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The Role of Financial Literacy in Moderating the Influence of Digital Payments and Lifestyle on Financial Management Behavior of Generation Z in Palu City

Mohammad Iqbal Bakry[1*], Muhammad Ilham Pakawaru[2], Muliati[3], Yuldi Mile[4], Andi Ainil Mufidah Tandra[5]

[1,2,3,4,5] *Department of Accounting, Faculty of Economics and Business, Tadulako University, Indonesia*

Abstract

Purpose – This study aims to examine the role of financial literacy in moderating the influence of digital payments and lifestyle on the financial management behaviour of Generation Z in Palu City.

Design/methodology/approach – The sample consisted of 210 Generation Z respondents residing in Palu who use digital or non-cash payment methods in their transactions. Data were analysed using WarpPLS 7.0.

Originality - These findings highlight that good financial literacy helps individuals recognise the impact of lifestyle on their finances and take appropriate steps to manage expenditures more effectively as a form of self-control.

Findings and Discussion – The results show that digital payments have a direct influence on the financial management behaviour of Generation Z in Palu City, while lifestyle has no direct effect. Financial literacy weakens the impact of lifestyle on financial management behaviour, but strengthens the impact of digital payments on financial management behaviour. The adoption of digital payments reflects Generation Z's adaptation to technological developments that increasingly promote non-cash transactions in Palu and Indonesia in general, providing convenience in payment processes.

Conclusion – This study implies that financial literacy can serve as a controlling factor (a tangible form of perceived behavioural control), bridging the gap between consumptive intentions and actual behaviour. For this reason, the government and financial institutions may employ financial literacy as a preventive strategy to mitigate debt-related issues, particularly among younger generations with digital and consumptive lifestyles.

Keywords – Digital Payments, Financial Literacy, Financial Management Behavior, Generation-Z, Lifestyle

Introduction

Financial management behaviour reflects an individual's ability to organise, budget, regulate, allocate, and safeguard financial resources in everyday life (Rizkiawati & Haryono, 2018). The rise of technology in payment systems, particularly financial technology (fintech), has reshaped people's money-related habits. Fintech encompasses a wide range of digital-based financial services and products. In Indonesia, this sector has expanded rapidly, with five prominent categories emerging: crowdfunding, microfinancing, peer-to-peer (P2P) lending, market comparison platforms, and digital payment systems (Rahma & Susanti, 2022). The adoption of fintech accelerated during the COVID-19 pandemic as digital purchases increased sharply (Purwanto et al., 2022a).

One of the most notable impacts of fintech innovation is the transition from cash to cashless payments via mobile devices. Digital transactions are increasingly preferred due to their simplicity, practicality, and security. Instead of carrying physical money, users can now rely on e-wallets and mobile banking. In 2023, domestic e-money transactions amounted to IDR 37.46 trillion, surging to IDR 2.5 quadrillion in 2024. This upward trajectory is expected to persist as long as digital payment systems remain stable. Broader adoption is also likely with growing technological literacy (Financial Stability Board, 2017). According to Kajol (2022), the main drivers of digital transaction adoption in developing economies are trust, perceived benefits, ease of use, effort expectancy, and performance expectancy. Conversely, barriers include costs, perceived risks, complexity, resistance to change, and privacy issues.

In addition to digital payments, lifestyle is a crucial factor shaping financial management behaviour, reflecting how people earn, spend, use their leisure, and engage with others and their surroundings (Purwanto et al., 2022a). . Generation Z, in particular, displays distinct consumption habits compared to older generations, heavily influenced by social media, digital culture, and influencers that encourage greater consumerism. The "Fear of Missing Out" (FOMO) further amplifies impulsive purchasing, often undermining effective money management. For this reason, financial literacy is an essential competency for improving quality of life, enabling individuals to plan, allocate, and spend more wisely (Huston, 2010; Amelia, 2022).

Although digital payments offer clear convenience, limited financial literacy may fuel uncontrolled consumption. Sufficient knowledge and skills in finance can guide individuals in using digital payments more responsibly and avoiding overspending (Ulum & Solekah, 2024). . Under broader economic pressures, financial literacy also enhances the likelihood of shifting from cash to digital payment systems (Sadok & Elouaourti, 2025). Furthermore, it plays a significant role in the adoption of Central Bank Digital Currencies (CBDCs), as the capacity to comprehend, manage, and apply financial knowledge determines society's readiness to embrace sovereign digital currencies issued by central banks (Mertzanis, 2025).

Consumerist lifestyles, particularly among youth, are deeply shaped by peer influence and social media trends, which in turn affect financial management behaviour (Widaningsih et al., 2023). However, strong financial literacy allows individuals to recognise the financial consequences of their lifestyle decisions and adopt more prudent spending strategies (Widaningsih et al., 2023).). Efforts to enhance financial literacy—through both formal and informal education—are vital for strengthening individuals' ability to plan, monitor, and evaluate their finances (Kaiser & Menkhoff, 2017). This educational role is crucial in counteracting the adverse effects of digital payment use and consumerist tendencies on financial behaviour. Accordingly, this study aims to present empirical evidence on how financial literacy moderates the influence of digital payments and lifestyle on the financial management behaviour of Generation Z in Palu City.

Literature Review

The theory of planned behavior (TPB), introduced by Ajzen as an extension of the theory of reasoned action (TRA) by Ajzen and Fishbein (1980), explains that behavior is shaped by attitudes, subjective norms, and perceived behavior control. It highlights that individual actions are influenced not only by intentions but also by available resources and perceived abilities (Ubaidillah, 2019). Complementing TPB, the technology acceptance model (TAM) (Davis, 1986) clarifies that technology adoption is determined by perceived usefulness and ease of use (Samekto , 2021). Both theories provide a framework for understanding how technological factors and individual cognition affect financial behavior. Financial behavior represents the way individuals manage income to meet their needs through planning, organization, and control (Siregar & Anggraeni, 2022). Bank Indonesia regulation No. 19/12/PBI/2017 defines financial technology (fintech) as the application of technological innovation within financial systems, enabling new products, services, and business models that enhance efficiency and stability. Lifestyle also influences financial behavior, reflecting consumption patterns and social interactions (Pulungan & Febriaty, 2018); Listiyani et al., 2021); Sari, 2021). Financial literacy strengthens individuals ability to regulate spending and optimise resource (Erwantiningsih et al., 2024). The financiall services authority (OJK) defines it as the ability to increase knowledge, skills, and confidence in managing finances, closely tied to self control and rational decision making (Thaler & Shefrin, 1981).

Digital Payment and Financial Management Behaviour

The rapid growth of fintech has reshaped financial activities, particularly through digital payment innovations offering speed, convenience, and transaction security. Digital payment adoption is driven by perceived usefulness, ease of use, trust and performance expectancy (Kajol, 2022), though obstacles remain in perceived risk, high fees, and privacy concerns. Among generation Z – sho represent the most digitally literate demographic – digital payment align ewith fast=paced lifestyles and online

consumption habits. However, convenience without financial awareness can encourage impulsive spending (Purwanto et al., 2022b).

Empirical findings indicate that digital payment systems not only facilitate transactions but also redefine how individuals save, store and allocate money. With adequate financial literacy, digital tools can enhance spending control through budgeting features and transaction tracking. Conversely, without literacy and self-regulation, they may lead to excessive consumption (Lähteenmäki, I., 2022; Rahayu, 2023); Başar et al., 2025).
H1: Digital payment influences financial management behaviour.

Lifestyle and Financial Management Behaviour

Lifestyle reflects the value and preferences underlying individual consumption choices. A hedonistic lifestyle – centred on pleasure and instant gratification – correlates with poor financial management (Kartawinata et al., 2021; Hidayah & Iramani, 2023; Rahayu, 2023; Apriani et al., 2023). Within the TPB framework, lifestyle represent attitudinal factors influencing behavioral intention. A stronger inclination toward consumption and symbolic goods reduces an individual's capacity for financial discipline and long-term planning (Ajzen & Fishbein, 1980, in (Al-Suqri & Al-Kharusi, 2015). In conclusion, the more dominant a hedonistic lifestyle becomes, the higher the risk of financial mismanagement, as spending is directed toward instant gratification rather than rational financial planning and control
H2: Lifestyle influences financial management behaviour.

Financial Literacy, Digital Payment, and Financial Management Behaviour

The impact of digital payment on financial behavior depends heavily on users financial literacy. Liferate individuals tend to use digital platforms to plan, track, and control expenses, whereas those with limited literacy are more vulnerable to impulsive spending (Ulum & Solekah, 2024; Hasan, M, 2025) financial literacy acts as a cognitive filter that strengthens rational decision-making and reduces financial risk (Huston, 2010; Başar et al., 2025). In the context of TPB and TAM, perceived usefulness and behavior control interact through literacy levels to shape financial outcomes. Individuals capable of managing digital payment tools strategically – such as monitoring budgets or comparing prices – achieve better financial efficiency (Erwantiningsih et al., 2024).
H3: Financial literacy moderates the influence of digital payment on financial management behaviour.

Financial Literacy, Lifestyle, and Financial Management Behaviour

The digital environment and social media exposure among younger generations foster consumerist tendecies influences by trends and celebrity culture (Widaningsih et al., 2023). These pressures often lead to impulsive spending and poor financial control. Financial literacy mitigates such tendecies by reinforcing budgeting skills, self-discipline, and awareness of long-term goals (Erwantiningsih et al., 2024). Educational interventions –

both formal abd informal – are essesntial for strengthens financial awareness and resisting hedonistic influences (Kaiser & Menkhoff, 2017).
H4: Financial literacy moderates the influence of lifestyle on financial management behaviour.

Methods, Data, and Analysis

Population and Research Sample

This study uses a quantitative approach with primary data obtained through questionnaires administered directly to Generation Z respondents in Palu City. The target population consisted of Generation Z individuals born between 1996 and 2006 who actively use digital payment services (fintech payments). Since the exact population size was unknown, this study used purposive sampling techniques that focused on a sample of Generation Z individuals aged 18–28 years old, who lived in Palu City and used digital payments. To determine the sample size required for an unknown population, the formula proposed by Hair et al. (2014) was applied. From the data collection process conducted from May to June 2025, 210 valid responses were obtained, which were then used for further analysis.

Operationalisation of Research Variables

Financial Management Behaviour

Financial management behaviour refers to an individual's ability to plan, budget, audit, manage, control, allocate, and save money in daily life. The measurement uses a Likert scale ranging from 1 to 5, where 5 represents the highest score and 1 the lowest score (Herdjiono & Damanik, 2016).

Digital Payment (Fintech Payment)

Fintech payment represents a recent advancement in the financial industry, offering practical and efficient transaction solutions through internet-based platforms and mobile devices. In Indonesia, common forms of fintech payments include digital wallets (e-wallets), the Quick Response Code Indonesian Standard (QRIS), mobile banking services, and PayLater features. The variable is measured using a Likert scale ranging from 1 to 5, with 5 indicating the highest score and 1 the lowest (Palinggi & Allolingi, 2010, in Layuksugi et al., 2024)

Lifestyle

Lifestyle is defined as an individual's pattern of living, expressed through activities, interests, and opinions. It illustrates how people allocate their time and resources while also reflecting their values, beliefs, and personal traits. This variable is measured using a Likert scale from 1 to 5, with 5 indicating the highest score and 1 the lowest (Kotler & Keller, 2016, in Hidayah & Iramani, 2023).

Financial Literacy

According to OJK (2016), financial literacy is a series of processes or activities aimed at improving the knowledge, skills, and confidence of consumers and the general public, enabling them to manage their personal finances more effectively. The measurement uses a Likert scale ranging from 1 to 5, where 5 represents the highest score and 1 the lowest score.

Table 1. Operationalisation of Variables

Variables	Indicator	No Item	scale
Financial Technology Payment (X1) Source: Kim et al. (2016) in Layuksugi et al. (2024)	1. Personal Mobility	1 &2	Likert
	2. Relative Usefulness	3	
	3. Ease of Use	4	
	4. Service Credibility	5	
	5. Privacy Concern	6	
	6. Social Influence	7	
	7. Self-efficacy	8	
Lifestyle (X2) Source: Kotler & Keller (2016) in Hidayah & Iramani (2023)	1. Activities	1&2	Likert
	2. Interests	3&4	
	3. Opinions	5&6	
Financial Literacy (Z) Source: Yanti (2019)	1. Basic knowledge of financial management	1&2	Likert
	2. Savings and loans	3&4	
	3. Investment	5	
	4. Insurance	6	
Financial Management Behavior(Y) Source: : Herdjiono & Damanik (2016)	Paying bills on time	1	Likert
	2. Consideration in purchasing goods	2	
	3. Recording monthly expenses	3	
	Balancing income and expenses	4	
	5. Financial budget planning	5	
	6. Allocating money for savings or investment	6&7	
	7. Paying obligations or debts on time	8	

Source: Data processed (2025)

Data Analysis Method

The data in this study were analysed using linear regression with the Partial Least Squares (PLS) method, processed through WarpPLS version 7.0 software. The analysis focuses on testing the moderating role of financial literacy in the relationship between digital payment and lifestyle on financial

management behaviour. The multiple linear regression model applied in this research is formulated as follows:

Y = iY+ c'1X1 +c'2X2 + b3 M +B4 X1 . Z+B5 X2 . M + eY .....

Where:

Y = Financial management behaviour
X1 = Digital payment
X2 = Lifestyle
M = Financial literacy
X1 · Z = Interaction of financial literacy with digital payment
X2 · Z = Interaction of financial literacy with lifestyle
eY = Disturbance error

Results

Hypothesis testing was carried out using SEM-PLS with the WarpPLS software. The results of the testing are presented as follows:

Measurement Model Fit

Table 2. Goodness of Fit (GoF) Indices of the Structural Model

Index	Parameter	Rule of Thumb	Conclusion
Average Path Coefficient (APC)	0.216 p = 0.001	Acceptable if p < 0.05	Model fit
Average R-squared (ARS)	0.386 p = 0.001	Acceptable if p < 0.05	Model fit
Average Adjusted R-squared (AARS)	0.374 p = 0.001	Acceptable if p < 0.05	Model fit
Average Block VIF (AVIF)	1.227	Acceptable if ≤ 5; ideally ≤ 3.3	Model fit
Tenenhaus GoF (GoF)	0.556	Small ≥ 0.1; Medium ≥ 0.25; Large ≥ 0.36	Model fit (large)
Simpson's Paradox Ratio (SPR)	0.750	Acceptable if ≥ 0.7; ideally = 1	Model fit
R-squared Contribution Ratio (RSCR)	0.985	Acceptable if ≥ 0.9; ideally = 1	Model fit
Statistical Suppression Ratio (SSR)	0.750	Acceptable if ≥ 0.7	Model fit
Nonlinear Bivariate Causality Direction Ratio (NLBCDR)	0.750	Acceptable if ≥ 0.7	Model fit

Source: WarpPLS version 7.0 output

Based on the results of the Goodness of Fit (GoF) testing in Table 1.1, the values for each index meet the ideal criteria, indicating that this research model has a good and acceptable level of fit. The p-values of APC, ARS, and

AARS are 0.001 < 0.05, and the test for multicollinearity among exogenous variables shows that AVIF = 1.27, which is acceptable if ≤ 5. This indicates that there is no multicollinearity among the exogenous variables. Furthermore, the predictive power of the model as measured by Tenenhaus GoF (GoF) yields a value of 0.556 (≥ 0.36), which implies very strong predictive power and therefore a very good model fit.

The causality test of the research model using Simpson's Paradox Ratio (SPR) produces a value of 0.750 (≥ 0.7), which is acceptable, with the ideal value being 1. In addition, the model's independence from R-squared contribution can be assessed using the R-squared Contribution Ratio (RSCR). The result is 0.985 (≥ 0.9; ideally = 1), indicating that the model is acceptable. Moreover, the Statistical Suppression Ratio (SSR), which tests whether the path coefficient is larger compared to the correlation of the path linking two variables, produces a value of 0.750. Since the acceptance threshold is ≥ 0.7, this implies that the model is free from the statistical suppression effect (Ghozali & Latan, 2016). Similarly, the Nonlinear Bivariate Causality Direction Ratio (NLBCDR) yields a value of 0.750 (≥ 0.7), which is acceptable, suggesting that there is no causality issue in the research model. Based on the results of the Goodness of Fit (GoF) test of the structural model in Table 1.1, where all indices meet the ideal criteria, it can be concluded that the research model is good (fit) and consistent with the observed data.

Measurement Model (Confirmatory Factor Analysis / Outer Model)

The purpose of Confirmatory Factor Analysis is to evaluate the validity and reliability of each construct or latent variable. The evaluation of the measurement model or outer model with reflective constructs in PLS begins with examining indicator reliability, which refers to the variance of indicators or items in explaining the latent construct, and composite reliability, which measures the overall reliability of the construct.

The rule of thumb for assessing factor loadings is that they should be greater than 0.7. However, for confirmatory studies, factor loadings between 0.6 – 0.7 are still acceptable, while for exploratory studies, values between 0.4 – 0.5 may be considered sufficient (Hair et al., 2014; Latan & Ghozali, 2016). For composite reliability, the rule of thumb requires values greater than 0.7 for confirmatory research, while values between 0.6 and 0.7 are still acceptable for exploratory research (Latan & Ghozali, 2016).

In addition to examining indicator reliability and composite reliability, the evaluation of reflective measurement models also involves testing the Average Variance Extracted (AVE) and comparing the square root of AVE with the correlations among constructs in the model. An AVE value greater than 0.50 is recommended, which means that 50% or more of the variance of the indicators can be explained. The results of the reliability analysis are presented in Table 3 below:

Table 3. Reliability Test Results

Construct	Criterion	Composite Reliability	Cronbach's Alpha	Remark
Digital Payment	> 0.60	0.978	0.974	Reliable
Lifestyle	> 0.60	0.920	0.894	Reliable
Financial Literacy	> 0.60	0.903	0.871	Reliable
Financial Management Behaviour	> 0.60	0.948	0.936	Reliable

Source: WarpPLS version 7.0 output

The table above shows that the composite reliability values for each construct are greater than 0.60, and Cronbach's alpha values are also above 0.60. This indicates that the instruments used to measure the variables have good reliability. Reliability reflects that the instruments consistently produce the same results each time the measurement is conducted. To examine the convergent validity of this study, the results of the data analysis are presented in Table 4 below:

Table 4. Convergent Validity

Variable	Loading Criterion	Loading Value	p-value	Remark
Digital Payment				
X1.1	> 0.60	0.944	<0.001	Valid
X1.2	> 0.60	0.875	<0.001	Valid
X1.3	> 0.60	0.957	<0.001	Valid
X1.4	> 0.60	0.968	<0.001	Valid
X1.5	> 0.60	0.959	<0.001	Valid
X1.6	> 0.60	0.877	<0.001	Valid
X1.7	> 0.60	0.864	<0.001	Valid
X1.8	> 0.60	0.907	<0.001	Valid
Lifestyle				
X2.1	> 0.60	0.763	<0.001	Valid
X2.2	> 0.60	0.793	<0.001	Valid
X2.3	> 0.60	0.855	<0.001	Valid
X2.4	> 0.60	0.868	<0.001	Valid
X2.5	> 0.60	0.858	<0.001	Valid
X2.6	> 0.60	0.715	<0.001	Valid
Financial Literacy				

Variable	Loading Criterion	Loading Value	p-value	Remark
Z1	> 0.60	0.757	<0.001	Valid
Z2	> 0.60	0.784	<0.001	Valid
Z3	> 0.60	0.791	<0.001	Valid
Z4	> 0.60	0.782	<0.001	Valid
Z5	> 0.60	0.797	<0.001	Valid
Z6	> 0.60	0.765	<0.001	Valid
Financial Management Behaviour				
Y1.1	> 0.60	0.862	<0.001	Valid
Y1.2	> 0.60	0.872	<0.001	Valid
Y1.3	> 0.60	0.862	<0.001	Valid
Y1.4	> 0.60	0.879	<0.001	Valid
Y1.5	> 0.60	0.822	<0.001	Valid
Y1.6	> 0.60	0.816	<0.001	Valid
Y1.7	> 0.60	0.737	<0.001	Valid
Y1.8	> 0.60	0.805	<0.001	Valid

Source: Processed Research Data, 2025

There are two criteria to assess whether the outer model meets the requirements of convergent validity for reflective constructs: (1) the loading must be above 0.70, and (2) the p-value must be significant (< 0.05) (Hair et al., 2014). Based on the data in Table 1.3, all loading values of the variable indicators are above 0.70 and significant at < 0.05. This indicates that all indicators of the variables in this study meet the criteria for convergent validity. To assess discriminant validity, the results of the data processing are presented in Table 5 below:

Table 5. Discriminant Validity

	Digital Payment (X1)	Lifestyle (X2)	Financial Literacy (Z)	Financial Management Behaviour (Y)
Digital Payment (X1)	0.920	0.321	0.377	0.498
Lifestyle (X2)	0.321	0.811	0.524	0.448
Financial Literacy (Z)	0.377	0.524	0.779	0.492
Financial	0.498	0.448	0.492	0.833

	Digital Payment (X1)	Lifestyle (X2)	Financial Literacy (Z)	Financial Management Behaviour (Y)
Management (Y)				

Source: Processed Research Data, 2025

Table 5 shows that the cross-loading values are lower than the construct loading values. This demonstrates that the criteria for discriminant validity have been met. Evidence of discriminant validity is also seen from the square root of the AVE values, which are greater than the correlations between constructs. The square root of the AVE values on the diagonal shows that all variables have higher values than their correlations with other constructs. These results indicate that the discriminant validity of the instruments in this study is satisfied.

Structural Model Analysis

The purpose of this study is to test the direct effects of digital payment and lifestyle on financial management behaviour, as well as the moderating effect of financial literacy on the relationship between digital payment, lifestyle, and financial management behaviour. The structural model analysis using WarpPLS 7.0 produced the results of the full structural equation model, as presented in Table 1.5 below:

Table 6. Path Coefficients and Hypothesis Significance

Path	Coefficient	p-value
(X1) → (Y)	0.325	0.001
(X2) → (Y)	0.417	0.001
(X1) × (Z) → (Y)	-0.027	0.316
(X2) × (Z) → (Y)	-0.906	0.047

Source: WarpPLS version 7.0 output

Notes:
(X1): Digital Payment
(X2): Lifestyle
(Z): Financial Literacy
(Y): Financial Management Behaviour

The structural model analysis using WarpPLS 7.0, based on the results of the full structural equation measurement, can be further illustrated in Figure 1 as follows:

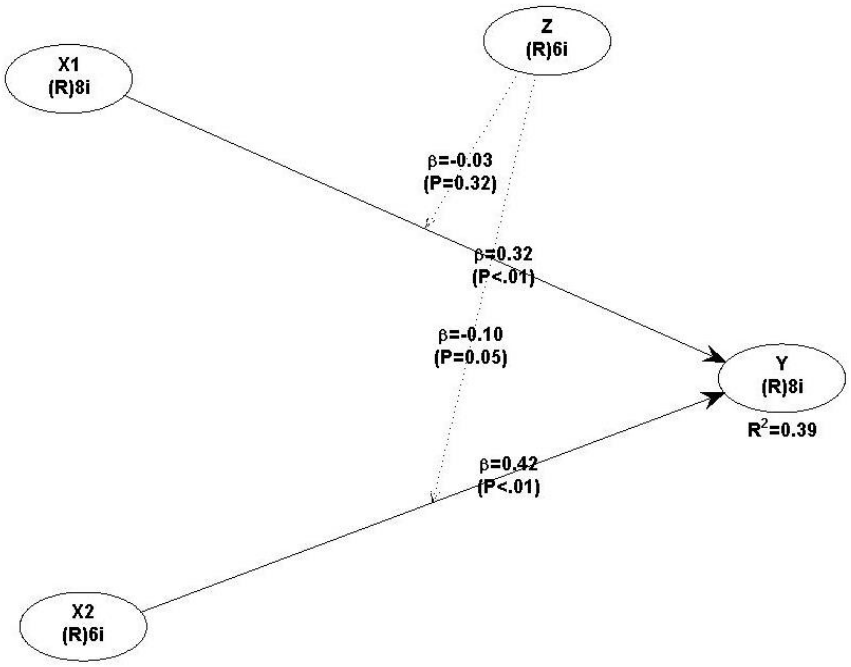

Figure 1. WarpPLS 7.0 Output – Full Model

Adjusted R-Square Value for Digital Payment (X1) and LLifestyle (X2)

The adjusted R^2 value for digital payment (X1) and lifestyle (X2) is 0.39, which means that the variation of digital payment (X1) and lifestyle (X2), moderated by financial literacy (Z), in influencing financial management behaviour (Y) among Generation Z in Palu City is 39%, while the remaining 61% is explained by other variables outside this research model. Comparing the adjusted R^2 value obtained with the rule of thumb, the structural model of this study falls into the moderate category, since the adjusted R^2 value of 0.39 is greater than 0.25.

Discussion

Digital Payment and Financial Management Behaviour of Generation Z in Palu City

Based on the WarpPLS 7.0 output, the path coefficient between digital payment (X1) and financial management behaviour (Y) is 0.325 with a significance value of $\rho = 0.01 < 0.05$. This indicates that digital payment has a significant effect on the financial management behaviour of Generation Z in Palu City, thus hypothesis 1 is accepted. This finding confirms that the advancement of financial technology payment has become an essential instrument in supporting financial management among Generation Z, who are shifting from cash transactions to cashless systems through e-wallets, mobile banking, and QRIS. Digital payment not only provides convenience, comfort, and security but also promotes record-keeping, transparency, and transaction efficiency.

This is consistent with Kajol (2022), who emphasised that perceived usefulness, ease of use, trust, as well as effort and performance expectancy

are dominant factors in the adoption of digital transactions in developing countries. Conversely, perceived risks, costs, complexity, and privacy remain the main challenges. The findings also support prior studies by Purwanto et al. (2022b) and Rahayu (2023) which demonstrated that fintech, particularly e-money, can reshape financial behaviour in terms of saving and spending. Likewise, Başar et al. (2025) highlighted the importance of financial education and digital infrastructure support to enable fintech to significantly improve saving habits.

Theoretically, these results reinforce the Technology Acceptance Model (TAM) (Davis, 1986), which emphasises perceived ease of use and usefulness in technology adoption, as well as the Theory of Planned Behaviour (TPB) (Ajzen, 1991), which explains that attitudes, subjective norms, and perceived behavioural control influence financial management intentions. Hence, digital payment can be seen as an external factor encouraging better financial management behaviour among Generation Z.

Lifestyle and Financial Management Behaviour of Generation Z in Palu City

Based on Table 1.5 and Figure 1.5 (full model WarpPLS 7.0 output), the path coefficient between lifestyle (X2) and financial management behaviour (Y) is 0.417 with a significance level of $\rho = 0.01 < 0.05$. This shows that lifestyle has a significant effect on the financial management behaviour of Generation Z in Palu City. However, since the regression coefficient is positive, hypothesis 2 is rejected. Conceptually, a hedonistic lifestyle should have a negative relationship with financial management behaviour, as higher levels of hedonism are associated with neglect of financial planning, overspending, and lack of saving or expenditure control. Surprisingly, the findings indicate a different phenomenon among Generation Z in Palu City. Despite being influenced by social media, digital trends, and the Fear of Missing Out (FOMO) that promote consumption-oriented behaviour, most respondents can still align their lifestyle with their financial capacity.

This may be because the majority of Generation Z in Palu are financially dependent on their parents, creating natural limits to their spending. These constraints encourage self-control in managing expenses to remain within financial means. For those already working, consumptive tendencies are moderated by basic needs and priorities that cannot be ignored. The results suggest that lifestyle does not always have a direct implication on financial management behaviour. In other words, although a hedonistic lifestyle is evident in consumption activities, entertainment preferences, and digital trends, not all individuals exhibit poor financial management behaviour. This aligns with Irawati & Kasemetan (2023), who found that lifestyle does not explain financial management behaviour due to its positive coefficient. Similarly, (Lučić et al., 2021) discovered that materialism, as a manifestation of lifestyle, has no direct effect on responsible financial behaviour.

However, these findings are not fully consistent with the Theory of Planned Behaviour (TPB) (Ajzen, 1991), where lifestyle—positioned as part of

attitude—should contribute to shaping intentions and actual behaviour. The results highlight a contextual difference among Generation Z, where lifestyle is not strictly aligned with theoretical predictions. Demographic characteristics, social environment, and unique financial conditions likely influence this outcome. Thus, it can be concluded that although lifestyle has a significant effect, the positive direction of influence reflects Generation Z's adaptability and self-control in managing their finances, preventing lifestyle choices from necessarily worsening financial management behaviour.

Financial Literacy as a Moderator of Digital Payment and Financial Management Behaviour

Based on Table 1.5 and Figure 1.5 (WarpPLS 7.0 full model), the path coefficient of the interaction between financial literacy (X1.Z) and digital payment on financial management behaviour (Y) is -0.027, with a significance level of $\rho = 0.316 > 0.05$. This indicates that financial literacy does not moderate the effect of digital payment on financial management behaviour among Generation Z in Palu City; thus, the proposed hypothesis is rejected.
The findings emphasise that digital payment usage has become a habitual practice among Generation Z, regardless of their financial literacy level. Digital payment applications are designed to be simple, user-friendly, and widely adopted for practical reasons such as convenience, speed, and social trends, rather than structured financial awareness (Namahoot & Boonchieng, 2023; Nanda Annisa et al., 2020; Bradshaw et al., 2024).. Thus, even those with low financial literacy can use digital payment services effectively.

These results are consistent with Apriani et al. (2023), Yuneline & Rosanti (2023), Syari et al. (2024) and Pradina Putri et al. (2025), who found that digital payment does not significantly influence financial management behaviour. While digital payments facilitate transactions, they may also increase impulsive spending and reduce financial control among young people. Theoretically, these findings do not support either the Technology Acceptance Model (Davis, 1986) or the Theory of Planned Behaviour (Ajzen, 1991), which emphasise attitudes, subjective norms, and behavioural control in shaping financial management behaviour. This suggests that the convenience of technology alone is insufficient to promote better financial behaviour without adequate financial literacy.

Financial Literacy as a Moderator of Lifestyle and Financial Management Behaviour

Based on Table 1.5 and Figure 1.5 (WarpPLS 7.0 full model), the interaction path coefficient between financial literacy (X2.Z) and lifestyle on financial management behaviour (Y) is -0.906, with a significance level of $\rho = 0.047 < 0.05$. This indicates that financial literacy moderates the effect of lifestyle on financial management behaviour among Generation Z in Palu City; thus, the proposed hypothesis is accepted.

This means that financial literacy plays an important role in controlling the influence of lifestyle on financial management behaviour. A consumptive

lifestyle—often shaped by trends, social media, and peer influence—can disrupt financial management. However, good financial literacy enables individuals to recognise the financial consequences of lifestyle choices and encourages wiser decisions regarding spending (Erwantiningsih et al., 2024). Improving financial literacy, whether through formal or informal education, strengthens individuals' ability to plan, control, and evaluate personal finances (Kaiser & Menkhoff, 2017). Thus, financial literacy functions as a mitigating factor against the negative impact of a consumptive lifestyle and digital payment on financial management behaviour.

Financial literacy from the perspective of psychological could improves cognitive evaluation and rational decision-making, enabling individuals to suppress impulsive tendecies embedded in their lifestyle, explained by Hidayat & Hermawan, (2025). On other side, Mpaata et al. (2023) reveal are financial literacy have a functions as a cognitive enhancer that strengthens evaluative capacity, enabling individuals to apply knowledge to counter hedonistic or impulsive behaviors that would otherwise dominate financial management actions. However, when lifestyle habits such as impulsivity or social conformity are deeply ingrained, the moderating effect of financial literacy can appear negative, as individuals with high literacy who have strong consumptive lifestyles may still be trapped in behavior biases that disregard rational planning.

This finding is consistent with the Theory of Planned Behaviour (TPB) (Ajzen, 1991). Lifestyle, as part of attitude, reflects habitual and behavioural patterns, while financial literacy strengthens rational attitudes toward money. Individuals with higher literacy levels are more likely to view consumptive behaviours such as hedonism and impulsive buying as negative. Additionally, subjective norms become more effective when individuals with high literacy levels are more sensitive to social values such as frugality, saving, and investing. Even in socially consumptive environments, financial literacy enables Generation Z to remain critical and avoid being easily influenced. From the perspective of Perceived Behavioural Control (PBC), financial literacy enhances confidence in managing personal finances, including budgeting, cash flow management, and controlling digital payment usage to maintain balance. Thus, financial literacy is proven to be a key moderating factor that mitigates the influence of lifestyle on financial management behaviour among Generation Z in Palu City.

Conclusion

The results of this study indicate that the use of digital payments has a significant effect on the financial management behavior of Generation Z in Palu City, while lifestyle has no direct effect on this behavior. However, financial literacy has been proven to act as a moderating variable that can weaken the effect of a consumptive lifestyle on financial management behavior. Conversely, financial literacy does not moderate the relationship between digital payments and financial behavior, indicating that the use of payment technology has become a habit that transcends an individual's level

of financial knowledge. Theoretically, these findings reinforce the Theory of Planned Behavior and Technology Acceptance Model framework, which states that financial behavior is not only determined by the convenience and benefits of technology, but also by an individual's cognitive ability to manage financial resources rationally. The implications of this study emphasize the importance of financial literacy as a tool for controlling consumptive behavior in the digital age. The government, educational institutions, and financial institutions need to collaborate in expanding financial literacy programs, especially for the younger generation who are highly exposed to technology and digital trends. Financial education integrated into the curriculum and non-formal activities can strengthen perceived behavioral control, enabling individuals to navigate financial decisions more rationally and systematically. In addition, these findings provide practical contributions to the formulation of public policy in the areas of financial inclusion and payment system stability, emphasizing that the adoption of financial technology must be accompanied by increased literacy capacity in order to achieve the sustainable benefits of the digital economy.

Limitation

This study has limitations in terms of its geographical scope, which is limited to the city of Palu, and its population, which only includes Generation Z users of digital payments, so the results need to be generalized with caution. The use of quantitative methods also does not fully capture the psychological and social aspects of individual financial behavior. Therefore, further research is recommended to expand the study area across regions and generations, and to use a mixed methods approach to explore the meaning of financial behavior in greater depth. In addition, the integration of new variables such as digital financial inclusion, self-control, or financial attitude can enrich our understanding of how financial literacy interacts with technological developments in shaping sustainable financial behavior.

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