

---

## Gen Z's Financial Transformation: From Latte Factor to Stock Investment Through Capital Market Literacy

Nurhidayah<sup>1)</sup>, Ita Athia<sup>2\*)</sup>, Dwiyani Sudaryanti<sup>3)</sup>, Irma Hidayati<sup>4)</sup>, Dicky Pratama Putra<sup>5)</sup>, Niken Widya Ningrum<sup>6)</sup>, M. Bayu Rayhan<sup>7)</sup>, Erika Dwi Rahmawati<sup>8)</sup>

<sup>1,2,3,4,5,6,7,8)</sup>Faculty of Economics and Business, Universitas Islam Malang, East Java, 65411, Indonesia

\*Corresponding Author  
Email: [itaathia@unisma.ac.id](mailto:itaathia@unisma.ac.id)

---

### Abstract

*This service contains activities regarding outreach regarding strategies for shifting funds from small and routine expenses, known as latte factors, to stock investments to Gen Z (AnNur-Bululawang High School students), as an effort to improve financial health, through strengthening capital market literacy. Gen Z has unique characteristics in financial management and investment preferences that are different compared to previous generations. Therefore, a special approach is required to optimize their financial potential. Latte factor refers to small expenses that are often considered trivial but can cumulatively hamper long-term savings and investment potential. Providing education with the aim of strengthening the capital market is the main key to increasing their knowledge about the capital market so that Gen Z can make more informed investment decisions and be able to manage their finances more wisely. The results of the activity provide the benefit of increasing knowledge about the negative impact of the latte factor habit and awareness about diverting latte factor funds into wiser financial decisions through stock investments.*

**Keywords:** Latte Factor, Stocks, Gen Z, Capital Market Literacy, Financial Education

---

## INTRODUCTION

Generation Z, commonly referred to as Gen Z or zoomers, comprises individuals born between 1997 and 2012. This demographic group succeeds the Millennial generation and precedes Generation Alpha (Atay, 2024). Gen Z is characterized by a lifestyle deeply intertwined with technology and a strong desire for social visibility. They are notably drawn to fashion, cosmetics and beauty products, pets, and small, routine expenditures that are often non-essential and could be eliminated, as they do not constitute basic needs.

This behavior is referred to as the "latte factor" by Bach and Mann (2019) in their book *"The Latte Factor: Why You Don't Have to Be Rich to Live Rich"*. The term "latte" is inspired by a cup of coffee, which represents a small expense that, when aggregated over a month, could be redirected to cover essential costs like electricity. Coffee, a part of daily habits for millions worldwide, has evolved into a lifestyle symbol, with people visiting cafés solely to enjoy a cup of coffee (Chan, 2023). In fact, the coffee-drinking experience has become a significant motivator for Gen Z's visits to heritage areas such as Braga in Bandung (Agoes & Nur Agustiani, 2023).

Beyond coffee, other small yet habitual expenditures include bank transaction fees for smartphone usage, online transportation costs, packaged beverages, and cigarettes. These seemingly minor expenses are regular and often go unnoticed, forming part of the latte factor. The term encompasses all types of small, recurring expenses, such as dining out, purchasing snacks or drinks at convenience stores, or impulsive purchases, whose cumulative effect is often overlooked.

Over time, this lifestyle impacts an individual's financial health. Consistently making small, habitual expenditures is financially unwise, as their long-term accumulation can disrupt

financial stability. As a result, Gen Z's behavioral tendencies toward excessive spending, difficulty saving, and a lack of focus on future investment needs are largely accurate observations.

A preliminary survey conducted by the Investment Gallery Team of the Faculty of Economics and Business, Universitas Islam Malang (GI-BEI Unisma Team) in early April 2024 revealed the prevalence of the latte factor phenomenon at SMA Annur Bululawang, Malang Regency. Several students shared that their daily expenditures were primarily consumed by latte factor-related activities, such as socializing with friends at cafés while drinking coffee and smoking, purchasing snacks and beverages, buying beauty accessories, and acquiring fashion products. The students' unrestricted spending habits stem from the fact that their living expenses are fully covered by their parents. Consequently, they tend to purchase desired products impulsively without considering the importance of managing their finances wisely, such as saving or investing their money (Sinarwati & Trisna Herawati, 2021).

Based on observations and discussions with the student council management at the school, it was agreed that financial education is crucial to help students manage their allowances more wisely. Students' ability to manage their finances can be reflected in their behavior, such as purchasing only essential products and redirecting a portion of their allowance into savings or stock investments, thereby reducing latte factor expenditures.

Providing knowledge about stock investment instruments could begin with opening accounts with an initial capital of IDR 100,000, understanding the benefits and risks of short-term and long-term stock investments, trading mechanisms, identifying the optimal times to enter and exit the market (technical analysis), determining which stocks to buy or sell (fundamental analysis), understanding stock price ranges, and using smartphone applications for trading. Such education would not only broaden students' horizons but also foster an early interest in investment, equipping them to navigate increasingly complex financial challenges.

By fostering financial awareness and investment skills from an early age, the expected outcomes of this community engagement activity include a minimum 80% improvement in students' understanding of financial management and investment following the program, as well as a reduction in students' latte factor expenditures by at least 30% within three months. Consequently, this financial education initiative will enhance students' competitiveness in addressing future financial challenges, such as the ability to invest, thereby fostering economic independence and positioning Gen Z to be more competitive.

## **RESEARCH METHODS**

The implementation of the community service program at SMA Annur Bululawang, Malang Regency, consists of three stages: the preparation stage, the activity implementation stage, and the final evaluation stage.

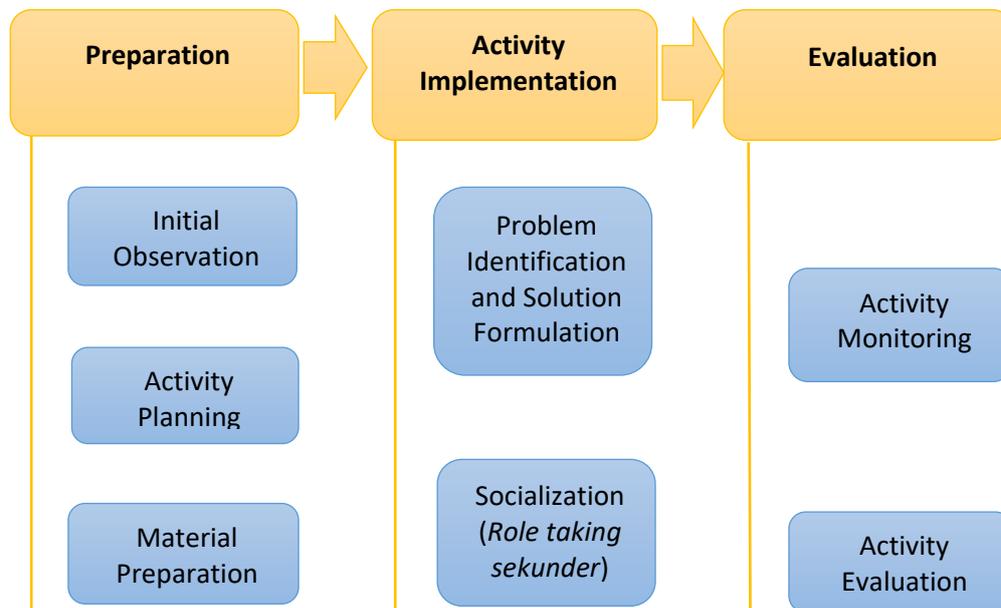


Figure 1. Stages of the Community Service Implementation Method

#### a. Preparation Stage

During the preparation stage, the GI-BEI Unisma team, consisting of four students, conducted a preliminary survey on April 23, 2024. The survey involved collecting information through both verbal and written means. Observations were carried out with the assistance of the student council (OSIS) to assess the condition and situation of the school's facilities and infrastructure. This was followed by interviews with a few student representatives from grade X.

The GI-BEI Unisma team gathered information from these representatives regarding their average daily allowance, the frequency of café visits, the intensity of online purchasing and payment activities, savings amounts, and their knowledge of investment instruments in the capital market. Based on the observations and interviews, it was agreed upon with the OSIS, the grade X teachers, and the school principal that it was crucial to provide socialization and education to students about managing their daily allowance wisely and introducing various investment instruments in the capital market as an alternative means of reallocating a portion of their allowance.

The community service schedule was finalized for May 3, 2024, utilizing two classrooms. To ensure the program's success, the GI-BEI team, consisting of four lecturers from the Department of Management supported by four students, prepared PowerPoint presentation materials for the socialization session. The materials to be presented include:

1. The impact of the latte factor on the financial behavior of Gen Z.
2. Smart strategies for stock investment in the capital market.

#### b. Activity Implementation Stage

The activity implementation stage took place on May 3, 2024. All information obtained during the preliminary survey was reviewed by the GI-FEB team. The team prioritized and mapped the information based on the topics to be addressed. Before the core activity—delivering material in two classrooms using LCD projectors by four lecturers in rotation—students involved in the program were first introduced to the theme through a pre-activity

socialization session. This session explained the significance of the theme, why it was chosen as the primary topic, and the importance of the community service initiative.

The main activity began with the presentation of material, starting with the socialization of the latte factor's impact on financial behavior. The discussion highlighted the negative consequences for students unable to minimize latte factor habits. To maintain engagement, ice-breaking activities were conducted midway to create a more relaxed atmosphere and prepare students for the subsequent material.

The second session focused on "Smart Strategies for Stock Investment in the Capital Market," emphasizing how such knowledge could influence students' role-taking in capital market literacy. This material aimed to transform students' financial management mindsets, encouraging them to adopt wiser financial practices.

### **c. Evaluation Stage**

During the evaluation stage, informal education was conducted through a sharing session, providing students the opportunity to express their opinions or ask questions. This session was facilitated by a moderator from the GI-FEB team. The evaluation concluded with an assessment of the students' understanding of the material presented. This was achieved by posing questions and administering a quiz.

SMA Annur Bululawang, a pesantren-based high school, served as the location for the socialization and education activities conducted by the GI-BEI FEB Unisma team. The program was attended by one teacher representative and 50 grade X students. The educational activities proceeded smoothly as per the agreed schedule, encompassing three stages: the preparation stage, the activity implementation stage, and the evaluation stage.

## **RESULTS AND DISCUSSION**

The socialization was conducted because, based on the preliminary survey and interviews with the student council (OSIS) representatives and grade X student representatives, it was found that students lacked an understanding of the impact of the latte factor on financial behavior, as well as the importance of early investment. The session aimed to provide an overview of the material to be presented. The activity took place in two classrooms, as the number of students made it impractical to conduct the session in a single room, as shown in the following figure 2 and figure 3.



Figure 2. Presentation of Material



Figure 3. Participants of the Activity

The students were provided with an understanding of how the latte factor, which involves small but routine expenditures, can accumulate and become significant over time. According to Bach & Mann (2019), this behavior is initially caused by routine expenses, such as buying a cup of coffee every day at a café or coffee shop, which can have a substantial impact on one's financial health. Over time, the latte factor is no longer limited to coffee purchases but extends to various small expenditures that are often overlooked, such as buying snacks or packaged drinks at local shops or convenience stores, purchasing beauty accessories, eating out regularly, parking fees, bank transaction fees due to smartphone app usage, food delivery orders, and impulsive purchases that accumulate without notice each month.

To help the students better understand the concept of the latte factor, the presenter provided an illustrative example. For instance, if a student spends an average of IDR 25,000 daily on coffee at their favorite café, this small expenditure, though seemingly insignificant, becomes substantial when done almost every day. The total monthly expenditure would amount to IDR 750,000, not including other significant latte factor expenses. These small, routine, and non-essential expenses can negatively affect one's finances if not managed wisely.

Thus, the students were encouraged to manage the money they receive from their parents wisely, purchasing products based on needs and utility. The presenter emphasized the importance of reallocating a portion of their latte factor spending into investments, such as stocks, as a way to improve long-term financial health. Investments in stocks offer potentially higher returns compared to simply saving in conventional savings accounts.

Next, the second material session focused on strengthening capital market literacy, where students gained an understanding of effective stock investment strategies, as shown in Figure 4. The session began by introducing the types of investments available in the capital market. It was important to explain that the capital market consists of two types of direct investments: stocks and bonds, as well as indirect investments such as mutual funds. However, the focus of this session was solely on stock investment, as stocks are a very familiar instrument among urban Gen Z individuals and can be easily traded through smartphones.



Figure 4. Presentation of Material

Another convenience is that investing in stocks requires a starting capital of only IDR 100,000, which is much lower than the average latte factor expenditure. Additionally, students were informed that stocks are traded in units called Lots, where one Lot consists of 100 shares, and the minimum purchase is 1 Lot. If the students still did not fully understand the performance of stocks, they were encouraged to seek relevant information on social media

(Wang et al., 2016), such as websites (Farkas & Keshk, 2019), blogs (Sokolova & Kefi, 2020), and Twitter (Duz Tan & Tas, 2021). These platforms offer opportunities for ongoing discussions and updates, as digital media provides space for online interactions with other investors (Hermansson et al., 2022). Nevertheless, it was emphasized that stocks are a high-risk instrument compared to bonds and mutual funds (Zhang et al., 2020), and therefore, a thorough understanding is essential for making informed stock investment decisions.

The final stage is the evaluation, focusing on the outcomes of the community service activity, specifically the improvement in students' understanding of the latte factor, stock investment, financial management, and whether there is any interest among the students in stock investment to ensure the sustainability of this community service program. Table 1 below shows the students' responses after receiving the community service material.

Based on the students' responses in Table 1, it can be concluded that, although a small portion of students have participated in capital market education outside of school, none of them have directly engaged in education about capital market instruments. The majority of students have no direct experience with capital market education but possess basic knowledge about the market through news. Additionally, regarding the latte factor lifestyle, all students are now more aware of the negative effects of this lifestyle, and most of them plan to reduce their spending on such activities gradually. However, it is undeniable that the majority of students, even to varying degrees, admit to being driven by the latte factor lifestyle. In fact, most of them spend their pocket money mainly on buying trendy clothes and cosmetics, visiting cafés or coffee shops, and shopping for food or beverages online. This lifestyle is certainly a way for Generation Z to socialize (Ikhsania, 2017). Nevertheless, there is also a group of students who are hesitant to change their habits due to the fear of social consequences from their decisions. Overall, however, the students believe that investing can be an effective tool for planning and preparing for a better financial future, and they view it as a means to provide financial security or assist with long-term planning.

Generation Z can easily purchase items quickly and effortlessly through accessible online shopping platforms, often without considering how their purchases will affect their pocket money. Therefore, it is essential to offer strategies to the students participating in the community service to help them manage their pocket money wisely. First, students are advised to create a spending plan by setting strict spending limits for specific areas, such as the latte factor, and managing their expenditure patterns. Second, students should discipline themselves to avoid impulsive purchases by applying the "wait 24 hours" rule. Third, advertisements and promotions that often influence purchasing decisions should be avoided. The temptation to shop can be reduced by disabling shopping app notifications or unfollowing accounts that frequently promote products. Additionally, students are encouraged to save actively for purchases that support their education, such as laptops or backpacks. By applying these strategies, it is hoped that students will be able to manage their pocket money more wisely and control their latte factor consumption patterns.

Table 1. Overview of Discussion and Q&A on Gen Z Financial Management Education

No	Questions	Responses
1	Have you ever received education about the latte factor behavior?	41 students answered that they had never received such education, and 9 students stated that they had participated in educational activities outside of school.
2	Have you ever received education about investment products in the capital market?	All students answered that they had never directly received education about capital market instruments, but they were aware of capital market information from the news.
3	Do you follow the latte factor lifestyle?	All students answered that they follow the latte factor lifestyle, although to varying degrees. However, the majority of their pocket money is spent on online food and beverage purchases, visiting cafés or coffee shops, as well as buying beauty accessories and clothes.
4	Are you aware of the negative impact of the latte factor on your financial condition?	All students have started to realize the negative effects of following the latte factor lifestyle.
5	Are you willing to reduce your latte factor spending?	27 students answered that they were willing to reduce their latte factor spending gradually, while 23 students were still hesitant due to concerns about being perceived as not following trends and being distanced from their peers.
6	After participating in the community service activity, have you understood stock instruments?	11 students understood stock instruments well, 29 students had a fair understanding, and 10 students answered that they did not understand or were still confused about stock instruments.
7	Are you interested in investing in stocks?	24 students expressed interest in investing in stocks in the future, while 26 students were more interested in saving a portion of their pocket money.
8	After participating in the community service activity, how important do you think investing is for the future?	All students agreed that investing is important for ensuring a secure future.

Source: Data processed, 2024

## CONCLUSION

The material on redirecting Gen Z's latte factor funds into stock savings through enhanced capital market literacy highlights the importance of more in-depth financial education for the younger generation. Gen Z is becoming increasingly aware of the negative impact of latte factor habits on their finances. With enhanced capital market literacy, it is expected that Gen Z will be able to make more prudent financial decisions, manage their latte factor funds more effectively, and take advantage of investment opportunities to secure their financial future. Therefore, more intensive education and training programs on the capital market and stock investment are needed to improve students' understanding and motivate them to redirect their small expenditures into more productive savings or investments.

Therefore, it is recommended that future community service programs adopt a more comprehensive approach to financial education, which could have a more significant impact on Gen Z. One important step is to integrate practical financial management concepts that are relevant to Gen Z's daily lives. Future programs could begin with interactive sessions on personal finance management, emphasizing the cumulative effects of latte factor spending. Through real-life simulations, students can observe how these small habits influence their long-term financial condition. Additionally, training on capital market investment should be enriched with realistic case studies and app-based simulations, which students can access directly from their smartphones. The program could include the use of demo trading apps, where students can learn to monitor stock prices, understand investment risks and opportunities, and apply simple investment strategies. Through this method, students will become more engaged and gain firsthand experience in starting stock investments, while also realizing the importance of discipline in managing funds that were previously allocated for latte factor expenditures. In this way, this financial education has the potential to bring about long-term changes in Gen Z's financial attitudes and behaviors, enabling them to become a more financially aware generation, prepared to face future economic challenges.

## REFERENCES

- Agoes, A., & Nur Agustiani, I. (2023). Coffee Experience as an Attraction for Indonesian Gen Z Tourists in Heritage Area of Braga. *Barista : Jurnal Kajian Bahasa Dan Pariwisata*, 10(01). <https://doi.org/10.34013/barista.v10i01.910>
- Atay, A. (2024). Gen Z, Explained: The Art of Living in a Digital Age. *Contemporary Sociology: A Journal of Reviews*, 53(3). <https://doi.org/10.1177/00943061241240882v>
- Bach, D., & Mann, J. D. (2019). *The Latte Factor: Why You Don't Have to Be Rich to Live Rich*. Atria Books.
- Chan, E. K. A. (2023). Factors influencing coffee purchase intention among generation Z in Malaysia (Doctoral dissertation, UTAR).
- Duz Tan, S., & Tas, O. (2021). Social Media Sentiment in International Stock Returns and Trading Activity. *Journal of Behavioral Finance*, 22(2), 221–234. <https://doi.org/10.1080/15427560.2020.1772261>
- Farkas, M., & Keshk, W. (2019). How Facebook influences non-professional investors' affective reactions and judgments: The effect of disclosure platform and news valance. *Journal of Financial Reporting and Accounting*, 17(1). <https://doi.org/10.1108/JFRA-10-2017-0092>

- Hermansson, C., Jonsson, S., & Liu, L. (2022). The medium is the message: Learning channels, financial literacy, and stock market participation. *International Review of Financial Analysis*, 79(June 2021), 101996. <https://doi.org/10.1016/j.irfa.2021.101996>
- Hidayati, F., Zuhra, F., & Rustam, M. H. (2023). Edukasi Pasar Modal bagi Siswa SMA/SMK Sederajat di Kota Pekanbaru. *Jurnal Pengabdian kepada Masyarakat Nusantara*, 4(2), 1248-1257.
- Hidayati, S.N. (2016). Pengaruh Pendekatan Keras dan Lunak Pemimpin Organisasi terhadap Kepuasan Kerja dan Potensi Mogok Kerja Karyawan. *Jurnal Maksipreneur: Manajemen, Koperasi, dan Entrepreneurship*, 5(2), 57-66. <http://dx.doi.org/10.30588/SOSHUMDIK.v5i2.164>.
- Ikhsania, A. A. (2017). Alasan Konsumsi Kopi Jadi Tren Gaya Hidup Masyarakat Urban. *Lifestyle.Okezone*.
- Sinarwati, N. K., & Trisna Herawati, N. (2021). Pendampingan Perencanaan Keuangan dan Investasi Saham untuk Organisasi Taruna-Taruni. *Aksiologi: Jurnal Pengabdian Kepada Masyarakat*, 5(2). <https://doi.org/10.30651/aks.v5i2.5103>
- Sokolova, K., & Kefi, H. (2020). Instagram and YouTube bloggers promote it, why should I buy? How credibility and parasocial interaction influence purchase intentions. *Journal of Retailing and Consumer Services*, 53(January). <https://doi.org/10.1016/j.jretconser.2019.01.011>
- Zhang, D., Hu, M., & Ji, Q. (2020). Financial markets under the global pandemic of COVID-19. *Finance Research Letters*, 36. <https://doi.org/10.1016/j.frl.2020.101528>