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The Effect of Financial Literacy and Lifestyle on Financial Behavior with Self-Control as a Moderating Variable Among Generation Z in Medan City

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Abstract-This study aims to analyze the influence of financial literacy and lifestyle on financial behavior with self-control as a moderating variable among Generation Z in Medan City. A quantitative approach was employed, with data collected through an online questionnaire distributed via Google Form. The sample was determined using the Lemeshow formula with a 10% error rate, yielding 100 Generation Z respondents residing in Medan with personal income. Data were analyzed using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. Results indicate that: (1) financial literacy has a positive and significant effect on financial behavior (coefficient 0.626; p=0.000); (2) lifestyle has a positive and significant effect on financial behavior (coefficient 0.248; p=0.034); (3) self-control significantly moderates the relationship between financial literacy and financial behavior in a negative direction (coefficient -0.238; p=0.000); and (4) self-control significantly moderates the relationship between lifestyle and financial behavior in a positive direction (coefficient 0.256; p=0.000). The R-Square value of 0.845 indicates a strong model. These findings underscore the critical role of financial literacy and self-control in shaping Generation Z's financial behavior in an increasingly digital economy.

Keywords: Financial Literacy, Lifestyle, Self-Control, Financial Behavior, Generation Z

1. INTRODUCTION

In the current digital era, technological advances have brought significant changes in personal financial management. The ease of access to information, the growth of electronic payment systems, and the widespread use of application-based financial services have altered how individuals manage income, expenditure, and consumption decisions. This impact is strongly felt by Generation Z individuals born between 1997 and 2012 recognized as a generation that grew up in a digital environment (digital natives). The convenience of technology makes Generation Z more susceptible to consumerist behavior and irrational financial decisions (Setiawati et al., 2025).

According to the North Sumatra Provincial Economic Report (Bank Indonesia, 2025), e-commerce transactions in North Sumatra have continued to grow, reaching their highest levels in 2024–2025. This has affected individual financial management patterns, particularly among Generation Z in Medan. Data from the Financial Services Authority (OJK, 2024) recorded a significant 31.5% increase in digital loan defaults among young people over the past two years. OJK (2025) also recorded approximately 1,003 complaints related to online lending in Medan, highlighting the financial vulnerability of Generation Z.

Financial literacy refers to an individual's understanding and skills in managing finances effectively. The national level of financial literacy remains low to moderate, which has weakened financial management capabilities (Angelyna & Tannia, 2025). Beyond financial literacy, lifestyle is an important factor influencing Generation Z's financial behavior, particularly through the culture of fear of missing out (FOMO) that drives spending on non-primary needs. The psychological factor of self-control also plays a crucial role as the ability of individuals to resist immediate desires and make rational decisions in financial management (Hafizha & Arifin, 2025).

This study aims to: (1) analyze the effect of financial literacy on financial behavior among Generation Z in Medan City; (2) analyze the effect of lifestyle on financial behavior among Generation Z in Medan City; (3) analyze the moderating role of self-control in the relationship between financial literacy and financial behavior; and (4) analyze the moderating role of self-control in the relationship between lifestyle and financial behavior.

2. RESEARCH METHOD

2.1 Basic Research Framework

This study employs a quantitative approach. The research This study employs a quantitative approach. The research examines financial literacy (X1) and lifestyle (X2) as independent variables, financial behavior (Y) as the dependent variable, and self-control (Z) as the moderating variable. The research population consists of Generation Z individuals aged 13–28 years residing in Medan City with personal income. The study uses purposive sampling and analyzes the data using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0.

The theoretical basis is the Theory of Planned Behavior (TPB) developed by Ajzen. TPB explains that human behavior is influenced by attitude, subjective norms, and perceived behavioral control. In the context of financial behavior, this theory provides a basis for understanding how individuals make financial decisions based on knowledge, social pressure, and self-efficacy.

Financial literacy refers to an individual's understanding of fundamental financial concepts, including money management, savings, investment, and financial risk. The indicators used include understanding basic financial concepts, the ability to explain financial concepts, the ability to manage personal finances regularly, and confidence in formulating financial plans.

Lifestyle is the pattern of living expressed through activities, interests, and opinions regarding spending money and allocating time. Lifestyle indicators refer to Activity, Interest, and Opinion (AIO), comprising daily activities, entertainment, interest in trends, interest in products, views on lifestyle, and social environmental influence.

Self-control is an individual's ability to regulate thoughts, emotions, and behavior in order to resist immediate desires for greater future benefits. The indicators consist of behavioral control, cognitive control, and decisional control, operationalized as planning purchases, comparing prices, considering the utility of goods, resisting impulsive urges, thinking carefully before buying similar items, and purchasing based on need.

Financial behavior is an individual's ability to manage day-to-day finances encompassing planning, budgeting, auditing, managing, controlling, and saving for the future. Indicators include expense control, distinguishing needs from wants, budget management, financial recordkeeping, timely bill payment, responsible credit use, saving habits, and investment planning.

The population was estimated at approximately 567,642 people (BPS Kota Medan, 2026). The sample size was determined using the Lemeshow formula with a 10% error rate and a 95% confidence z-score (1.96), yielding a minimum of 96 respondents. A total of 100 respondents were used to account for potential data drop-out. The criteria were residing in Medan City, aged 13–28 years, and employed and having income.

Data were collected using an online questionnaire distributed via Google Form using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The instrument consisted of 4 items for financial literacy, 6 items for lifestyle, 6 items for self-control, and 8 items for financial behavior. Data analysis included outer model testing for convergent validity, discriminant validity, and reliability, followed by inner model testing using R-Square, F-Square, and hypothesis testing through bootstrapping.

3. RESULTS AND DISCUSSION

3.1 Outer Model Test

Outer Model analysis was conducted to determine the relationship between latent variables and the indicators used in the study. Convergent validity was assessed through loading factor and Average Variance Extracted (AVE), discriminant validity through cross-loading and HTMT, and reliability through Cronbach's Alpha and Composite Reliability.

All loading factor results for each construct meet the convergent validity threshold, with each indicator having a value greater than 0.70. The financial literacy indicators range from 0.857 to 0.955; lifestyle indicators range from 0.924 to 0.965; financial behavior indicators range from 0.808 to 0.972; and self-control indicators range from 0.938 to 0.984. These results indicate that all indicators satisfy the convergent validity criteria.

The AVE values are 0.84 for financial literacy, 0.89 for lifestyle, 0.82 for financial behavior, and 0.91 for self-control. All values exceed 0.50, confirming convergent validity. The HTMT results are also below 0.90, indicating that the constructs have empirically clear distinctions. Reliability testing shows that Cronbach's Alpha and Composite Reliability values for all variables exceed 0.70, confirming that all variables are reliable.

Table 1. Outer Loading

	Financial Literacy (X1)	Lifestyle (X2)	Financial Behavior (Y)	Self-Control (Z)	Evidence
X1.1	0.857				Valid
X1.2	0.891				Valid
X1.3	0.955				Valid
X1.4	0.953				Valid
X2.1		0.947			Valid
X2.2		0.940			Valid
X2.3		0.939			Valid
X2.4		0.924			Valid
X2.5		0.938			Valid
X2.6		0.965			Valid
Y.1			0.972		Valid
Y.2			0.899		Valid
Y.3			0.957		Valid
Y.4			0.888		Valid
Y.5			0.942		Valid
Y.6			0.808		Valid
Y.7			0.861		Valid
Y.8			0.896		Valid
Z.1				0.940	Valid

	Financial Literacy (X1)	Lifestyle (X2)	Financial Behavior (Y)	Self-Control (Z)	Evidence
Z.2				0.963	Valid
Z.3				0.984	Valid
Z.4				0.958	Valid
Z.5				0.938	Valid
Z.6				0.963	Valid

Table 2. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)	Keterangan
Financial Literacy	0,84	Valid
Lifestyle	0,89	Valid
Financial Behavior	0,82	Valid
Self-Control	0,91	Valid

Table 3. HTMT Results

	Lifestyle (X2)	Financial Literacy (X1)	Financial Behavior (Y)	Self-Control (Z)
Lifestyle (X2)				
Financial Literacy (X1)	0.169			
Financial Behavior (Y)	0.344	0.877		
Self-Control (Z)	0.869	0.289	0.351	

3.2 Inner Model Test

An R-Square value of 0.845 (Adjusted R-Square = 0.837) indicates that variations in financial behavior can be explained by financial literacy, lifestyle, and self-control as moderating variables by 84.5%, categorizing the model as strong (Juliandi, 2018). F-Square test results show that the effect of financial literacy on financial behavior has a high effect (F-Square = 1.484), while the effect of lifestyle has a small effect (F-Square = 0.098).

3.3 Hypothesis Testing

Table 4. Direct Effect Hypothesis Test Results

	O	M	STDEV	T statistics	P values
(X1) -> (Y)	0.626	0.630	0.069	9.130	0.000
(X2) -> (Y)	0.248	0.253	0.117	2.116	0.034

The H1 hypothesis test shows a path coefficient of 0.626 with T-statistic 9.130 > 1.96 and P-value 0.000 < 0.05, so H1 is accepted: financial literacy has a positive and significant effect on financial behavior. This result is consistent with Siregar & Pratiwi, (2024), Tambuwun et al., (2024), and Adhari & Haningsih, (2025), who found a significant positive relationship between financial literacy and financial behavior. Individuals with high financial literacy are better able to manage finances wisely in terms of expense management, financial planning, saving, and investment decision-making.

The H2 hypothesis test shows a path coefficient of 0.248 with T-statistic 2.116 > 1.96 and P-value 0.034 < 0.05, so H2 is accepted: lifestyle has a positive and significant effect on financial behavior. This finding is aligned with Siregar & Pratiwi, (2024), Gea et al., (2025), and Nasution & Balatif, (2025) The lifestyle patterns developing among Generation Z influence consumption patterns, spending priorities, and financial management habits in daily life.

Table 5. Moderating Effect Test Results

	O	M	STDEV	T statistics	P values
(Z) x (X1) -> (Y)	-0.238	-0.239	0.051	4.664	0.000
(Z) x (X2) -> (Y)	0.256	0.257	0.056	4.544	0.000

The H3 test shows a moderation coefficient of -0.238 with T-statistic 4.664 > 1.96 and P-value 0.000 < 0.05. Self-control is proven to significantly moderate the effect of financial literacy on financial behavior in a negative direction. This indicates that self-control weakens the direct relationship between financial literacy and financial behavior. This finding implies that for individuals with high self-control, financial knowledge does not necessarily need to be high to produce good financial behavior, as self-control itself is capable of directing behavior. This finding is supported by Lupikawaty et al. (2024), who showed that self-control acts as a moderator that can strengthen or weaken the relationship between financial literacy and saving behavior.

The H4 test shows a moderation coefficient of 0.256 with T-statistic 4.544 > 1.96 and P-value 0.000 < 0.05. Self-control is proven to significantly moderate the effect of lifestyle on financial behavior in a positive direction. This means self-control strengthens the influence of lifestyle on financial behavior. Individuals with a consumerist lifestyle who possess high self-control are increasingly able to channel consumption impulses into more planned and rational financial behavior. This finding is consistent with Manafe et al., (2023) and Ramdan & Supriyono, (2023) who found that self-control plays a role in strengthening the effect of lifestyle on financial management behavior.

4. CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn: First, financial literacy has a positive and significant effect on the financial behavior of Generation Z in Medan City (coefficient 0.626; p=0.000). The higher the level of financial literacy, the better the financial behavior in terms of expense management, financial planning, and saving habits. Second, lifestyle has a positive and significant effect on the financial behavior of Generation Z in Medan City (coefficient 0.248; p=0.034). The evolving lifestyle influences consumption patterns and how Generation Z manages daily finances. Third, self-control moderates the relationship between financial literacy and financial behavior significantly in a negative direction (coefficient -0.238; p=0.000), indicating that self-control weakens the direct effect of financial literacy on financial behavior. Fourth, self-control moderates the relationship between lifestyle and financial behavior significantly in a positive direction (coefficient 0.256; p=0.000), indicating that self-control strengthens the effect of lifestyle on financial behavior. The implications of this study emphasize the need for programs to improve financial literacy and strengthen self-control capabilities in Generation Z, especially amid the rapid development of the digital economy and consumerist lifestyles. Future research is recommended to expand the geographical scope and include additional variables such as income level, financial inclusion, and the influence of financial technology.

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