retirement.

Research Methodology

This research used a mixed methods approach with a Sequential Explanatory design. Quantitative data was collected and analyzed first, then deepened through qualitative data for a more comprehensive understanding. This approach was chosen to not only describe the statistical relationships between variables but also elaborate on the underlying factors. The quantitative stage used Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with SmartPLS to analyze complex relationships between variables and flexibly test the research model. The qualitative stage was conducted through interviews with selected respondents to further explore quantitative findings (Sugiyono, 2020). Primary data was obtained through an online questionnaire as the main instrument for the quantitative stage. The research population is individuals who meet specific criteria according to the research objectives. The quantitative sample amounted to 305 respondents, selected using purposive sampling techniques in relevant generations Z and Y. The minimum quantitative sample size is recommended to be 10 times the number of respondents. The minimum quantitative sample size is recommended to be 10 times the number of operational variable indicators (Hair et al., 2022).

Table 1

Operational Definition of Variables

No	Variable	Indicator	Indicator Code	Source
1.	<i>Religiosity</i>	Religion plays an important role in my life.	RE1	(Mahdzan <i>et al.</i> , 2023)
		My shopping decisions are influenced by my religious beliefs (Halal products).	RE2	
		My religious beliefs teach me to shop wisely (not wastefully).	RE3	
		My religious beliefs influence me in managing my money.	RE4	
		I consider religious teachings before deciding to go into debt.	RE5	
2.	<i>Mental budgeting</i>	I always make a plan for expenses for personal and family needs.	MB1	(Mahapatra & Mishra, 2020)
		I always make a shopping list.	MB2	
		I plan my expenses well every month.	MB3	
		I make a monthly spending budget.	MB4	
		I can manage a monthly budget based on categories (basic needs, entertainment, transportation).	MB5	
3.	<i>Financial preparation for retirement</i>	I evaluate my current finances and have prepared my finances for retirement.	FR1	(Vieira, Matheis, & Rosenblum, 2023)
		I always think about the financial problems faced by retirees.	FR2	

		I often discuss with my family the financial problems faced by retirees.	FR3	
4.	<i>Financial behavior</i>	I save part of my income for the future.	FB1	(Sajuyigbe et al., 2024)
		To keep my finances stable, I always monitor my budget and spending habits.	FB2	
		I am open to discussing and receiving advice related to financial matters.	FB3	
		I avoid debt and will borrow if necessary.	FB4	
5.	<i>Risky indebtedness behavior</i>	I often owe more than I can afford.	RB1	(Vieira, Matheis, & Maciel, 2023)
		I often pay fines or interest for late payments.	RB2	
		I often borrow money to pay off debts.	RB3	
		I owe more than I earn.	RB4	
		Debt can damage my life goals (debt negatively impacts savings, investments, and home buying plans).	RB5	
6.	<i>Financial wellbeing</i>	I can manage my finances	FW1	(Sajuyigbe et al., 2024)
		I save regularly for the future.	FW2	
		I have a clear understanding of my financial goals.	FW3	
		I can handle unexpected large expenses.	FW4	

Table 2

Characteristics of Interview Respondents

No	Initial Respondents	Gender	Age (Years)	Residence
1	R1	Male	20	Batam
2	R2	Male	18	Batam
3	R3	Male	23	Batam
4	R4	Male	23	Batam
5	R5	Male	20	Batam
6	R6	Woman	26	Batam
7	R7	Woman	23	Batam

Table 3

Respondent Characteristics

	Frequency	Percentage
Gender:		
Male	270	88,5%
Woman	35	11,5%
Age (years):		
18 – 27	148	48,5%
28 - 43	157	51,5%
Final Education:		
SMA-SMK/ High School- Vocational school	118	38,7%
Diploma III	1	0,3%
Bachelor 1/ Bachelor	186	61,0%
Religion:		

Islam	299	98,0%
Buddha	3	1,0%
Kristen Katolik / Catholic	1	0,3%
Kristen Protestan/ Christian	2	0,7%

Source: Data processed (2025)

A Proposed Conceptual Framework

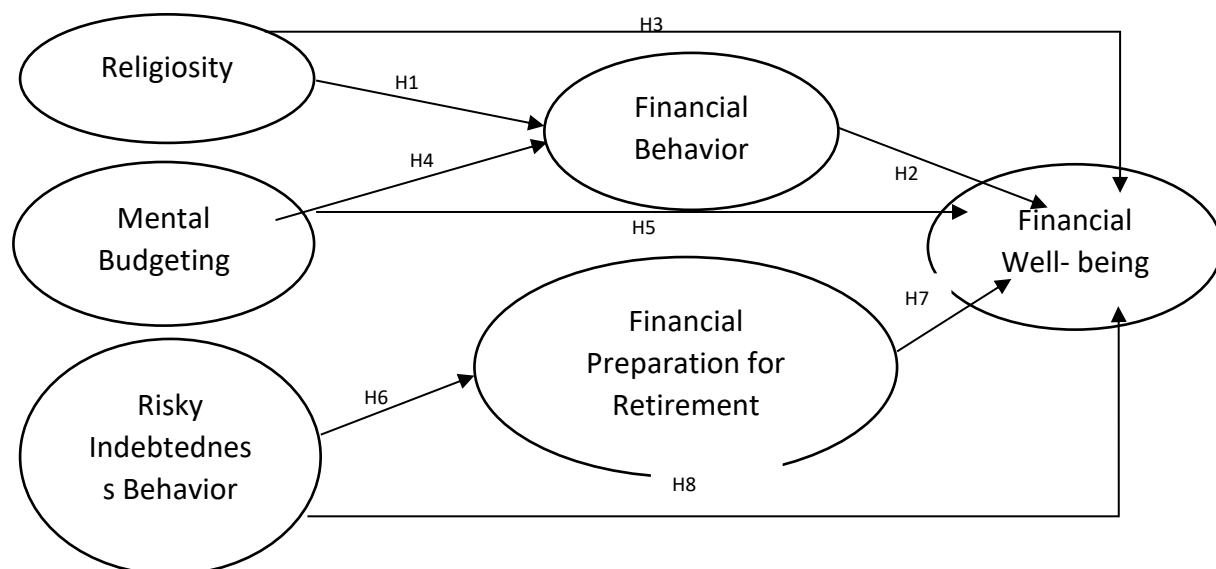


Figure 1. Conceptual Framework

Results and Discussions

In Table 3, this study initially distributed questionnaires to 413 respondents, but after selection, 305 respondents in Batam, Indonesia, met the analysis criteria. The majority of respondents were male (88.5%), aged 28-43 years (51.5%), had a bachelor's degree (61.0%), and were Muslim (98.0%). All respondents were Indonesian citizens, in line with the research focus on Batam City. The relatively even age distribution reflects the participation of individuals in the productive phase with work experience and financial decision-making. The education level, which is dominated by S1 graduates, is expected to support understanding and accurate responses to the questionnaire. Although the majority are Muslims, there is little religious variation in the sample. Thus, the data collected reflects the perception, experience, or behavior of the Batam community towards the research variables. Validity and reliability tests were conducted on the data from the research sample. The results of the validity test shown in Table 4 indicate that all indicators, totaling 26, have met the criteria of outer loadings > 0.70 . This means that all indicators are accurate and consistent enough to be used in this study. In addition, the AVE value of each research variable has met the criteria, which is > 0.50 . That way, all indicators and research variables can be considered valid.

Table 4
Validity Test

Indicator	<i>Outer loading</i>	<i>Average Variance Extracted (AVE)</i>	Information
RE1	0,761	0,582	Valid
RE2	0,731		
RE3	0,738		
RE4	0,831		
RE5	0,751		
MB1	0,782	0,641	Valid
MB2	0,827		
MB3	0,776		
MB4	0,829		
MB5	0,788		
FR1	0,861	0,703	Valid
FR2	0,831		
FR3	0,822		
FB1	0,830	0,684	Valid
FB2	0,839		
FB3	0,824		
FB4	0,815		
RB1	0,833	0,561	Valid
RB2	0,752		
RB3	0,721		
RB4	0,708		
RB5	0,724		
FW1	0,824	0,680	Valid
FW2	0,842		
FW3	0,849		
FW4	0,780		

Source: Data processed (2025)

Furthermore, based on the reliability test results presented in Table 5, it can be concluded that all variables in this study have met the reliability criteria. This is indicated by Cronbach's Alpha values for the six main variables, which are in the range of 0.789 to 0.860, indicating a good level of internal consistency. In addition, the Composite Reliability value also shows strong results, with a range of 0.864 to 0.899, which further strengthens the reliability of the research instruments used. Based on these two indicators, it can be emphasized that all variables in this study can be considered reliable, so that the measurement results are believed to be stable and consistent in representing the construct under study.

Table 5
Reliability Test

Variable	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
<i>Religiosity</i>	0,820	0,874
<i>Mental Budgeting</i>	0,860	0,899
<i>Financial Preparation for Retirement</i>	0,789	0,876
<i>Financial Behavior</i>	0,846	0,896
<i>Risky Indeptedness Behavior</i>	0,803	0,864
<i>Financial Well-Being</i>	0,842	0,894

Source: Data processed (2025)

Table 6

Hypothesis Test

Hypothesis	Coefficients (sample mean)	P-values	Result
H1. RE → FB	0,433	0,000	Significant +
H2. FB → FW	0,179	0,035	Significant +
H3. RE → FB → FW	0,076	0,044	Significant +
H4. MB → FB	0,414	0,000	Significant +
H5. MB → FW	0,107	0,186	Insignificant
H6. RB → FR	-0,602	0,000	Significant -
H7. FR → FW	0,213	0,003	Significant +
H8. RB → FR → FW	-0,128	0,005	Significant -

Source: Data processed (2025)

After that, the eight hypotheses that have been formulated in this study were tested. The series of results from the hypothesis test is compiled in Table 6. Based on the analysis conducted, it is found that hypotheses one, two, three, four, six, seven, eight are accepted because the relationship between the tested variables shows a level of significance that is by the established criteria, and hypothesis five is rejected because the significance value does not meet the predetermined threshold, so there is insufficient statistical evidence to state a significant influence of the related variables.

Based on the results of quantitative analysis, the effect of religiosity on financial behavior has a coefficient of 0.433 and a P-value of 0.000, which means it is positively significant. That way, H1 is accepted. This result is as follows (Budiyanto et al., 2024; El Hajjar et al., 2024; He et al., 2022; Lee et al., 2024; Wijaya et al., 2024). Religiosity plays a positive role in shaping healthy financial behavior. Religious values encourage individuals to be more disciplined, frugal, and wise in managing finances and to avoid impulsive decisions. This attitude is in line with the financial well-being theory, namely CFPB, which includes daily financial management, emergency preparedness, freedom in financial decision making, and long-term planning. Thus, religiosity can be an important internal factor that strengthens individual financial behavior.

Based on a qualitative analysis of five male and two female respondents aged 18-27 years, it was found that religiosity plays an important role in shaping positive financial behavior. The majority of respondents, especially men, stated that religious teachings guide their financial decision-making. This is reflected in the habit of saving regularly, avoiding consumptive debt, and carrying out financial obligations in a disciplined and timely manner. Respondents showed high awareness of the importance of long-term financial planning, including emergency funds and retirement preparation. Religious values encourage them to be more prudent, frugal, and responsible in their daily financial management. This finding reinforces that religiosity can be an internal factor that strengthens financial behavior, as also reflected in the CFPB's financial well-being theory that emphasizes daily financial management, emergency preparedness, and wise decision-making.

Furthermore, based on the results of quantitative analysis, the effect of financial behavior on financial well-being has a coefficient of 0.179 and a P-value of 0.035, which means it is positively significant. Therefore, H2 is accepted. This result is consistent with (Owusu et al., 2023; Prakash et al., 2022; Sajuyigbe et al., 2024; Sajid et al., 2024). Good financial behavior, such as controlling expenses, saving habits, and making wise financial decisions, has a positive effect on increasing financial well-being. This is in line with the framework proposed by the CFPB theory, which emphasizes four dimensions of financial well-being: ability to manage daily expenses, preparedness for emergencies, freedom in decision-making, and planning for the future. In this context, financial behavior is the foundation that realizes these four dimensions. Individuals who have healthy financial behavior are not only able to meet short-term needs but also show readiness to face financial risks and the ability to design a stable future that follows their values. Therefore, improving positive financial behavior is a key strategy in strengthening overall financial well-being.

Based on the results of qualitative analysis of five male and two female respondents aged 18-27 years, it shows that good financial behavior has a positive effect on respondents' financial well-being. Respondents who routinely save money, avoid consumptive debt, and have a clear financial plan tend to feel more secure, calm, and confident in dealing with financial conditions, both now and in the future. Discipline in managing finances, including spending control and commitment to financial obligations, has proven to improve overall financial well-being.

Based on the results of quantitative analysis, the indirect effect of religiosity on financial well-being through financial behavior gives a positive and significant result, with a coefficient of 0.076 and a P-value of 0.044. H3 is accepted, in line with (Anthony et al., 2022; Lei et al., 2024; Li 2022; Mahendru et al., 2022; Sajid et al., 2024; Siyal et al., 2024). Religiosity can make a positive contribution to individual financial well-being through the mediating role of financial behavior. Individuals who have a high level of religiosity tend to have moral values and social norms that encourage self-control, responsibility, and prudence in financial management. These values are then reflected in healthier financial behaviors, such as prudent debt management, excessive risk aversion, saving tendencies, and careful financial planning. This positive financial behavior becomes an important mechanism that bridges between religiosity and financial well-being. This is in line with the theoretical framework developed by the CFPB, for example, a person who manages their finances responsibly due to certain religious principles is likely to have sufficient emergency funds and make financial decisions that support their life goals. Thus, religiosity, through strengthening healthy financial behavior, indirectly increases an individual's ability to achieve a stable and sustainable state of financial well-being.

Based on the results of qualitative analysis of five male and two female respondents aged 18-27 years, religiosity is proven to have a positive influence on financial well-being through the mediation of financial behavior. The respondents' religious values encourage them to manage their finances with prudence and responsibility, such as avoiding risky debts, saving regularly, and fulfilling financial obligations on time. Financial behavior that is built on these religious beliefs becomes an important mechanism in realizing financial well-being, which is not only measured by material aspects but also includes a sense of security and satisfaction with personal financial conditions. In other words, religiosity forms a value

framework that motivates individuals to carry out disciplined financial management, thus significantly improving financial well-being. This finding confirms that the effect of religiosity on financial well-being is not direct, but through adaptive and responsible financial behavior as the main mediator.

Next, based on the results of quantitative analysis, the effect of mental budgeting on financial behavior has a coefficient of 0.414 and a P-value of 0.000, indicating that it is positively significant. Thus, H4 is accepted. In line with (Bai, 2023; Mahapatra & Mishra, 2020; Wahla et al., 2020). Mental budgeting has a significant positive effect on financial behavior because it functions as a mental strategy in managing expenses and income in a planned manner. Individuals who apply mental budgeting tend to have a higher awareness of their financial allocation, which allows for self-control in spending, increased savings habits, and more rational financial decision making. This technique helps to separate expenses based on mental priorities without the need to record in detail, but it is still effective in shaping disciplined financial behavior. This effect is very much in line with the CFPB theory, where the first and second dimensions of short-term financial security and emergency preparedness depend on an individual's ability to manage daily finances and avoid unplanned spending. With a strong budgeting mentality, individuals can fulfill their daily needs efficiently and set aside funds for emergencies or long-term goals. This shows that mental budgeting is not just a mindset, but a practical instrument that encourages the formation of healthy and sustainable financial behavior.

Based on the results of qualitative analysis of five male and two female respondents aged 18-27 years, it shows that mental budgeting has a significant influence on respondents' financial behavior. Most male respondents tend to underestimate small daily expenses such as the cost of coffee, parking, or eating out, as well as not detailing expenses in their budget planning. This attitude indicates a weakness in the application of mental budgeting, which has the potential to cause imbalances in personal financial management. In contrast, female respondents pay more attention to and record these small expenses in their financial planning, so they tend to avoid impulse spending and are more structured in managing their budgets. Thus, mental budgeting that is applied in detail and consistently contributes to a more disciplined and planned financial behavior, while neglecting mental budgeting can trigger suboptimal financial management behavior.

Based on the results of quantitative analysis, the effect of mental budgeting on financial well-being has a coefficient of 0.107 and a P-value of 0.186, indicating that it is not significant, and hypothesis H5 is rejected. But in line with Chun and Johnson (2021), mental budgeting has an insignificant effect on financial well-being, especially when applied excessively. Individuals with a very high level of mental budgeting tend to experience the phenomenon of "pain of payment," or pain when making expenses, where they feel heavy or burdened even though the expenses are for important needs. This condition makes them more careful in managing their finances, but sometimes this attitude becomes too rigid, hindering them from making potentially profitable financial decisions in the future, such as investment or long-term planning. As a result, they become less flexible and hesitant to take advantage of financial opportunities that can significantly improve their financial well-being. Thus, although mental budgeting can play a role in managing spending, excessive or overly strict implementation does not contribute significantly to improving overall financial well-

being. This suggests that the relationship between mental budgeting and financial well-being is complex and not necessarily linear.

Based on the results of the qualitative analysis it shows that male respondents tend to manage their finances carefully, especially in debt and savings. However, they often overlook small expenses such as the cost of coffee or eating out, which are not included in the budget planning. This reflects the weak practice of mental budgeting. This finding is in line with the quantitative results, which show that mental budgeting does not have a significant effect on financial well-being. Even though respondents feel that they have managed their finances well, small uncontrolled expenses can still disrupt financial balance. Meanwhile, female respondents are more structured in recording expenses, including small and routine ones.

Then the results of quantitative analysis show that the effect of risky indebtedness behavior on financial preparation for retirement has a coefficient of -0.602 and a p-value of 0.000, which indicates that the effect is significantly negative. Thus, H6 is accepted. In line with (Abrantes Braga & Oliveira, 2020; Leandro & Botelho, 2022; Vieira, Matheis, & Maciel, 2023). The high level of risky debt behavior has an impact on the low ability of individuals to prepare for retirement financially. This condition can occur because impulsive behavior and large debt burdens reduce a person's ability to save and manage finances effectively for long-term needs. Thus, uncontrolled debt behavior is an important obstacle in building optimal financial preparation for retirement.

The qualitative analysis shows that risky indebtedness behavior has a negative impact on financial preparation for retirement. Respondents who tend to avoid risky debt show a better level of retirement readiness, with more disciplined saving habits and emergency fund planning. Conversely, risky indebtedness behavior has the potential to disrupt long-term financial stability because uncontrolled debt can reduce the ability to save and allocate funds for retirement preparation. Thus, prudent and responsible debt management behavior is an important factor in improving financial readiness for retirement.

Furthermore, the results of quantitative analysis show that the effect of financial preparation for retirement on financial well-being has a coefficient of 0.213 and a p-value of 0.003, indicating that the effect is significantly positive and H7 is accepted. In line with (Alcaide et al., 2021; Dayana Anandhi & Velmurugan, 2024; Kim, 2020; Safari et al., 2021; Vieira, Matheis, & Maciel, 2023). Financial preparation for retirement is proven to have a significant positive influence on the level of individual financial well-being. Careful planning, such as saving early, investing purposefully, and managing financial risks wisely, can guarantee financial stability in old age. This not only reduces economic uncertainty after retirement, but also provides flexibility in meeting life needs, including health, social, and recreational aspects. This finding is in line with CFPB's theory, which emphasizes the importance of long-term financial planning as one of the main dimensions in achieving financial well-being. With adequate retirement funds, individuals can enjoy freedom in financial decision-making, feel secure about the future, and live their retirement with more peace of mind, without excessive economic pressure. Thus, effective retirement planning is an important foundation in building sustainable financial well-being.

The qualitative analysis shows that financial preparation for retirement contributes positively to financial well-being. Respondents who regularly save and plan for emergency funds show higher levels of confidence and financial security. Being prepared for retirement through long-term financial planning creates a sense of calm and reduces anxiety about future financial uncertainty. This reflects that financial preparation for retirement not only impacts long-term financial stability but also improves individuals' perception of their overall financial well-being.

Finally, based on quantitative results, the effect of risky indebtedness behavior on financial well-being mediated by financial preparation for retirement has a coefficient of -0.128 and a p-value of 0.005, which means it shows significant negative results, and H8 is accepted. In line with (Fan & Henager, 2022; Ferreira et al., 2021; Vieira, Matheis, & Maciel, 2023). Risky indebtedness behavior can have a significant negative impact on financial well-being, especially when individuals do not have adequate financial planning for the future. Uncontrolled debt behavior tends to reduce one's ability to prepare for retirement, resulting in prolonged financial stress. When individuals fail to set aside funds for the future due to debt, they become more vulnerable to financial stress, anxiety, and uncertainty. This lack of retirement preparation then worsens overall financial well-being, in terms of economic, emotional, and quality of life. Thus, financial preparation for retirement serves as an important pathway that clarifies how risky debt behavior can indirectly reduce one's financial well-being.

On the other hand, the qualitative results support this mediation pathway from a different perspective, showing that individuals who avoid risky debt can build better retirement preparation. This careful financial planning reinforces feelings of financial security, which is a key element of financial well-being. Thus, the two approaches provide a complementary picture. Quantitative research shows the negative consequences of risky indebtedness behavior, while qualitative research highlights the positive benefits of good financial management habits and avoiding risky indebtedness behavior. This reinforces the important role of financial preparation for retirement as a mediating mechanism in the relationship between risky indebtedness behavior and financial well-being.

Conclusions

This study provides an in-depth picture of the condition of financial literacy, financial behavior, financial well-being, and financial preparation for retirement in Generation Z and Y in Batam City. The analysis of 305 respondents shows that both generations have a strong relationship between the level of financial literacy and their ability to plan for retirement, either directly or through the mediating role of financial behavior and financial preparation for retirement. In general, Generation Y shows a better level of financial readiness than Generation Z, especially in terms of financial habits and long-term orientation towards retirement. However, Generation Z shows great potential to develop positive financial behavior as access to information and digital financial technology increases.

This finding confirms that interventions to improve financial literacy and establish healthy financial behavior are very important to be done as early as possible, especially for Generation Z, who are still in the early stages of entering the productive age. Technology-based financial education strategies, approaches that are relevant to digital lifestyles, and

future planning simulations can be key to improving the long-term financial well-being of these two generations.

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