

## DIGITAL MEDIA AND THE DIFFUSION OF FRUGAL LIVING: STRENGTHENING GENERATION Z'S FINANSIAL LITERACY

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### ABSTRAK

Generasi Z di Indonesia menghadapi kesenjangan antara inklusi dan literasi keuangan, mendorong mereka mencari strategi pengelolaan finansial yang lebih adaptif, termasuk *frugal living* yang populer melalui media digital. Penelitian ini bertujuan untuk menganalisis tahap-tahap adopsi *frugal living* serta peran media digital sebagai saluran komunikasi yang membentuk pemahaman dan praktik *frugal living* Generasi Z. Menggunakan metode kualitatif deskriptif, data diperoleh melalui wawancara mendalam dengan empat informan, yaitu tiga individu Generasi Z dan satu content creator. Analisis dilakukan menggunakan model Miles & Huberman berdasarkan lima tahap adopsi Rogers. Hasil penelitian menunjukkan bahwa media digital berfungsi sebagai sumber utama pembentukan pengetahuan dan reinterpretasi konsep *frugal living*. Temuan menunjukkan adanya variasi pola adopsi, dimana *early adopters* menginternalisasi praktik secara stabil, *early majority* menerapkan strategi secara bertahap dan lebih terstruktur, sedangkan *late majority* cenderung reaktif dan tidak konsisten. Penelitian ini menyimpulkan bahwa media digital memainkan peran strategis dalam memfasilitasi proses adopsi sekaligus memperkuat literasi keuangan Generasi Z. Temuan ini memperkaya kajian difusi inovasi dan memberikan dasar bagi pengembangan komunikasi keuangan digital yang lebih efektif.

### Kata kunci

Difusi Inovasi, Frugal Living, Generasi Z, Literasi Keuangan, Media Digital

### ABSTRACT

Generation Z in Indonesia faces a gap between financial inclusion and literacy, prompting them to seek more adaptive financial management strategies, including frugal living, which is popular through digital media. This study aims to analyze the stages of frugal living adoption and the role of digital media as a communication channel that shapes Generation Z's understanding and practice of frugal living. Using a descriptive qualitative method, data was obtained through in-depth interviews with four informants, namely three Generation Z individuals and one content creator. The analysis was conducted using the Miles & Huberman model based on Rogers' five stages of adoption. The results show that digital media serve as the main source of knowledge formation and reinterpretation of the concept of frugal living. The findings show that there are variations in adoption patterns, where early adopters internalize practices stably, the early majority implement strategies gradually and are more structured, while the late majority tend to be reactive and inconsistent. This study concludes that digital media plays a strategic role in facilitating the adoption process while strengthening Generation Z's financial literacy. The findings enrich the study of innovation diffusion and provide a basis for the development of more effective digital financial communications.

### Keywords

Diffusion of Innovation, Digital Media, Financial Literacy, Frugal Living, Generation Z

## Introduction

The phenomenon of low financial literacy among Indonesia's younger generation remains an important issue. The National Survey on Financial Literacy and Inclusion 2025 shows that the literacy index has only reached 66.46% while inclusion has reached 80.51% (Otoritas Jasa Keuangan, 2025). This gap indicates that easy access to financial services is not always followed by an adequate understanding of personal financial management. This condition is even more complex for Generation Z, which is known to have consumptive tendencies and low financial discipline. E-commerce data for 2024 recorded transactions reaching Rp487 trillion, with 70% of the contribution coming from Generation Z (CNBC Indonesia, 2025), as well as high routine consumption patterns such as credit and data packages (Margaretha, 2022). If not matched with adequate literacy, this consumption pattern could potentially lead to financial risks in the future (Rijal et al., 2025).

Theoretically, this research uses Everett Rogers' innovation diffusion perspective, which is the process of spreading new ideas or practices in a social system through communication channels (Rogers, 2003). Frugal living is positioned as an innovation in the form of frugal living practices and financial management oriented towards individual sustainability (Nugroho & Albab, 2023). Digital media, especially social media, is a channel that strengthens the diffusion process because it is able to spread information quickly, massively and interactively (Nsereka, 2021). Content creators and digital communities can function as agents of change that encourage knowledge formation, persuasion, and implementation (Herna & Ramadani, 2024; Kurniawan et al., 2024). With an internet penetration rate of 87.80% and a social media usage duration of 4-5 hours per day (Asosiasi Penyelenggara Jasa Internet Indonesia, 2025), Gen Z is the group most exposed to digital-based lifestyle communication patterns (Atay, 2024).

However, Gen Z's digital media consumption is still dominated by entertainment (76%), product reviews (67%) and shopping activities (50%) (Atsir, 2024; Erwin et al., 2023). Greater exposure to consumptive than educative content weakens the opportunity to improve financial literacy (Miftahudin, 2025). This condition creates a research gap on how frugal living values are disseminated through digital media and accepted by Gen Z as an alternative to strengthening financial literacy.

Research on frugal living has been conducted in various contexts. Hartantri et al. (2024) showed that frugal living has a significant effect on employee financial management, even though it is not directly related to financial freedom. Hasanah & Badria (2024) found that Generation Z perceives frugal living as a financial strategy and a form of social responsibility, although its implementation is still hampered by the temptation of consumption and social pressure. Meanwhile, Kusumawardhany (2023) highlights six dimensions of frugal living behavior among students that emerged in response to the global crisis.

Other studies also show the relevance of frugal living in the context of culture and education. Amalia et al. (2023) researched the Baduy indigenous community and found that simple living values, including frugal habits, contributed to collective economic resilience during the COVID-19 pandemic. Furthermore, White (2021) reviews frugal living from a historical perspective to the pandemic, emphasizing the importance of education on frugal living to foster sustainability awareness for future generations.

However, there is no research that deeply examines how the diffusion of frugal living innovations occurs through digital media, and how the adoption process takes place among Gen Z using a qualitative approach and stepwise analysis according to Rogers' model. This is where the novelty of this research lies.

Based on this gap, this study aims to analyze the diffusion process of frugal living innovations among Generation Z through digital media. The research question posed is: how does Generation Z spread frugal living innovations through digital media as an effort to improve financial literacy? The research focuses on the role of digital media as a communication channel, the dynamics of innovation acceptance, and the stages of adoption experienced by informants. Theoretically, this research contributes by integrating innovation diffusion theory with the context of digital-based financial literacy, providing an update on how Gen Z interprets and adopts financial practices through exposure to online content. Practically, this research is expected to provide input for the government, financial institutions, and content creators in designing more effective financial literacy communication strategies that are relevant to the characteristics of digital natives.

## Method

This type of research is descriptive qualitative, which aims to provide an in-depth description of the process of spreading frugal lifestyle innovations among Generation Z through digital media. A qualitative approach was chosen because it allows researchers to explore subjective experiences, meaning constructions, and communication patterns that are formed in Gen Z's interactions with frugal lifestyle content on social media. According to Creswell & Creswell (2022), a qualitative approach is relevant when research focuses on understanding complex social processes and human experiences holistically and contextually.

The research subjects consisted of three Generation Z informants representing the adopter categories (early adopters, early majority, and late majority), as well as one frugal living content creator as a comparison informant. Informants were selected using purposive sampling with several criteria: (1) actively using digital media as a source of financial information, (2) having at least one month of experience implementing frugal living, and (3) willing to provide in-depth data. The object of this research is the diffusion process of frugal living innovation, covering the stages of knowledge to confirmation, digital communication channels, and supporting or inhibiting social factors.

**Table 1.** Informant Profiles

Informant	Age	Profession
AB	22	Student
KD	21	Employee
N	25	Housewife
AS	25	Content Creator

Source: Researcher Data

Data were collected through online semi-structured interviews from July-August 2025. Each informant was interviewed 1-2 times with a duration of 45-70

minutes per session. This technique was chosen so that informants could explain their experiences, motivations, and the dynamics of implementing frugal living in detail. Examples of questions used include: “How did you first learn about the concept of frugal living?”, “What digital content has influenced your understanding the most?”, “What made you decide to implement frugal living?”, and “How do you assess the sustainability of the practice in your daily life?”

Data analysis uses the Miles & Huberman interactive model as described by Berg & Lune (2017), which in this study includes three main steps, namely data reduction, data presentation, and conclusion drawing. Data validity is maintained through source triangulation, which compares the narratives of three Gen Z informants with the perspectives of content creators as external references. In addition, member checking was done by reconfirming the transcripts and interpretations with the informants to ensure accuracy. This step strengthens the credibility and reliability of the research findings.

### Result and Discussion

The results of the research show that frugal living as a lifestyle innovation is understood by Generation Z not only as saving money, but also as a financial strategy to achieve economic stability. The change in consumption behavior is clear, from what was previously impulsive and trend-driven to more calculated, planned, and needs-based. The level of success in adoption varies between categories, with early adopters internalizing the values of frugal living more quickly, the early majority requiring systematic adaptation, and the late majority often experiencing difficulties in implementation.

**Table 2.** Comparison of the Process and Success Rates in Adopting Frugal Living

Aspects	AB (Early Adopter)	KD (Early Majority)	N (Late Majority)
Knowledge	Functional life, independent research	Economical methods, family influence	Maximize value for money
Persuasion	Not shocked, it's normal	Difficult to distinguish between needs and wants	Stressed, psychological burden
Decision	Students' financial limitations	The experience of “being broke”	Expenses greater than income
Implementation	Usefulness evaluation, reward system	Record keeping, financial plan, priority table, emergency fund	Setting spending targets
Confirmation	Continuance, high commitment	Continuance, some hesitation	Discontinuance, Ineffective
Channel of Communication	TikTok, Korean (Netflix), Instagram, dramas	TikTok, Instagram	TikTok, Instagram, Google

Aspects	AB (Early Adopter)	KD (Early Majority)	N (Late Majority)
Time	Early in the semester, quickly	Since 2023, gradually	Immediately but not lasting
Social System	High pressure from peers	Family support, pressure from peers	Pros and cons of family
Changes in Financial Literacy	High self-control, systematic budgeting, regular saving	Money management, accustomed to budgeting, emergency funds	Awareness of limitations, basic budgeting

Source: Interview Results

Early adopters show the highest success rate because they quickly recognize the relevance of frugal living to their personal circumstances (Kim & Chakraborty, 2024). This is evident in Informant AB, who stated that financial constraints became a cognitive framework that led him to view frugal living as a rational and proactive strategy, enabling him to develop more mature practices, such as evaluating needs, implementing a measurable self-reward system, and choosing functional products.

The early majority also showed considerable success, although it required more time and a more systematic strategy (Kellison & Hong, 2023). Informant KD emphasized the importance of recording income and expenditure schemes. This practice serves as a structural mechanism that helps prepare emergency funds and organize financial priorities in a more measurable way. The process shows a transition from impulsive consumptive behavior to a more calculated consumption pattern. This indicates that the early majority tends to need concrete evidence and direct experience before being able to internalize an innovation.

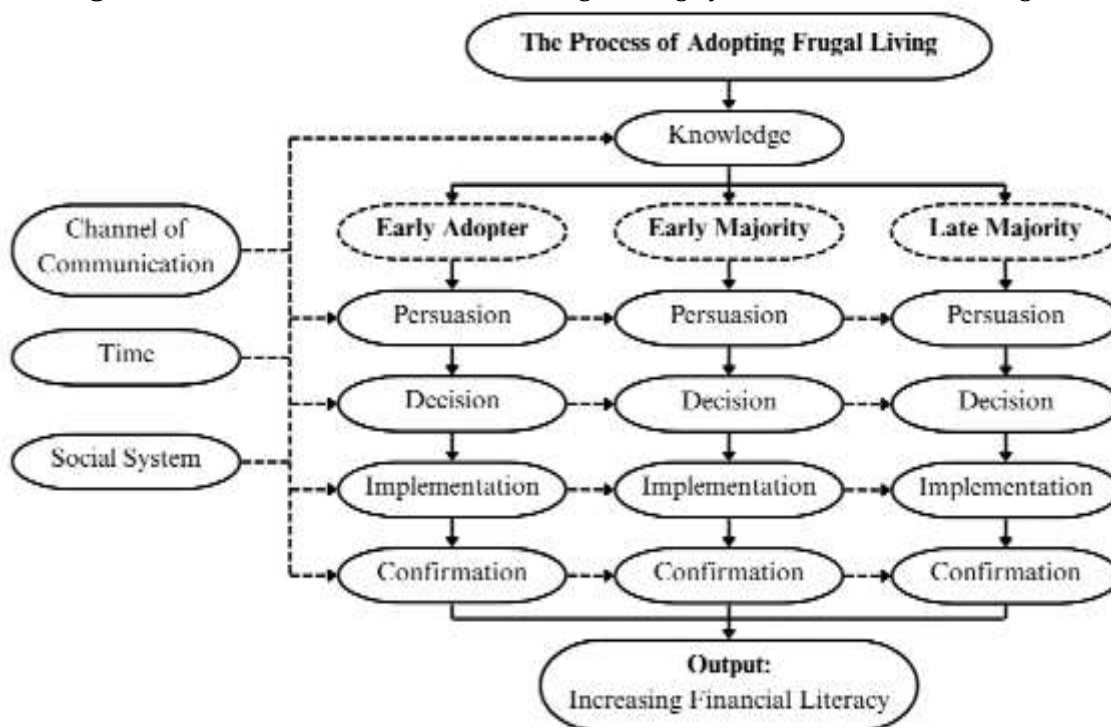
In contrast, the late majority showed the lowest success rate because their motivation was reactive to financial or social pressure (Cirus & Simonova, 2021). The practices they implemented tended to be short-term, such as simply ensuring that their expenses did not exceed their income, without any long-term awareness. Some even stopped the practices due to psychological burdens or a lack of social support.

These findings indicate that the success of frugal living adoption is influenced by personal factors, such as motivation, value compatibility, and financial management skills (Hasanah & Badria, 2024), as well as structural factors, such as family support, peer pressure, and a strong consumerist culture (Ansori et al., 2024). The greater the alignment between the innovation and the individual's characteristics and environmental support, the greater the likelihood of successful and sustainable adoption.

Thus, the diffusion of frugal living among Indonesia's Generation Z through digital media is quite widespread, but the level of adoption is not uniform. Frugal living has the potential to be an effective strategy to curb the consumptive behavior of the younger generation and strengthen financial literacy. However, sustainable implementation still requires the support of creative communication innovations, supportive social systems, and a conducive digital ecosystem.

After explaining the level of success of frugal living adoption among Generation Z, this research outlines the innovation diffusion process based on Rogers' (2003) stages, namely knowledge, persuasion, decision, implementation, and confirmation. Discussion of each stage is important to understand how Generation Z learns about frugal living, forms attitudes, makes decisions, applies it in daily life, and maintains consistency. This analysis not only highlights the widespread adoption of frugal living but also the dynamics of communication and decision-making through digital media.

**Figure 1.** Innovation-Decision Process in Frugal Living by Generation Z based on Rogers



Source: Data Processed by Researchers

### Innovation-Decision Process in Frugal Living Practices by Generation Z

The research findings show that the initial understanding of frugal living among informants was shaped through different pathways but began with a similar negative perception that associated frugal living with “extreme austerity.” Informant AB (early adopter) was introduced to the concept through a Korean drama, which she perceived as “very strict and stingy,” before actively seeking clarification through TikTok and Instagram. Meanwhile, Informant KD (early majority) constructed her early meaning through family values and later refined it when she started working and accessed financial content on TikTok. She said,

*“I first learned about frugal living from my family... then when I started working around 2023, I began to understand the meaning of frugal living from TikTok.” (Informant KD, 2025).*

Meanwhile, Informant N (late majority) gains knowledge from various platforms, namely TikTok, Instagram, and Google, but her understanding tends to be practical and simple. She defines frugal living as an effort to avoid wasteful spending. Although her

sources of information are more diverse, the consistency of her meaning is lower due to the lack of conceptual deepening.

These patterns indicate that the depth of the knowledge stage is shaped less by the number of platforms accessed and more by the focus, consistency, and intentionality of information processing. Early adopters engage in active meaning-seeking, early majority negotiate between traditional values and digital interpretations, while the late majority rely on fragmented exposure that produces shallow comprehension. Overall, digital media function as agents of value reinterpretation, shifting frugal living from perceptions of austerity toward adaptive financial management. This result is consistent with the findings of Hassan et al. (2024), who stated that short-form visual content is able to simplify financial concepts so that they are easily understood by the younger generation. This finding is also reinforced by Hasanah & Badria's (2024) research, which shows that digital exposure can expand the meaning of frugal living from just austerity practices to part of a sustainable lifestyle. Thus, this research supports the argument that digital media are not only an information channel, but also an agent of value reinterpretation that allows changes in meaning in the early stages of innovation diffusion.

At the persuasion stage, the research findings show prominent differences in attitudes among the three informants. Informant AB displayed a quick acceptance of frugal living because she had previous experience of managing expenses since her college days. She stated,

*"I'm not surprised, because I've actually done it before... sometimes I hold back when I want to buy something that isn't important." (Informant AB, 2025).*

In contrast, the persuasion process for Informant KD was more complex. She admits that she still has difficulty distinguishing between needs and wants, so frugal living feels like a process that requires continuous adjustment. This not fully stable attitude shows that Informant KD is still in the phase of forming self-regulation, where social factors and financial experiences also influence the evaluation of innovation. Meanwhile, Informant N showed a stronger emotional response than the other two. She sees frugal living as a practice that causes psychological stress. This attitude reflects the characteristics of the late majority, who tend to feel greater obstacles and see innovation as a burden rather than an opportunity.

Overall, the persuasion stage shows that psychological readiness and self-regulation capacity are the main determinants of attitude stability. Early adopters have stronger internal control and prior financial experience; the early majority negotiate between awareness and confusion; while the late majority face high emotional resistance due to perceived constraints. This finding is consistent with Kim & Chakraborty's (2024) research, which explains that initial financial competence makes it easier for individuals to form positive attitudes towards financial innovation. In addition, the psychological pressure that emerged in informant N is in line with the findings of Efendi et al. (2024), who mentioned that perceived barriers can weaken attitudes and reduce the likelihood of innovation adoption.

At the decision stage, the three informants demonstrate different motivational patterns that align with their adopter categories. The informant made a reflective and internally driven decision, motivated by limited student finances and a desire for independence, which strengthened the consistency of her adoption. Meanwhile,

developed her decision after repeated financial pressure at the end of the month, indicating a problem-driven and experiential evaluation process. She explained,

*“At the end of the month, I often experience what is called the ‘old date’...” (Informant KD, 2025).*

In contrast, Informant N showed a reactive decision pattern prompted by worsening financial imbalance, resulting in a less stable commitment. As she expressed,

*“Expenses are getting bigger, income remains the same.” (Informant N, 2025).*

These findings show that decision stability is strongly shaped by the source of motivation. Early adopters who have intrinsic motivation tend to show more consistent and sustained commitment. The early majority who build their decision through reflection of financial pressure show moderate stability as their decisions is still influenced by previous negative experiences. Meanwhile, the late majority who make decisions due to situational pressures show fragile decision patterns and tend to be short-term. This aligns with Jagadish et al. (2024) who emphasize intrinsic motivation as a key predictor of successful financial strategy adoption, and Cirus & Simonova (2021), who explain that the majority and late-majority groups require tangible evidence or external pressure before deciding to adopt an innovation.

At the implementation stage, the three informants show distinctly different strategies that reflect their cognitive readiness and self-regulation capacity. Informant AB adopts a highly planned approach, evaluating item functions, delaying non-urgent purchases, and applying a self-reward system, an indicator of strong self-control. She stated,

*“I look around to see what the purpose of buying something is... I'd rather wait until after payday to buy it as a self-reward.” (Informant AB, 2025).*

A similar structured pattern appears in Informant KD, who relies on income recording and financial planning, supported by her accounting background, as reflected in her explanation,

*“I record my income first, and then I make a plan for where the money will go.” (Informant KD, 2025).*

In contrast, Informant N applies a much simpler strategy, focusing on the basic principle that expenses should not exceed income. While this minimalist approach is practical, it lacks the structure to support the long-term sustainability of the practice.

These findings indicate that early adopters and early majority rely on deliberate and cognitively planned strategies that strengthen the sustainability of implementation. Meanwhile, the late majority depend on reactive, unstructured practices that lead to fragile and inconsistent outcomes. This pattern confirms that self-regulation, planning ability, and evaluative skills are central determinants of success at the implementation stage. This finding is also consistent with Ansori et al. (2024), who note that digital consumptive culture undermines consistent financial behavior, and with Alim et al.

(2025) who emphasize the importance of tools such as financial tracking apps and digital communities in supporting effective implementation.

At the confirmation stage, the three informants demonstrate different levels of sustainability in practicing frugal living, reflecting the strength of internalization at earlier stages. Informant AB shows the strongest and most stable commitment because she perceives clear benefits and has integrated frugal habits into her daily routine. As she stated,

*"I have no doubts, to be honest. I want to keep eating like this." (Informant AB, 2025).*

In contrast, Informant KD continues the practice but with residual hesitation, indicating that although she experiences advantages, the internalization process is not yet fully established. She noted,

*"I want to continue... But I have some doubts, just a little." (Informant KD, 2025).*

Meanwhile, Informant N struggles to maintain frugal living, largely due to unstable economic conditions and weak foundations from prior stages, as reflected in her statement,

*"It's useful, but it doesn't last long." (Informant N, 2025).*

These findings show that sustained confirmation is shaped by tangible perceived benefits, supportive social environments, and psychological stability. Early adopters tend to maintain the practice because it has been internalized as a habitual strategy, whereas the early majority continue cautiously due to incomplete internalization. The late majority discontinue the practice when economic strain and weak self-regulation undermine their commitment. This pattern is in line with Malik et al. (2022) which highlights the role of social reinforcement and perceived long-term benefits in sustaining financial behaviors. Similarly, the findings for Informant N who experienced discontinuation support Hasanah & Badria's (2024) research that financial behavior sustainability requires family and community support. This varied pattern of practice sustainability is consistent with the findings of Riangan et al. (2025) these findings affirm that confirmation requires not only perceived benefits but also stable contextual support and clear reinforcement mechanisms.

Overall, this research shows that Rogers' (2003) innovation diffusion model remains relevant to understanding frugal living adoption, but requires adaptation for the context of Generation Z living in a digital ecosystem. Digital media are not just passive information channels but active agents that reshape meanings and values. Furthermore, psychological factors such as emotional distress, cognitive fatigue, and mental resilience play a greater role than has been assumed in the financial innovation adoption literature.

From a practical perspective, these findings suggest that financial literacy programs for Generation Z need to integrate three elements: educational content that leverages popular digital platforms, self-regulation and psychological resilience training, and building offline and online communities of support. Without this holistic approach, efforts to encourage the adoption of sustainable financial behaviors risk failing because they only address the cognitive dimension without addressing the equally important emotional and social dimensions.

## The Role of Innovation Diffusion Elements in Shaping Frugal Living Adoption Patterns

Digital communication channels, especially short video-based platforms, became a key element in shaping informants' initial exposure to the concept of frugal living. The findings show that the quality and consistency of digital exposure determine the depth of meaning more than the diversity of platforms accessed. Early adopters expand their meaning through self-searching after being exposed to Korean drama content, a process that shows active meaning-seeking. Early majority receives more focused and repeated exposure to TikTok, so the internalization process is more stable. In contrast, the late majority accesses multiple platforms but without a consistent focus so that their meaning remains shallow. They said,

*"Actually, I learned about frugal living from movies... from Korean dramas." (Informant AB, 2025).*

*"Mostly from TikTok and Instagram. Sometimes also through Google." (Informant N, 2025).*

This findings show that it is the focus of exposure, not the amount of exposure, that shapes the depth of meaning. Thus, the early stages of diffusion are determined by selective exposure, how individuals pay attention to certain information. Additional insights came from Informant AS, a frugal living content creator, who confirmed that TikTok is the platform with the most active audience. She utilizes forms of delivery such as short videos, carousels, and live sessions,

*"TikTok... most of my audience is from there. I use carousels or short videos, sometimes live sessions." (Informant AS, 2025).*

This shows that it is not only the platform that plays a role, but also the consistency, format, and interactivity of the content that determine the effectiveness of frugal living messaging. This finding reinforces the view that social media, especially TikTok and Instagram, play an important role in the spread of frugal living. This result is in line with Situmorang & Christin (2023), who found which found that educational content on TikTok had a significant effect (43.7%) on followers' behavior change, confirming that this platform is effective not only as an entertainment medium but also as a channel of learning and persuasion. However, this research makes a new contribution by showing that interactive features-such as comments, online discussions, and live streaming-have blurred the boundaries between mass communication and interpersonal communication. Thus, the diffusion process of frugal living does not only occur through content exposure, but through dialogic digital interactions, which in turn strengthen the process of persuasion and confirmation in the younger generation.

Differences in adoption timing reflect variations in motivation and psychological readiness between adopter categories. Early adopters adopt frugal living steadily since college because they have strong financial discipline, suggesting that adopters are driven by intrinsic motivation. Early majority adopted gradually when entering the workforce, explaining that the changing economic context triggered increased financial awareness. Meanwhile, late majority adopt reactively when facing financial pressure, a process oriented towards short-term problem solving, not value internalization. They said,

*"From the beginning of college..." (Informant AB, 2025).*

*"When I was in vocational school, I didn't really think about it..." (Informant KD, 2025).*

*"As soon as I see that my financial situation is getting worse..." (Informant N, 2025).*

These results show that the timing of adoption is not only determined by economic conditions, but by the interaction between motivation, financial experience and digital interpretation. Generation Z builds adoption decisions by assessing personal experiences through the lens of the digital information they consume. The results add that in the digital age, the rhythm is also accelerated or slowed down by online information-seeking mechanisms and psychological readiness to manage finances. This finding is also in line with Hidayat et al. (2025), which asserted that financial experience and risk perception affect the speed of adoption in Generation Z. This research makes an additional contribution by showing that the process of negotiating meaning through digital content shapes the rhythm of adoption, making it not only an economic issue, but also an interpretative process in a dynamic media environment.

The findings on social systems confirm that the sustainability of frugal living is strongly influenced by the coherence of social norms in the immediate environment. The early adopters were in a consumptive work environment, so they had to exercise higher self-regulation to sustain their practice. The early majority actually received positive reinforcement from the family, making the practice easier to maintain. Early adopters and early majority also receive support from digital communities that also embrace frugal living. Meanwhile, the late majority are in an environment that is normatively supportive but inconsistent in practice, so the internalization of values is weak. They expressed,

*"After hours, like 'let's go here, let's eat this, let's eat that'..." (Informant AB, 2025).*

*"Since I was little, I was taught to be frugal..." (Informant KD, 2025).*

*"They support it, but... it's not easy to apply it all the time..." (Informant N, 2025).*

This analysis shows that the inconsistency between personal values and social norms is a key factor that determines the stability of the practice. Consumption as a social practice makes it difficult for some generation Z to maintain frugal living when environmental norms push in the opposite direction. However, this research provides new findings by showing that digital communities act as an "alternative social system" that can provide positive reinforcement when the offline environment is not supportive. This finding is in line with Dewantoro et al. (2025) and Yuniar (2024), which confirmed that consumptive norms still dominate young people in Indonesia. However, this research makes a new contribution by showing that digital communities can serve as an alternative social system that reinforces frugal living practices, even when the offline environment is not supportive.

Overall, these three elements show that the diffusion of frugal living among Generation Z is an interpretative and dialogic process, rather than a mere dissemination of information. Digital exposure results in differences in depth of meaning; motivation and experience determine the timing of adoption; while the consistency of social norms

affects the sustainability of practices. These findings confirm Rogers' diffusion framework, but also add that in the digital context, the diffusion process is increasingly shifting from linear information transfer to continuous meaning negotiation.

### **Transforming Gen Z's Financial Literacy through Frugal Living Practices**

The research findings show that the practice of frugal living is not only related to savings efforts, but also acts as an important entry point for the development of financial literacy among Generation Z. The application of frugal living principles encourages informants to deal directly with the daily financial management process, from budgeting to self-regulation in spending. Thus, frugal living becomes a practical and situational learning space, which gradually increases individual financial capacity.

Informant AB shows a fairly comprehensive increase in financial literacy. She applies practices such as structured budgeting, separating financial accounts, and maintaining consistent saving habits. This can be seen in her statement,

*"Now I always think before buying anything... I can control myself better, and I can save money." (Informant AB, 2025).*

This behavior shows that she has reached a level of literacy that combines cognitive (concept understanding), affective (self-awareness), and behavioral (real behavior) aspects. In other words, for AB, frugal living has transformed from a mere savings strategy to a financial mindset that is embedded in her routine. Meanwhile, Informant KD demonstrated more technical and systematic financial literacy. Her background in accounting provides a strong foundation in financial recording and analysis skills. She said,

*"I learned to record expenses, set priorities, and know what to reduce." (Informant KD, 2025).*

This practice reflects functional financial literacy, which is the ability to apply financial principles in real decision-making. These skills make the application of frugal living not only ritualistic, but also based on careful planning and evaluation, thus potentially resulting in stronger sustainability.

Unlike the two informants, Informant N showed a more basic increase in financial literacy. She admits to being more careful when preparing a monthly budget, but has not yet mastered technical skills such as detailed recording or evaluating priorities. This is related to her frugal living strategy, which tends to be simple and unstructured. Nonetheless, Informant N's statement shows a shift in awareness of the importance of controlling spending, which could be a starting point for developing deeper financial literacy if supported by the right environment.

The difference in the level of financial literacy between the three informants confirms that frugal living functions as an experiential learning mechanism, where financial capability is not only acquired through theory, but grows through direct experience in managing daily financial needs, wants, and risks. This finding is in line with Chamida et al. (2025), which emphasized that independent financial practices have a significant contribution to the improvement of young people's financial literacy. In addition, the results of this research are also consistent with the findings of Aisa & Silalahi (2024), which show that active involvement in daily financial decision-making helps strengthen the understanding of financial concepts in productive age groups.

However, this research offers a new contribution by showing that financial literacy improvement does not only occur through personal experience, but is also reinforced by continuous exposure to educational content in digital media. Financial information packaged in the form of short videos, carousels, or other visual explanations has become an alternative learning medium that is easily accessible and comprehensible to Gen Z. Such digital exposure acts as a “secondary learning environment” that helps solidify understanding, broaden perspectives, and provide practical examples of expense management and other financial strategies. Thus, the transformation of financial literacy in Generation Z is multimodal: it is formed through the interaction between real-life practices, social support, and digital ecosystems that provide knowledge quickly and iteratively.

The findings confirm that frugal living plays an important role in facilitating the development of financial literacy in Generation Z through a gradual, adaptive, and contextual process. Improvements in financial literacy reflect not only technical skills, but also changes in thinking, consumption patterns, and long-term orientation towards financial stability. These findings expand the understanding of the relationship between lifestyle and financial literacy, and show that simple practices such as frugal living can be an entry point for a deeper financial transformation of young people in the digital age.

## **Conclusion**

This research shows that the adoption of frugal living in Generation Z takes place through interrelated stages as described in Rogers' Diffusion of Innovations theory. Initial meaning is formed by digital exposure which is then evaluated at the persuasion stage, where psychological readiness and self-regulation abilities influence attitudes towards the practice. The decision to adopt frugal living emerges from the interaction between internal motivation, financial experience, and value interpretations formed in the digital space. The implementation of the practice shows a variety of strategies, from structured planning to basic approaches that reflect the managerial capacity of each individual. At the confirmation stage, the sustainability of the practice is largely determined by the perceived benefits and the support of the social environment. Overall, this study confirms that frugal living adoption is multidimensional and shaped by the integration of digital communication channels, the time rhythm of adoption, and the configuration of social systems that strengthen or weaken the practice. Another important finding is that frugal living serves as a financial learning medium that contributes to improved financial literacy when done in conjunction with active engagement in digital educational content.

The findings have theoretical and practical implications. Theoretically, this research enriches the study of innovation diffusion by showing that the diffusion process in the digital generation is not only one-way, but dialogic and formed through continuous interpretation in the media ecosystem. Practically, financial education content needs to be presented consistently and easily understood in order to strengthen the reinterpretation of frugal living values. Educational institutions can integrate practice-based learning to build financial regulation skills from an early age, while families and digital communities need to be strengthened as stable social support spaces. This study has limitations in the small and homogeneous number of informants and the dominance of passive digital exposure; therefore, future research is recommended to involve more diverse participants, examine digital interactions in more depth, and use a longitudinal

design. Nonetheless, this study contributes by integrating the theories of innovation diffusion, digital media practices, and financial behavior, thus offering a cutting-edge understanding of how Generation Z shapes and practices frugal living.

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