

# **The Influence of Financial Literacy and Lifestyle on Financial Management Behavior Mediated by Financial Technology**

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## **ABSTRACT**

Financial management behavior is an important aspect in daily life, especially for generation Z. Good and appropriate financial management can be an opportunity to achieve a prosperous life in the future. Financial literacy can be a provision for every individual to manage their finances. Someone who has good financial literacy can understand how to manage their finances wisely. This research aims to find empirical evidence regarding the relationship between financial literacy and lifestyle on financial management behavior by adding financial technology as a mediating variable. The research method used is a quantitative approach. The subjects of this research are Generation Z. Sampling used the convenience sampling method. Data collection used a questionnaire with a 5 level measurement scale. It is hoped that the findings resulting from this research will be useful for Generation Z and become a reference in personal financial management.

**Keywords:** Financial Literacy, Lifestyle, Financial Technology, Financial management Behavior

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## **1. Introduction**

Financial management behavior is an important aspect in daily life, especially for generation Z. Generation Z is the generation with the largest population globally and has an influence on economic movements or financial conditions in general. However, many of Generation Z face greater financial risks due to a lack of understanding of good financial management behavior. Based on Fintech P2P Lending statistics (OJK, 2023), it shows that 62% of joint funding fintech accounts are owned by customers aged 19 – 34 years. Not far from this figure, 60% of loans from joint funding fintech are also distributed to customers aged 19 – 34 years. This means that users of joint funding fintech are dominated by generation Z. Technological developments are growing rapidly, significantly changing the use of technology in the financial sector and forming an era of digitalization. These changes include changes to the digital payment system or what is usually called non-cash payment (Arindya Sari et al., 2023).

Financial literacy is a must for every individual to avoid financial problems because individuals are often faced with situations where a person has to sacrifice one interest for the sake of another.

By implementing correct financial management methods, individuals are expected to get maximum benefits from the money they have (kusuma, 2020).

Everyone has a different lifestyle based on their activities and environment. Lifestyle is synonymous with a person's efforts to look existing and different from other people. Apart from that, lifestyle is also related to current trends, so they will feel out of date if they don't follow these trends.

Financial technology or what is called fintech is one of the impacts of technological developments on financial behavior. Fintech is changing the way people, especially generation Z, manage their finances because it can be done online so it becomes more practical. On the one hand, the growth of financial technology makes it easier for people to continue making transactions. However, on the other hand, the existence of fintech increases consumerism behavior. With this, a balance is needed through increasing financial literacy. With the formation of financial literacy, Generation Z who utilizes financial technology will be able to behave according to their portion and understand priority needs.

Based on the phenomena currently encountered, further investigation needs to be carried out by adding mediating variables as a novelty of this research. Through this mediating variable, it is hoped that it can deepen the relationship between financial literacy and lifestyle and financial management behavior. It is hoped that with the results of this research, Generation Z will be wiser in managing their finances.

## **2. Literature Review**

### **2.1 Financial Management Behavior**

Financial management behavior is an individual's ability to manage (plan, budget, audit, manage, control, search and store) funds related to individual financial responsibilities by carrying out financial governance (Nikmatus Sholihah & Isbanah, 2023). Someone with good financial management behavior tends to get used to preparing and implementing financial planning. Financial management behavior indicators include managing finances, paying bills on time, planning finances for the future, providing for yourself and your family, as well as setting aside or saving money for savings (Nikmatus Sholihah & Isbanah, 2023).

### **2.2 Financial Literacy**

Financial literacy is insight related to the ability to manage finances which is useful for optimizing a person's welfare. A person's low financial literacy is related to suboptimal financial behavior and leads to long-term consequences. Financial literacy indicators include financial knowledge, savings and loans, insurance, and investment (Nikmatus Sholihah & Isbanah, 2023)

### **2.3 Lifestyle**

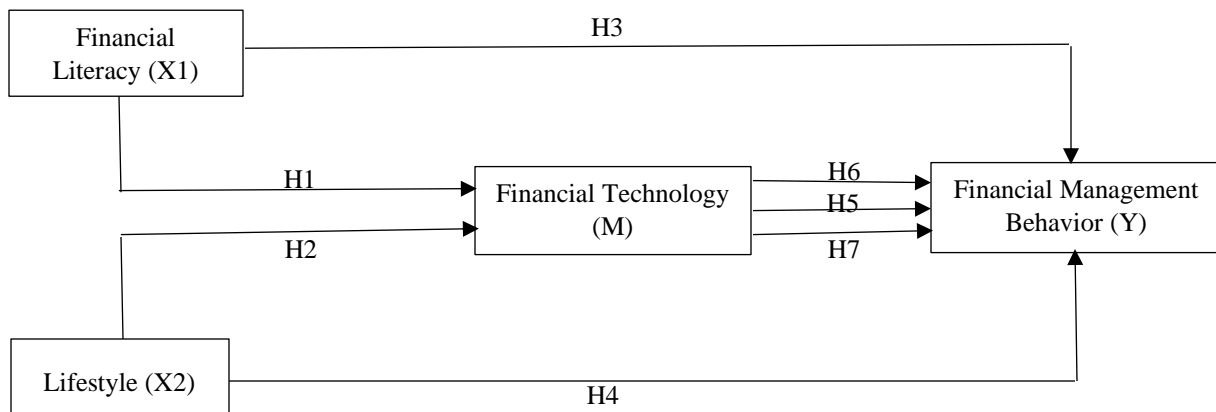
Lifestyle can be interpreted as a person's activities, interests and opinions in expressing their life patterns. Lifestyle is sometimes influenced by the surrounding environment, so many Generation Z people follow trends from their social environment which can make their finances worse as a result of following these trends (Yusuf et al., 2023). Indicators of lifestyle include people's interests, activities, views of themselves.

## 2.4 Financial Technology

Financial technology creates a new, more efficient model for consumers in accessing products and financial transaction services (Fiika et al., 2022). Financial technology is an innovation in the financial sector that provides access to financial products so that transactions become more practical and effective. Perceived usefulness or benefits and perceived ease of use are determinants of attitudes towards usage intentions when using certain technologies. Therefore, perceived usefulness and perceived ease of use can be used as indicators (Hijir, 2022).

## 2.5 Research Hypothesis

Figure 1 Research Framework



H1: financial literacy has a positive effect on financial technology

H2: lifestyle has a positive effect on financial technology

H3: financial literacy has a positive effect on financial management behavior

H4: lifestyle has a positive effect on financial management behavior

H5: financial technology has a positive effect on financial management behavior

H6: financial technology mediates the relationship between financial literacy and financial management behavior

H7: financial technology mediates the relationship between lifestyle and financial management behavior

## 3. Research Methodology

This research uses quantitative research methods using primary data. The sample was determined using convenience sampling with birth qualifications spanning the years 1997 – 2012 (Generation Z). Data were collected using a questionnaire created using Google Form and distributed randomly

to respondents. The samples in this study were 75 samples. The questionnaire in this study has a Likert scale type of 1 which means strongly disagree and a scale of 5 means strongly agree. Research data analysis techniques include validity and reliability tests, classical assumption tests, multiple linear regression tests and path analysis which is a development technique of multiple regression which is used to test the magnitude of the contribution shown by the path coefficient on each path diagram of the causal relationship between variables (Ghozali, 2018). Testing was carried out using IBM SPSS 25 software.

## 4. Result

### 4.1 Validity Test

In this study, to test the validity of the questionnaire, the Pearson correlation test was used. Question items in research are said to be valid if the calculated  $r$  value  $>$   $r$  table. In this study, the  $r$  table value was 0.2272 ( $df = n-2$ ,  $df = 75-2$ ).

Table 1 Validity Test Output

| item | FL    | LS    | FT    | FMB   | r tabel | status |
|------|-------|-------|-------|-------|---------|--------|
| 1    | 0,667 | 0,575 | 0,790 | 0,606 | 0,2272  | Valid  |
| 2    | 0,679 | 0,562 | 0,848 | 0,649 | 0,2272  | Valid  |
| 3    | 0,527 | 0,566 | 0,848 | 0,595 | 0,2272  | Valid  |
| 4    | 0,641 | 0,650 | 0,870 | 0,750 | 0,2272  | Valid  |
| 5    | 0,399 | 0,689 | 0,760 | 0,667 | 0,2272  | Valid  |
| 6    | 0,536 | 0,656 | 0,586 | 0,723 | 0,2272  | Valid  |
| 7    | 0,588 | 0,743 | 0,567 | 0,744 | 0,2272  | Valid  |
| 8    | 0,535 | 0,700 |       | 0,600 | 0,2272  | Valid  |
| 9    |       | 0,703 |       | 0,597 | 0,2272  | Valid  |
| 10   |       | 0,457 |       | 0,677 | 0,2272  | Valid  |
| 11   |       | 0,611 |       | 0,659 | 0,2272  | Valid  |
| 12   |       |       |       | 0,715 | 0,2272  | Valid  |
| 13   |       |       |       | 0,739 | 0,2272  | Valid  |

Based on the results of the validity test output in table 1, it can be seen that  $r$  count for all statement items  $>$   $r$  table, so it can be concluded that all statement items in this study are said to be valid and can be used as instruments in research or the statements submitted can be used to measure the variables researched.

### 4.2 Reliability Test

Reliability testing tests the accuracy and precision of research data from its measurements. The statement used in the research is declared reliable if the value that has been determined is Cronbach's Alpha  $>$  0.60. The following is a table presentation.

Table 2 Reliability Test Output

| Variabel                             | Cronbach's Alpha | N of Items | Status          |
|--------------------------------------|------------------|------------|-----------------|
| <i>Financial Literacy</i>            | 0,702            | 8          | <i>Reliable</i> |
| <i>Lifestyle</i>                     | 0,846            | 11         | <i>Reliable</i> |
| <i>Financial Technology</i>          | 0,876            | 7          | <i>Reliable</i> |
| <i>Financial Management Behavior</i> | 0,895            | 13         | <i>Reliable</i> |

Based on the results of the reliability test output in table 2, it shows that the Cronbach's Alpha variable financial literacy (X1) is  $0.702 > 0.60$ , lifestyle (X2) is  $0.846 > 0.60$ , financial technology (M) is  $0.876 > 0.60$ , financial management behavior (Y) is  $0.895 > 0.60$ . It can be concluded that all statements used in the research are declared reliable so that the items for each variable are suitable for use as measuring tools.

### 4.3 Normality Test

Table 3 Kolmogorov Smirnov Test Output

| informasi          | Asymp. sig | interpretasi              |
|--------------------|------------|---------------------------|
| Persamaan model I  | 0,200      | Data berdistribusi normal |
| Persamaan model II | 0,200      | Data berdistribusi normal |

Based on the output results from the normality test in table 3 using the Kolmogorov-Smirnov test, it shows that the value of Asymp. The Sig in the model I equation and model II equation is  $0.200 > 0.05$ , so it can be concluded that the data in this study is normally distributed.

### 4.4 Multicollinearity Test

Table 4 output of model equation I

|       |            | Coefficients <sup>a</sup>   |            |                           |       |      | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Tolerance               | VIF   |
|       |            | B                           | Std. Error | Beta                      |       |      |                         |       |
| 1     | (Constant) | -.064                       | 3.200      |                           | -.020 | .984 |                         |       |
|       | FL         | .619                        | .105       | .520                      | 5.887 | .000 | .856                    | 1.169 |
|       | LS         | .198                        | .052       | .338                      | 3.823 | .000 | .856                    | 1.169 |

a. Dependent Variable: FT

Based on the output results in table 4, the model I equation shows that  $VIF < 10$ , and tolerance  $> 0.10$  so that the model I equation is stated to have no multicollinearity.

Tabel 5 output of model equation II

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 12.684                      | 5.622      |                           | 2.256 | .027 |                         |       |
|       | FL         | .774                        | .225       | .400                      | 3.441 | .001 | .578                    | 1.731 |
|       | LS         | .092                        | .100       | .096                      | .918  | .362 | .711                    | 1.406 |
|       | FT         | .448                        | .207       | .276                      | 2.164 | .034 | .481                    | 2.078 |

a. Dependent Variable: FMB

Based on the output results in table 5, the model II equation shows that  $VIF < 10$ , and tolerance  $> 0.10$  so that the model II equation is stated to have no multicollinearity.

#### 4.5 Heteroscedasticity Test

Tabel 6 output of the heteroscedasticity test for the model I equation

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
|       |            | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant) | 4.209                       | 2.031      |                           | 2.073  | .042 |
|       | FL         | -.001                       | .067       | -.001                     | -.011  | .991 |
|       | LS         | -.051                       | .033       | -.195                     | -1.561 | .123 |

a. Dependent Variable: ABS\_RES1

Tabel 7 output of the heteroscedasticity test for the model II equation

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
|       |            | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant) | 8.335                       | 3.396      |                           | 2.455  | .017 |
|       | FL         | .051                        | .136       | .057                      | .376   | .708 |
|       | LS         | .023                        | .060       | .052                      | .383   | .703 |
|       | FT         | -.249                       | .125       | -.328                     | -1.990 | .050 |

a. Dependent Variable: ABS\_RES2

Based on the output results in tables 6 and 7, it can be seen that the significance value is  $> 0.05$  so that the data does not have heteroscedasticity.

#### 4.6 Hypothesis Test

Tabel 8 model I equation hypothesis test output

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
|       |            | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant) | -.064                       | 3.200      |                           | -.020 | .984 |
|       | FL         | .619                        | .105       | .520                      | 5.887 | .000 |
|       | LS         | .198                        | .052       | .338                      | 3.823 | .000 |

a. Dependent Variable: FT

Tabel 9 model II equation hypothesis test output

**Coefficients<sup>a</sup>**

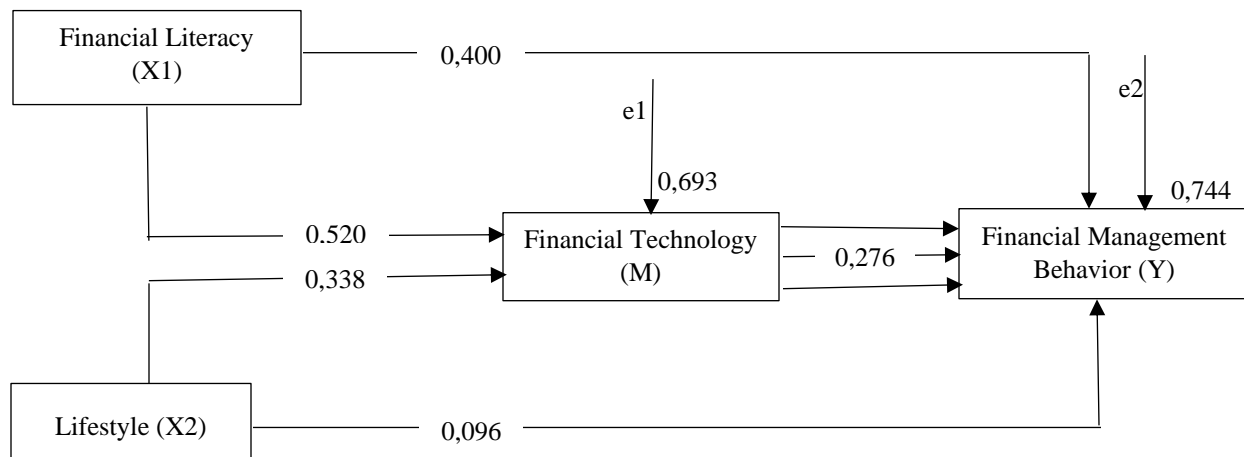
| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
|       |            | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant) | 12.684                      | 5.622      |                           | 2.256 | .027 |
|       | FL         | .774                        | .225       | .400                      | 3.441 | .001 |
|       | LS         | .092                        | .100       | .096                      | .918  | .362 |
|       | FT         | .448                        | .207       | .276                      | 2.164 | .034 |

a. Dependent Variable: FMB

Based on the output results of the table above, the independent variable test results are explained as follows:

- a. Testing the first hypothesis (H1) of the financial literacy variable shows that the  $t$  value  $>$   $t$  table ( $5.887 > 1.993$ ), and  $sig < \alpha$  ( $0.000 < 0.05$ ), so that the financial literacy variable has a positive and significant effect on financial technology.
- b. Testing the second hypothesis (H2) for the lifestyle variable shows that the  $t$  value  $>$   $t$  table ( $3.823 > 1.993$ ), and  $sig < \alpha$  ( $0.000 < 0.05$ ), so that the lifestyle variable has a positive and significant effect on financial technology.
- c. Testing the third hypothesis (H3) of the financial literacy variable shows that the  $t$  value  $>$   $t$  table ( $3.441 > 1.993$ ), and  $sig < \alpha$  ( $0.001 < 0.05$ ), so that the financial literacy variable has a positive and significant effect on financial management behavior.
- d. Testing the fourth hypothesis (H4) for the lifestyle variable shows that the  $t$  value  $<$   $t$  table ( $0.918 < 1.993$ ), and  $sig > \alpha$  ( $0.362 > 0.05$ ), so that the lifestyle variable has no effect on financial management behavior.
- e. Testing the fifth hypothesis (H5) for the financial technology variable shows that the  $t$  value  $>$   $t$  table ( $2.164 > 1.993$ ) and  $sig < \alpha$  ( $0.034 < 0.05$ ) so that the financial technology variable has a positive effect on financial management behavior.

Figure 2 Path Analysis



Path analysis or what is usually called path analysis is the use of regression analysis to interpret causal relationships between variables (causal models) that have been previously established. Path analysis is used in this research to determine direct and indirect relationships between variables.

## **5. Discussion**

### **5.1 The influence of financial literacy on financial technology**

The research results show that financial literacy has a positive and significant effect on financial technology. These results are supported by research conducted by (Hijir, 2022) and (Morgan & Trinh, 2019) which states that a high level of literacy has a strong and positive effect on individual awareness of financial technology products. Good financial literacy tends to strengthen the adoption and effective use of financial technology, while advances in financial technology can increase the accessibility of financial literacy in generation Z.

### **5.2 The influence of lifestyle on financial technology**

The research results show that lifestyle has a positive and significant effect on financial technology. This happens when a lifestyle that tends to adopt technology in various aspects of daily life can make people more open to financial technology. Generation Z with an organized and disciplined lifestyle tends to be more sensitive to the importance of managing their finances well. They tend to use fintech applications to monitor, manage and plan expenses more efficiently.

### **5.3 The influence of financial literacy on financial management behavior**

The research results show that financial literacy has a positive and significant effect on financial management behavior. This research is in line with the research results (Yusuf et al., 2023). This means that when financial literacy in generation Z gets better, good financial management behavior will also follow. The research results prove that the smarter generation Z understands finances, the better financial management in generation Z will be. The more Generation Z understands the process of saving and investing, the better their financial behavior will be, where they will set aside the money they have for saving and investing. With financial literacy they are also able to understand debt well so they will only make loans according to their needs.

### **5.4 The influence of lifestyle on financial management behavior**

The research results show that lifestyle has a positive relationship with financial management behavior, but the influence is not significant, this can happen because people who have a good understanding of the importance of good financial management will be able to manage their lifestyle to suit their financial limitations. Some people have a luxurious lifestyle, but they are still able to maintain discipline in their financial management. People with a good lifestyle may have a tendency to consume more expensive or luxurious items. Generation Z is still often trapped in detrimental consumption patterns, which encourage impulse purchases and unnecessary spending.

### **5.5 The influence of financial technology on financial management behavior**

The research results show that financial technology has a positive and significant effect on financial management behavior. This research is supported by research from (Ariska et al., 2023) that by utilizing financial technology you can easily carry out various financial transactions through financial applications without having to waste a lot of time. This is supported by the



development of increasingly sophisticated technology, even financial transactions can be carried out just by using a cellphone so that generation Z feels comfortable using financial technology in managing their finances.

### **5.6 The influence of financial technology as a mediator in the relationship between financial literacy and financial management behavior**

Based on the path analysis of the influence of financial literacy through financial technology on financial management behavior, it is known that the direct influence that financial literacy has on financial management behavior is 0.400, while the indirect influence of financial literacy through financial technology on financial management is  $(0.520 \times 0.276) = 0.144$ . So the total influence given by financial literacy to financial management behavior is  $(0.400 + 0.144) = 0.544$ . Based on the results of these calculations, it shows that financial technology does not mediate the relationship between financial literacy and financial management behavior. This can happen because even though financial technology can provide tools and services that make it easier to access and manage finances, there are several factors that make it unable to fully mediate the relationship between financial literacy and financial management behavior, such as limited comprehensive financial education even though financial technology can provide tools that are easy to use but users still need a strong basic understanding of financial concepts.

### **5.7 The influence of financial technology as a mediator in the relationship between lifestyle and financial management behavior**

Based on the path analysis of the influence of lifestyle through financial technology on financial management behavior, it is known that the direct influence given by the lifestyle variable on financial management behavior is 0.096, while the indirect influence of lifestyle through financial technology on financial management behavior is  $(0.338 \times 0.276) = 0.093$ . So the total influence given by financial literacy to financial management behavior is  $(0.096 + 0.093) = 0.189$ . Based on the results of these calculations, it shows that financial technology does not mediate the relationship between lifestyle and financial management behavior. This can happen because even though it provides convenience in financial management, generally it does not directly mediate the relationship between lifestyle and financial management behavior for several reasons, such as financial technology tends to only collect data related to financial transactions and does not monitor lifestyle as a whole so it cannot provide a complete picture. about Generation Z's habits in financial spending.

## **6. Conclusion**

Based on the results of research on the influence of financial literacy and lifestyle on financial management behavior with financial technology as mediation, it can be concluded that financial literacy and lifestyle have a positive and significant influence on financial technology in generation Z. Financial literacy and financial technology have a positive and significant influence on financial management behavior in generation Z. However, lifestyle has no effect on financial management

behavior in generation Z. Meanwhile, financial technology does not mediate the relationship between financial literacy and lifestyle on financial management behavior. This means that generation Z is able to manage their finances wisely because they have good financial literacy and are also able to control themselves in using their money according to a lifestyle that is not excessive so that it does not affect the use of existing financial technology.

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