

Financial Literacy, Lifestyle, and Fintech in Gen Z Financial Management

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Abstract

This study examined the influence of financial literacy, consumptive lifestyle, and fintech usage on the financial management ability of Generation Z students. A quantitative survey was conducted with 100 student respondents, and the data were analyzed using multiple linear regression in SPSS. Instrument testing confirmed that all items were valid and reliable. The regression model was significant ($F = 17.069$, $p < 0.001$) and explained 34.8% of the variance in financial management ability ($R^2 = 0.348$; Adjusted $R^2 = 0.327$). Financial literacy ($B = 0.527$, $p < 0.001$) and fintech usage ($B = 0.247$, $p < 0.001$) were positive and significant predictors, whereas consumptive lifestyle showed a negative but non-significant coefficient ($B = -0.071$, $p = 0.330$). These results suggest that strengthening financial knowledge and supporting effective use of digital financial tools are more closely associated with students' financial management ability than lifestyle orientation alone.

Keywords: *consumptive lifestyle; financial literacy; financial management ability; fintech usage; Generation Z*

INTRODUCTION

Generation Z students, particularly those who live away from their families as migrant or out-of-town students, are increasingly exposed to rapid digitalization in the financial sector. The widespread use of financial technology (fintech), such as e-wallets, mobile banking, buy-now-pay-later services, and online investment platforms, has transformed the way students manage and spend their money. While these digital financial services offer convenience and accessibility, they also present new challenges related to self-control, financial discipline, and long-term financial planning (Arner et al., 2020; Suryani & Ramadhan, 2022). In addition to technological influences, Generation Z students are also strongly affected by a consumptive lifestyle driven by social media exposure, peer pressure, and fear of missing out (FOMO). Social platforms continuously promote trends related to fashion, food, travel, and entertainment, encouraging students to prioritize lifestyle consumption over financial stability. For migrant students who must independently manage monthly allowances, tuition fees, rent, and daily living expenses, this consumptive behavior often leads to impulsive spending and financial imbalance (Przybylski et al., 2013; Putri & Lestari, 2023). Despite having access to various

financial tools, many Generation Z students still demonstrate low financial management ability. This is reflected in inadequate budgeting practices, minimal savings, reliance on short-term credit facilities, and difficulties in distinguishing between needs and wants. Limited financial literacy further exacerbates this issue, as students may lack sufficient knowledge regarding basic financial concepts such as budgeting, debt management, savings, and investment. As a result, poor financial decision-making can lead to financial stress, dependency on emergency funds, and even academic disruptions (**Lusardi & Mitchell, 2014; Sabri et al., 2021**). Financial literacy, consumptive lifestyle, and fintech usage are interrelated factors that potentially influence students' ability to manage their finances effectively. High financial literacy is expected to improve financial decision-making, while a consumptive lifestyle may weaken financial control. Meanwhile, fintech usage can either support or hinder financial management depending on how wisely it is utilized. However, empirical evidence regarding the combined effect of these factors on the financial management ability of Generation Z students, particularly migrant students, remains limited (**Morgan & Trinh, 2019; Sari et al., 2022**). Therefore, this study aims to examine the effect of financial literacy, consumptive lifestyle, and fintech usage on the financial management ability of Generation Z students. Understanding these relationships is crucial for developing effective financial education programs, promoting responsible fintech usage, and helping students achieve better financial well-being and independence during their academic years (**OECD, 2020; Xiao & O'Neill, 2018**).

METHOD

This study is grounded in the positivist research paradigm, which emphasizes objective measurement and statistical analysis to examine relationships between variables. The research is categorized as explanatory (causal) research, as it aims to analyze the influence of financial literacy, consumptive lifestyle, and fintech usage on financial management ability among Generation Z students.

A quantitative approach was employed using a survey method. The population of this study consists of Generation Z undergraduate students. A sample of 100 respondents was selected using purposive sampling, with criteria focusing on students who actively use financial technology services and manage their own daily expenses. The unit of analysis in this study is individual students.

Data were collected through a structured questionnaire using a five-point Likert scale ranging from strongly disagree to strongly agree. The instrument measured four main variables: financial literacy, consumptive lifestyle, and fintech usage as independent variables, and financial management ability as the dependent variable.

Instrument testing was conducted to ensure data quality. Validity was assessed using Pearson's product-moment correlation, while reliability was evaluated using Cronbach's alpha. Prior to hypothesis testing, classical assumption tests for multiple linear regression were performed, including tests of normality, multicollinearity, heteroskedasticity, and residual independence.

Data analysis was carried out using SPSS software. Multiple linear regression analysis was employed to examine the effect of financial literacy, consumptive lifestyle, and fintech usage on the financial management ability of Generation Z students

RESULTS AND DISCUSSION

Table 1. Validity Test (Item-Total Correlation)

Variable	Item	Pearson r	Sig. (2-tailed)
X1 (Financial literacy)	X1.1	0.694**	< 0.001
	X1.2	0.578**	< 0.001
	X1.3	0.777**	< 0.001
	X1.4	0.715**	< 0.001
	X1.5	0.719**	< 0.001
X2 (Consumptive lifestyle)	X2.1	0.766**	< 0.001
	X2.2	0.746**	< 0.001
	X2.3	0.739**	< 0.001
	X2.4	0.769**	< 0.001
	X2.5	0.723**	< 0.001
X3 (Fintech usage)	X3.1	0.884**	< 0.001
	X3.2	0.835**	< 0.001
	X3.3	0.816**	< 0.001
	X3.4	0.673**	< 0.001
	X3.5	0.833**	< 0.001
Y (Financial management ability)	Y.1	0.834**	< 0.001
	Y.2	0.778**	< 0.001
	Y.3	0.834**	< 0.001
	Y.4	0.655**	< 0.001
	Y.5	0.693**	< 0.001

(source: author's analysis)

1. Pearson's item–total correlation was used to assess the validity of the questionnaire items by examining whether each indicator was significantly associated with its respective construct score. The results indicate that **all items were valid**, as every indicator showed a **positive and statistically significant** correlation ($p < 0.001$). For **Financial Literacy (X1)**, item correlations ranged from **0.578 to 0.777**, reflecting moderate to strong validity. For **Consumptive Lifestyle (X2)**, coefficients were consistently strong (**0.723–0.769**). **Fintech Usage (X3)** demonstrated the strongest item–total correlations (**0.673–0.884**), suggesting very good item quality. Likewise, **Financial Management Ability (Y)** items were significantly correlated with the total construct score (**0.655–0.834**). Overall, these findings confirm that the measurement indicators adequately represent their intended variables and are appropriate for subsequent reliability and regression analyses.

Table 2. Reliability Test (Cronbach's Alpha)

Variable	Cronbach's Alpha
X1 (Financial literacy)	0.731
X2 (Consumptive lifestyle)	0.802
X3 (Fintech usage)	0.866
Y (Financial management ability)	0.814

(source: author's analysis)

2. **Cronbach's Alpha reliability test** was used to assess the internal consistency of each construct. The results indicate that all variables met the commonly accepted reliability threshold ($\alpha \geq 0.70$). **Financial Literacy (X1)** showed acceptable reliability ($\alpha = 0.731$), **Consumptive Lifestyle (X2)** demonstrated good reliability ($\alpha = 0.802$), **Fintech Usage (X3)** exhibited very good reliability ($\alpha = 0.866$), and **Financial Management Ability (Y)** also showed good reliability ($\alpha = 0.814$). Overall, these findings confirm that the measurement scales are reliable and appropriate for subsequent statistical analyses.

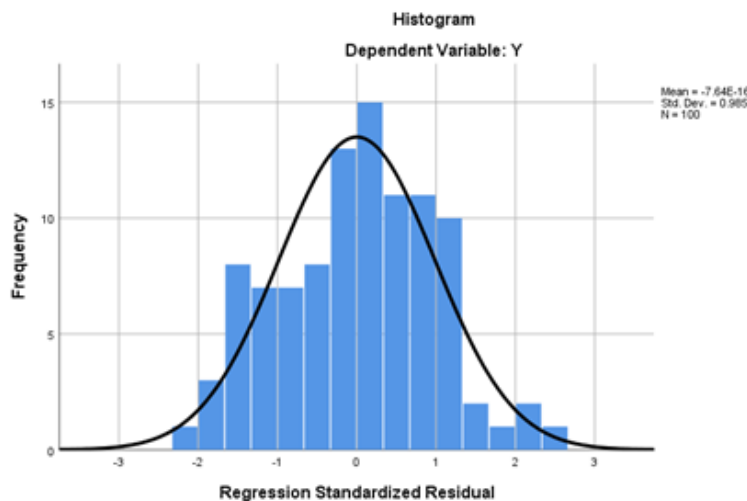


Figure 1. Histogram of Regression Standardized Residuals
(source: author's analysis)

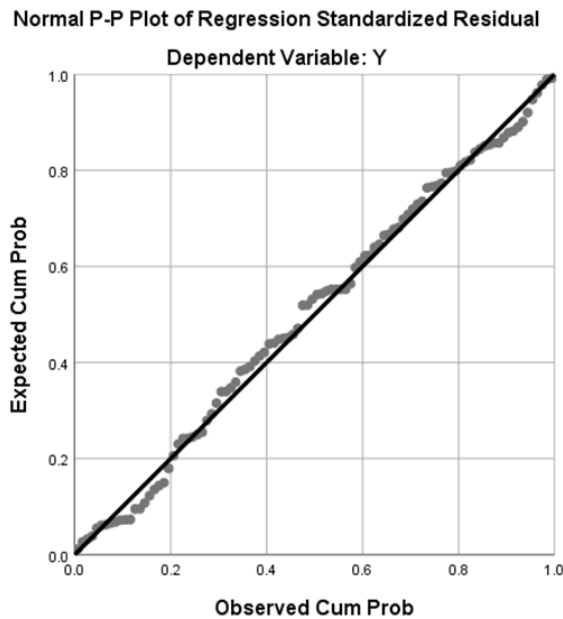


Figure 2. Normal P-P Plot of Regression Standardized Residual
(source: author's analysis)

- Normality of residuals was evaluated using the **histogram** and the **Normal P–P plot** of the regression standardized residuals. The histogram displayed an approximately bell-shaped distribution centered around zero, while the P–P plot showed points closely aligned with the diagonal reference line, indicating that the residuals were **approximately normally distributed**. In addition, heteroskedasticity was assessed using a scatterplot of **studentized residuals** against **standardized predicted values**; the points were randomly dispersed without a discernible pattern, suggesting **homoscedasticity**.

Table 3. Collinearity Statistics (Tolerance and VIF)

Tolerance	VIF
0.949	1.054
0.938	1.067
0.945	1.059

(source: author's analysis)

- Multicollinearity was assessed using Tolerance and Variance Inflation Factor (VIF) values** from the collinearity statistics. The results show Tolerance values of **0.938–0.949** and VIF values of **1.054–1.067** across the predictors. These figures exceed the common tolerance criterion (**> 0.10**) and are far below the typical VIF cut-off (**< 10**, or more conservatively **< 5**), indicating **no multicollinearity problem**. Therefore, the independent variables do not exhibit strong intercorrelations, and the regression coefficients can be interpreted reliably without concern that predictor overlap is inflating standard errors.

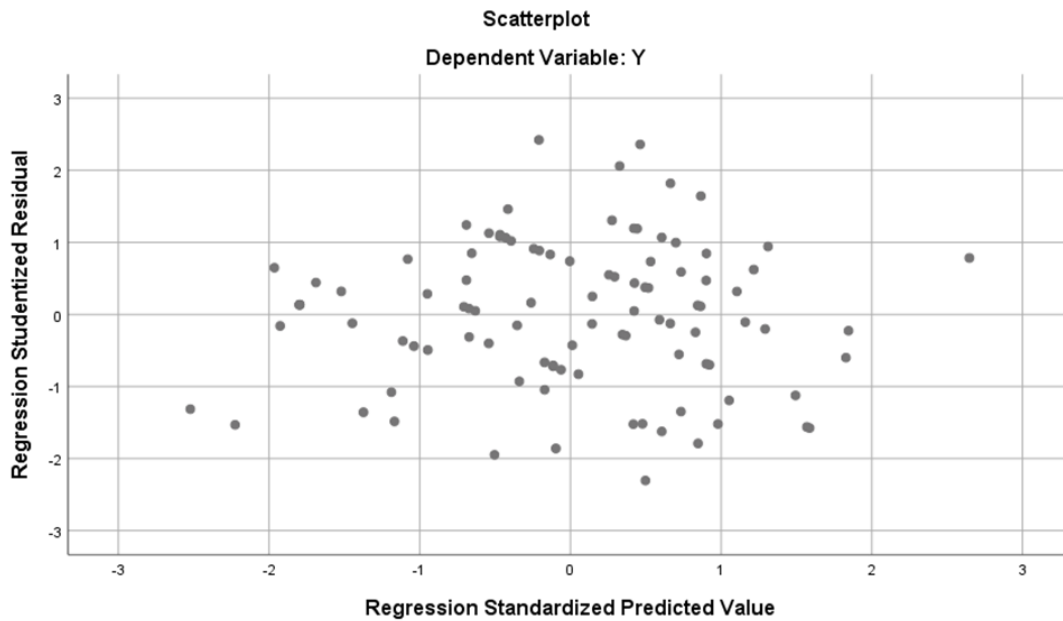


Figure 3. Residual Scatterplot (Heteroskedasticity Test)
(source: author's analysis)

5. Heteroskedasticity was examined using a residual scatterplot by plotting **studentized residuals** against the **standardized predicted values**. The scatterplot shows that the residuals are randomly dispersed above and below the zero line and do not form a systematic pattern (e.g., a funnel shape or wave-like trend). This indicates that the error variance is approximately constant across levels of the predicted values, suggesting **no evidence of heteroskedasticity** and supporting the **homoscedasticity assumption** for multiple linear regression.
6. Durbin–Watson was used to assess the independence of residuals in the regression model. The result shows a **Durbin–Watson statistic of 2.413**, which is close to the reference value of 2 and therefore suggests **no serious autocorrelation** in the residuals (i.e., the errors can be considered approximately independent). Accordingly, the regression model meets the residual independence assumption

Table 4. Pearson Correlation Matrix (N = 100)

Variables	Y	X1	X2	X3
Y	1.000	0.507**	-0.102	0.356**
X1	0.507**	1.000	-0.158	0.133
X2	-0.102	-0.158	1.000	0.171
X3	0.356**	0.133	0.171	1.000

(source: author's analysis; ** $p < 0.01$, two-tailed)

7. Pearson's correlation (two-tailed) was conducted as a preliminary analysis to examine linear associations among variables (N = 100). The results show a **moderate, positive, and significant** correlation between **financial management ability (Y)** and **financial literacy (X1)** ($r = 0.507$, $p < 0.001$), and a **positive,**

significant correlation between **Y** and **fintech usage (X3)** ($r = 0.356$, $p < 0.001$). In contrast, **consumptive lifestyle (X2)** was **weakly and negatively** correlated with **Y**, but the relationship was **not significant** ($r = -0.102$, $p = 0.314$). Correlations among the independent variables were low and non-significant ($|r| = 0.133-0.171$), suggesting no substantial multicollinearity concern prior to multiple regression analysis.

Table 5. Multiple Linear Regression Results (Dependent Variable: Y; N = 100)

Predictor	B	β	t	p-value	95% CI for B
(Constant)	4.116	-	1.623	0.108	[-0.919, 9.151]
Financial literacy (X1)	0.527	0.452	5.347	< 0.001	[0.331, 0.723]
Consumptive lifestyle (X2)	-0.071	-0.083	-0.979	0.330	[-0.216, 0.073]
Fintech usage (X3)	0.247	0.310	3.654	< 0.001	[0.113, 0.381]

Model fit: $R = 0.590$; $R^2 = 0.348$; Adjusted $R^2 = 0.327$; $F(3,96) = 17.069$, $p < 0.001$; Durbin-Watson = 2.413.

(source: author's analysis)

The regression analysis indicates that financial literacy has a positive and statistically significant effect on financial management ability ($B = 0.527$; $\beta = 0.452$; $p < 0.001$), making it the strongest predictor in the model. This means that a one-point increase in the financial literacy score is associated with an increase of 0.527 points in financial management ability, holding other variables constant. The relatively large standardized coefficient further shows that financial literacy plays a central role in shaping students' financial behavior. For Generation Z students who manage their finances independently, financial knowledge appears to function as a practical decision-making framework rather than merely theoretical understanding.

Fintech usage also demonstrates a positive and significant effect ($B = 0.247$; $\beta = 0.310$; $p < 0.001$). In practical terms, a one-unit increase in fintech usage is associated with a 0.247 increase in financial management ability. However, the smaller standardized effect compared to financial literacy suggests that technology acts more as an enabling instrument than a primary determinant. Fintech may improve efficiency in tracking and managing money, but its effectiveness likely depends on users' underlying financial knowledge and self-regulation.

In contrast, consumptive lifestyle shows a negative but statistically non-significant relationship with financial management ability ($B = -0.071$; $\beta = -0.083$; $p = 0.330$). This implies that changes in lifestyle orientation do not produce meaningful differences in financial management outcomes within

this sample. One possible explanation is that financial constraints limit the realization of consumptive preferences, thereby weakening the observable impact of lifestyle tendencies.

Overall, the model explains 34.8% of the variance in financial management ability ($R^2 = 0.348$), indicating moderate explanatory power. This suggests that while financial literacy and fintech usage are important determinants, students' financial management is shaped by a broader set of psychological, social, and economic factors not captured in this study. The result highlights that financial behavior among Generation Z is not solely driven by knowledge or technology use, but is likely influenced by self-control, financial attitudes, family background, and income stability. Therefore, this study positions financial literacy as a foundational capability and fintech as a supporting tool, while emphasizing that effective financial management remains a multidimensional construct.

CONCLUSION

This study concludes that financial literacy and fintech usage are significant determinants of financial management ability among Generation Z students. Financial literacy emerges as the strongest predictor, indicating that students' knowledge and understanding of financial concepts play a central role in shaping responsible financial behavior. Fintech usage also contributes positively, suggesting that digital financial tools can support better financial management when they are used with adequate awareness and control.

In contrast, consumptive lifestyle does not show a significant influence on financial management ability. This finding implies that lifestyle tendencies alone are not sufficient to determine students' financial outcomes. Economic constraints, such as limited income, may restrict the realization of consumptive preferences, thereby weakening their measurable impact. This highlights that financial capability and resource management skills are more decisive than lifestyle orientation in explaining how students handle their finances.

The model explains 34.8% of the variance in financial management ability, indicating that financial behavior among students is shaped by multiple factors beyond those examined in this study. Nevertheless, the results emphasize that cognitive financial competence functions as a foundational element, while fintech serves as a supporting tool that enhances financial management practices.

These findings have important practical implications. Universities and educational institutions should prioritize financial literacy programs that equip students with practical financial decision-making skills. At the same time, fintech providers are encouraged to design features that promote budgeting, spending awareness, and financial control rather than merely facilitating transactions. For students, improving financial literacy is essential to ensure that the advantages of digital financial services can be used effectively.

Future research is recommended to explore additional psychological and socioeconomic factors, such as self-control, financial attitudes, parental influence, and income stability, to obtain a more comprehensive understanding of financial management behavior among young adults.

DECLARATION OF GENERATIVE AI

During the preparation of this work the author(s) used ChatGPT and SciSpace in order to [REASON]. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

This declaration does not apply to the use of basic tools for checking grammar, spelling, references etc. If there is nothing to disclose, there is no need to add a statement.

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