

# The Effect of Financial Knowledge and Financial Attitudes on Financial Behavior through Financial Literacy

*The Effect of Financial Knowledge and Financial Attitudes*

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## ABSTRACT

The rapid development of digital technology in the era of Industrial Revolution 4.0 has transformed lifestyles, particularly among Generation Z, who tend to exhibit more consumptive behavior and face challenges in managing personal finances. This condition highlights the importance of understanding the factors that influence students' financial behavior as part of the productive-age population. This study aims to examine the effects of financial knowledge and financial attitudes on financial behavior, with financial literacy serving as a mediating variable among Generation Z students at Universitas Brawijaya. This study adopts a quantitative approach using a survey method involving 375 undergraduate and postgraduate students. Data were collected through a Likert-scale questionnaire and analyzed using SEM-PLS. The results indicate that financial knowledge and financial literacy have a significant effect on financial behavior, whereas financial attitudes do not have a significant direct effect. However, financial literacy is found to play a significant mediating role, indicating that financial knowledge and financial attitudes indirectly influence financial behavior through financial literacy. The study concludes that enhancing financial literacy is a key factor in shaping healthy financial behavior among Generation Z students and should be prioritized within higher education to support students' long-term financial well-being.

**Keywords:** Financial Attitude, Financial Behavior, Financial Knowledge, Financial Literacy, Generation Z.

## ABSTRAK

Pesatnya perkembangan teknologi digital di era Revolusi Industri 4.0 telah mengubah gaya hidup masyarakat, khususnya Generasi Z yang cenderung menunjukkan perilaku konsumtif dan menghadapi tantangan dalam mengelola keuangan pribadi. Kondisi ini mempertegas pentingnya pemahaman terhadap faktor-faktor yang memengaruhi perilaku keuangan mahasiswa sebagai bagian dari penduduk usia produktif. Penelitian ini bertujuan untuk menguji pengaruh pengetahuan keuangan dan sikap keuangan terhadap perilaku keuangan, dengan literasi keuangan sebagai variabel mediasi pada mahasiswa Generasi Z di Universitas Brawijaya. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei yang melibatkan 375 mahasiswa sarjana dan pascasarjana. Data dikumpulkan melalui kuesioner skala Likert dan dianalisis menggunakan metode Structural Equation Modeling-Partial Least Squares (SEM-PLS). Hasil penelitian menunjukkan bahwa pengetahuan keuangan dan literasi keuangan berpengaruh signifikan terhadap perilaku keuangan, sedangkan sikap keuangan tidak memiliki pengaruh langsung yang signifikan. Namun, literasi keuangan terbukti memainkan peran mediasi yang signifikan, yang mengindikasikan bahwa pengetahuan keuangan dan sikap keuangan secara tidak langsung memengaruhi perilaku keuangan melalui literasi keuangan. Penelitian ini menyimpulkan bahwa peningkatan literasi keuangan merupakan faktor kunci dalam membentuk perilaku

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**Kata kunci:** *Generasi Z, Literasi Keuangan, Pengetahuan Keuangan, Perilaku Keuangan, Sikap Keuangan.*

## INTRODUCTION

Technology has developed rapidly in the era of Industrial Revolution 4.0, making digitalization an inseparable part of everyday life. This era encourages an increasingly digital lifestyle, which tends to foster more consumptive behavior and makes individuals less able to control their spending, as they often adopt short-term thinking without considering long-term financial goals (Wahyuni & Setiawati, 2022). Digitalization facilitates the fulfillment of daily needs, particularly among Generation Z, who are highly internet-literate. This dependence on the internet may trigger consumptive behavior that weakens personal financial control (Akbar & Armasyah, 2023).

Data from the IDN Research Institute (2024) indicate that 56% of Generation Z workers in Indonesia earn less than IDR 2.5 million per month, while 26% earn between IDR 2.5 million and IDR 5 million, meaning that a substantial proportion earn below the national average income of IDR 2.01 million. On average, Indonesian Generation Z spends approximately IDR 1.39 million per month, with around half allocated to food and beverages and 12.5% to cigarette consumption, indicating that income is primarily used to meet basic needs. Poor financial behavior may lead to feelings of insecurity and financial anxiety, as well as mistakes such as overspending and late bill payments (Strömbäck et al., 2017). In contrast, allocating income toward savings and investments can create a sense of financial security, as routine and emergency needs become easier to manage (Ipsos Indonesia, 2024). The financial services authority reports that Indonesian Generation Z still lacks literacy related to concepts such as interest rates and the time value of money, despite having relatively strong basic numeracy skills. Therefore, financial literacy is essential for promoting prudent use of financial products and services and enhancing consumer protection awareness (OECD, 2023).

The Faculty of Economics and Business (FEB), Universitas Brawijaya, had a total of 5,973 undergraduate and postgraduate students in 2024, according to the Directorate of Academic Administration and Services, comprising 5,448 undergraduates and 525 postgraduates. This demographic profile, dominated by individuals of productive age, represents a demographic bonus for FEB Universitas Brawijaya. Generation Z is characterized by several positive traits, including creativity, technological and internet proficiency, multitasking abilities, strong curiosity, critical thinking, and extensive social networks.

According to Rahman (2021), financial behavior encompasses human actions related to money management, such as saving, spending, budgeting, investments, cash flow management, and credit use. Similarly, Moko (2022) defines financial behavior as how individuals respond to financial decisions based on available information, including planning, budgeting, spending, and evaluating money use. Cognitive and emotional factors further shape financial behavior by influencing judgment and decision-making. Goyal et al. (2022) highlight that cognitive factors include financial knowledge, which is the ability to calculate, reason, and apply analytical skills in financial decision-making. Financial knowledge also involves developing financial thinking skills and tools, enabling individuals to make effective decisions and manage financial challenges, making it a key factor affecting financial behavior.

In addition to cognitive factors, emotional factors are represented by financial attitudes. Goyal et al. (2021) state that financial attitudes emerge when individuals analyze a problem and evaluate their agreement or disagreement with a particular financial decision. Financial attitudes are shaped by experiences, environmental

influences, and individual perceptions. Therefore, they also play a role in influencing financial behavior.

Despite extensive research, empirical findings on the effects of financial knowledge and financial attitudes on financial behavior remain inconclusive. Studies by Adinda et al. (2023), Abdallah et al. (2025), and Qur'ani and Zulkifli (2025) report a significant effect of financial knowledge on financial behavior, whereas Morris et al. (2022) find no significant effect. Similarly, financial attitudes are found to have a significant influence in studies by Rani et al. (2022) and Sangeeta et al. (2022), but are reported as insignificant by Navilla et al. (2025). Due to these inconsistencies, this study introduces financial literacy as a mediating variable to examine its indirect effect on financial behavior. Based on the identified background and research gaps, this study aims to investigate whether financial knowledge and financial attitudes influence the financial behavior of 375 Generation Z students (undergraduate and postgraduate) at Universitas Brawijaya, particularly by examining the mediating role of financial literacy.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **The Effect on Financial Behavior**

Financial knowledge, according to Mundy and Musoke (2011) and Adinda et al. (2023), refers to an individual's understanding of financial concepts that support sound decision-making and risk mitigation, including personal financial management, credit and debt handling, saving, investing, and managing financial risks. Muñoz-Murillo et al. (2020) emphasize that stronger financial knowledge leads to better financial behavior, as individuals are more capable of managing resources wisely and making productive decisions. Likewise, Pongoliu (2023) and Abdallah et al. (2025) argue that adequate financial knowledge enables efficient financial management, informed investment choices, and a savings-oriented mindset.

According to Moko et al. (2022), financial attitude refers to an individual's mindset and evaluation of money, reflected in disciplined and responsible financial decision-making. It includes self-confidence and self-control in practices such as saving, budgeting, managing risk, and remaining patient during financial difficulties. Sangeeta et al. (2022) emphasize that financial attitudes significantly influence financial behavior, as emotional stability and budgeting discipline lead to better decisions. Likewise, Setiawan et al. (2020) and Rani et al. (2022) find that financial confidence helps individuals manage financial stress effectively. A positive financial attitude characterized by discipline and optimism encourages future-oriented behaviors such as investing, saving, and using insurance, which ultimately leads to better financial behavior (Sashikala & Chitramani, 2017; Qur'ani & Zulkifli, 2025).

According to Zhao and Zhang (2021), financial literacy refers to an individual's ability to understand and manage personal finances confidently through sound decision-making and planning while considering economic changes and life events. Rapina (2023) states that financial literacy significantly influences financial behavior, as individuals with higher literacy are more capable of making appropriate decisions and developing effective long-term budgeting strategies. Likewise, Seraj et al. (2022) find that stronger financial understanding promotes wiser use of financial resources. Therefore, financial literacy is a crucial factor in effective financial decision-making and in reducing the risk of financial mistakes.

H1: Financial knowledge has a significant effect on financial behavior.

H2: Financial attitude has a significant effect on financial behavior.

H3: Financial literacy has a significant effect on financial behavior.

### **The Effect of Financial Knowledge and Financial Attitude on Financial Literacy**

Financial knowledge equips individuals with the skills to manage finances responsibly, enabling them to optimize available resources to achieve effective, efficient financial outcomes (Qur'ani & Zulkifli, 2025). When a person has adequate financial knowledge,

they understand available financial products and services, which empowers them to engage in financial transactions with greater confidence. In this way, financial knowledge can facilitate and enhance a person's financial literacy (Meida & Kartini, 2023; Ali et al., 2024). In line with this perspective, Mahapatra et al. (2019) and Gabay et al. (2024) show that individuals often first acquire financial information from their parents before they begin spending their own money. Parents typically provide financial guidance to ensure their children develop sufficient literacy, such as seeking information before purchases and managing personal finances, which ultimately helps them make wiser financial choices. Therefore, financial knowledge gained through parental support can encourage and strengthen an individual's financial literacy.

A person's attitude is shaped by situations involving risk, ambiguity, and many alternatives, making financial literacy crucial in this process. When individuals can assess risks based on reliable information, they become wiser and calmer in their decision-making and better at turning problems into appropriate solutions. This indicates that individuals act responsibly when they possess the necessary skills to process information to solve financial problems (Raut, 2020). In line with this, Coskun and Dalziel (2020) and Setyoningrum (2020) show that someone with a positive attitude toward using money will enhance their financial skills compared to someone with a negative attitude. Consequently, a responsible and calm attitude supports effective financial planning, protection of money, and other essential financial activities.

H4: Financial knowledge has a significant effect on financial literacy.

H5: Financial attitude has a significant effect on financial literacy.

#### **Financial Literacy as a Mediating Variable**

Qamar et al. (2023) explain that financial knowledge plays a crucial role in making sound financial decisions, as financial behavior largely depends on financial literacy as an indicator of analytical capacity in solving financial problems. Financial literacy enables individuals to evaluate risks, compare financial alternatives, and make informed choices regarding saving, investing, borrowing, and spending. Individuals with high financial intelligence tend to actively seek new information, update their knowledge, and adapt to changes in the financial environment, allowing them to select the most beneficial and sustainable financial actions. In line with this view, Mudhofar et al. (2024) state that adequate financial knowledge helps reduce poor financial behavior, such as excessive consumption, impulsive borrowing, and weak financial planning. Therefore, financial literacy should be introduced early through both formal and informal education to build a strong cognitive foundation for rational and prudent financial decision-making.

However, financial knowledge alone does not automatically translate into responsible financial behavior without the support of appropriate attitudes and values. Rachmawati and Nuraya (2020) argue that a positive financial attitude alone is insufficient without adequate literacy, since the ability to analyze financial information underlies responsible attitudes and behavior. This suggests that financial literacy functions as a fundamental mechanism that strengthens and directs individual attitudes toward constructive financial practices. Furthermore, Mariani et al. (2024) emphasize that a positive financial attitude can enhance financial literacy through greater motivation to learn and engage with financial information, which ultimately shapes more disciplined and responsible financial behavior. Together, these perspectives highlight the interconnected relationship between financial knowledge, attitudes, and behavior in achieving long-term financial well-being.

H6: Financial literacy mediates the relationship between financial knowledge and financial behavior.

H7: Financial literacy mediates the relationship between financial attitude and financial behavior.

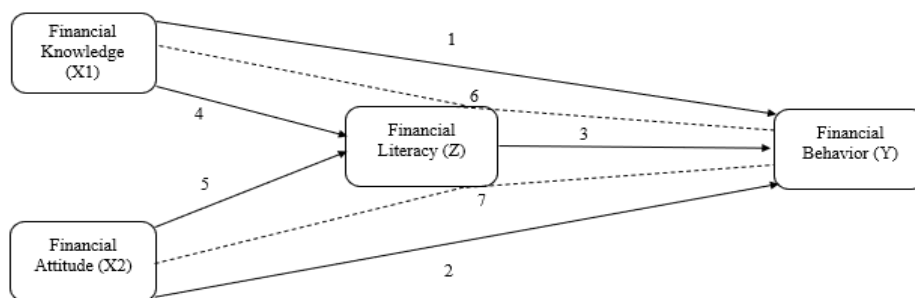


Figure 1. Research Framework

Based on Figure 1, the author developed a model that illustrates the direct influence of financial knowledge and attitudes on financial behavior. This model also illustrates how financial knowledge and attitudes indirectly influence financial behavior through financial literacy.

## RESEARCH METHODS

This study employed a quantitative research design, which attempts to transform data into measurable numerical values that can be statistically analyzed (Hair et al., 2018). The quantitative approach was deemed appropriate due to its ability to produce objective and quantifiable results, allowing for statistical examination of relationships among research variables. By using this design, the study systematically collected and processed numerical data to test hypotheses and evaluate model constructs.

The population of interest in this research consisted of Generation Z students at the Faculty of Economics and Business, Universitas Brawijaya, Malang. According to Universitas Brawijaya data in 2024, the total student population in this faculty was 5,973 students, comprising 5,448 undergraduate students and 525 postgraduate students. Because the population was finite, the sample size was calculated using the Slovin formula with a 5% margin of error, which resulted in 375 respondents. Subsequently, the sample was drawn through proportional stratified random sampling, ensuring that the sample accurately reflected the composition of the population. This stratification produced 342 undergraduate respondents and 33 postgraduate respondents.

For data collection, this study relied on primary data obtained through the distribution of a questionnaire. The questionnaire served as the main instrument for gathering information on research variables from the selected Generation Z students. To facilitate efficient and widespread data collection, the questionnaire was administered online using Google Forms, where respondents completed a series of structured written questions. The use of an online questionnaire enabled standardized data collection and streamlined the process of compiling numerical responses.

After data collection, quantitative analysis techniques were applied to transform raw responses into measurable and interpretable results, enabling statistical testing and hypothesis evaluation. This study employed Structural Equation Modeling (SEM) as the primary analytical approach due to its ability to simultaneously assess complex relationships among observed and latent variables. Data analysis was conducted using SmartPLS software. The measurement model (outer model) was evaluated through outer loadings and average outer loadings to assess convergent validity, Average Variance Extracted (AVE), and cross loadings to examine discriminant validity, while reliability was tested using Cronbach's Alpha (CA) and Composite Reliability (CR). The structural model (inner model) was assessed using the  $R^2$  value to determine the explanatory power of the independent variables on the dependent variables.

## RESULTS

Researchers assessed factor loadings and the Average Variance Extracted (AVE) to test for convergent validity, where indicators were considered valid if they had outer loadings above 0.70 (Hair et al., 2024) and AVE values exceeding 0.50, as evidence that

the construct measured the relevant latent variables. After all outer loading values were calculated, several items with values below 0.70 were removed, and the PLS test was performed again, resulting in a total of 48 valid items that met the criteria.

**Table 1.** Convergent Validity After Improvement

Variable	Item	Indicator	Outer Loading	Avg. Outer Loading	AVE	Description
Financial Knowledge (X1)	X1.1.1	General	0.716	0.813	0.720	Valid
	X1.1.2	Knowledge (X1.1)	0.848			
	X1.1.3		0.875			
	X1.2.2	Savings and Loans (X1.2)	0.818	0.800		
	X1.2.3		0.786			
	X1.2.4		0.797			
	X1.3.1	Insurance (X1.3)	0.893	0.884		
	X1.3.2		0.875			
	X1.4.1	Investment (X1.4)	0.899	0.889		
	X1.4.2		0.875			
	X1.4.3		0.892			
	X1.4.4		0.890			
Financial Attitude (X2)	X2.1.1	Obsession (X2.1)	0.774	0.818	0.708	Valid
	X2.1.2		0.839			
	X2.1.3		0.842			
	X2.2.1	Power (X2.2)	0.858	0.851		
	X2.2.2		0.845			
	X2.3.1	Effort (X2.3)	0.847	0.847		
	X2.4.1	Inadequacy (X2.4)	0.753	0.825		
	X2.4.2		0.898			
	X2.5.1	Maintenance (X2.5)	0.859	0.873		
X2.5.2	0.888					
Financial Literacy (Z)	Z1.1.1	Financial	0.854	0.856	0.771	Valid
	Z1.1.2	Management (Z1.1)	0.867			
	Z1.1.3		0.847			
	Z1.2.1	Credit Management (Z1.2)	0.826	0.879		
	Z1.2.2		0.902			
	Z1.2.3		0.910			
	Z1.3.1	Savings and Investment Management (Z1.3)	0.880	0.886		
	Z1.3.2		0.904			
	Z1.3.3	0.876				
	Z1.4.1	Risk Management (Z1.4)	0.883	0.892		
Z1.4.2	0.902					
Financial Behavior (Y)	Y1.1.1	Financial Planning (Y1.1)	0.873	0.867	0.762	Valid
	Y1.1.2		0.868			
	Y1.1.3		0.861			
	Y1.2.1	Regular Saving (Y1.2)	0.856	0.886		
	Y1.2.2		0.909			
	Y1.2.3		0.895			
	Y1.3.2	Retirement and Unexpected Expenses (Y1.3)	0.710	0.810		
	Y1.3.3		0.910			
	Y1.4.1	Investment and Debit/Credit Activities (Y1.4)	0.901	0.882		
	Y1.4.2		0.859			
	Y1.4.3		0.888			
	Y1.5.1	Financial Planning Evaluation (Y1.5)	0.890	0.886		
	Y1.5.2		0.888			
Y1.5.3	0.880					

Based on Table 1, all indicators are declared valid because the outer loading values are above 0.70, and all constructs also meet the convergent validity requirements because the AVE values of each variable exceed 0.50, thus being able to measure the relevant latent variables. To assess discriminant validity, cross-loading values are examined; an indicator

is deemed valid when its cross-loading value for the variable measures is significantly higher than its cross-loading values for the other variables (Hair et al., 2024).

Table 2. Cross Loading

Item	Financial Knowledge (X1)	Financial Attitude (X2)	Financial Literacy (Z)	Financial Behavior (Y)
X1.1.1	0.716	0.244	0.327	0.327
X1.1.2	0.848	0.330	0.449	0.461
X1.1.3	0.875	0.342	0.497	0.508
X1.2.2	0.818	0.325	0.416	0.400
X1.2.3	0.786	0.242	0.268	0.331
X1.2.4	0.797	0.266	0.313	0.345
X1.3.1	0.893	0.295	0.429	0.457
X1.3.2	0.875	0.285	0.414	0.448
X1.4.1	0.899	0.346	0.449	0.471
X1.4.2	0.875	0.304	0.475	0.493
X1.4.3	0.892	0.282	0.426	0.464
X1.4.4	0.890	0.327	0.467	0.513
X2.1.1	0.314	0.774	0.263	0.199
X2.1.2	0.282	0.839	0.311	0.255
X2.1.3	0.361	0.842	0.373	0.328
X2.2.1	0.284	0.858	0.320	0.216
X2.2.2	0.280	0.845	0.362	0.210
X2.3.1	0.330	0.847	0.316	0.227
X2.4.1	0.200	0.753	0.230	0.112
X2.4.2	0.347	0.898	0.386	0.261
X2.5.1	0.254	0.859	0.346	0.211
X2.5.2	0.299	0.888	0.339	0.225
Z1.1.1	0.427	0.337	0.854	0.603
Z1.1.2	0.420	0.316	0.867	0.612
Z1.1.3	0.451	0.378	0.847	0.633
Z1.2.1	0.390	0.288	0.826	0.544
Z1.2.2	0.471	0.354	0.902	0.597
Z1.2.3	0.464	0.339	0.910	0.589
Z1.3.1	0.410	0.341	0.880	0.582
Z1.3.2	0.465	0.323	0.904	0.613
Z1.3.3	0.425	0.352	0.876	0.586
Z1.4.1	0.400	0.365	0.883	0.571
Z1.4.2	0.430	0.385	0.902	0.615
Y1.1.1	0.448	0.255	0.608	0.873
Y1.1.2	0.450	0.293	0.628	0.868
Y1.1.3	0.458	0.261	0.595	0.861
Y1.1.4	0.490	0.316	0.617	0.887
Y1.2.1	0.426	0.226	0.589	0.856
Y1.2.2	0.461	0.235	0.644	0.909
Y1.2.3	0.515	0.246	0.655	0.895
Y1.3.2	0.372	0.149	0.438	0.710
Y1.3.3	0.477	0.258	0.603	0.910
Y1.4.1	0.474	0.247	0.602	0.901
Y1.4.2	0.460	0.219	0.566	0.859
Y1.4.3	0.430	0.263	0.566	0.888
Y1.5.1	0.450	0.216	0.589	0.890
Y1.5.2	0.431	0.216	0.566	0.888
Y1.5.3	0.456	0.169	0.586	0.880

Based on the data in Table 2, all indicators were found to be valid and possess discriminant validity because their cross-loading values were consistently higher on their corresponding variable than on other variables. Reliability testing checks for consistent measurements across different times; an instrument is reliable if its composite reliability and Cronbach's alpha values are greater than or equal to 0.70 (Hair et al., 2024), as shown in the following table.

Table 3. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Financial Knowledge (X1)	0.964	0.969
Financial Attitude (X2)	0.954	0.960
Financial Literacy (Z)	0.970	0.974
Financial Behavior (Y)	0.977	0.980

Table 3 shows that all variables in this study have very high values of Cronbach's alpha and composite reliability. Financial knowledge (X1) has a Cronbach's alpha of 0.964 and composite reliability of 0.969, financial attitude (X2) has a Cronbach's alpha of 0.954 and composite reliability of 0.960, financial literacy (Z) shows a Cronbach's alpha of 0.970 and composite reliability of 0.974, while financial behavior (Y) has the highest values with a Cronbach's alpha of 0.977 and composite reliability of 0.980. These values indicate that the measurement instruments used in this study demonstrate excellent internal consistency and are reliable for measuring each respective variable. Overall, the results of this reliability test suggest that all constructs in the research model are suitable for further analysis.

The R-Square value measures the degree of influence the independent variables have on the dependent variables (Hair et al., 2024). Categorize model strength using thresholds (greater than or equal to 0.75 = strong, greater than or equal to 0.50 = moderate, greater than or equal to 0.25 = weak), and the result for this study is presented in Table 4.

Table 4. R-Square (R<sup>2</sup>)

Variable	R-Square Value
Financial Literacy (Z)	0.297
Financial Behavior (Y)	0.508

From Table 4, the financial literacy R-Square of 0.297 suggests a weak model, as financial knowledge and attitudes explain 29.7% of its variance, leaving 70.3% to external influences. The financial behavior R-Square of 0.508 indicates a moderate model, with the three predictor variables jointly explaining 50.8% of financial behavior and 49.2% of the variance attributable to factors outside the model.

Table 5. Hypothesis Testing

Construct Relationship	Original Sample	t-statistic	p-value	Conclusion
Financial Knowledge (X1) → Financial Behavior (Y)	0.254	5.089	0.000	Accepted
Financial Attitude (X2) → Financial Behavior (Y)	-0.039	0.848	0.397	Not Accepted
Financial Literacy (Z) → Financial Behavior (Y)	0.569	11.437	0.000	Accepted
Financial Knowledge (X1) → Financial Literacy (Z)	0.405	7.769	0.000	Accepted
Financial Attitude (X2) → Financial Literacy (Z)	0.248	4.557	0.000	Accepted
Financial Knowledge (X1) → Financial Literacy (Z) → Financial Behavior (Y)	0.230	6.085	0.000	Accepted (Partial Mediation)
Financial Attitude (X2) → Financial Literacy (Z) → Financial Behavior (Y)	0.141	4.122	0.000	Accepted (Full Mediation)

Table 5 presents the results of hypothesis testing for the relationships among the study variables. The findings indicate that financial knowledge (X1) has a significant positive direct effect on financial behavior (Y), with an original sample estimate of 0.254, a t-statistic of 5.089, and a p-value of 0.000, leading to acceptance of the hypothesis. In contrast, financial attitude (X2) does not have a significant direct effect on financial behavior, as reflected by a negative original sample value of -0.039, a t-statistic of 0.848, and a p-value of 0.397; therefore, this direct relationship is not supported.

The results also show that financial literacy ( $Z$ ) has a strong positive influence on financial behavior ( $Y$ ), with an estimate of 0.569, a  $t$ -statistic of 11.437, and a  $p$ -value of 0.000, indicating a significant accepted relationship. Additionally, both financial knowledge and financial attitude are found to significantly predict financial literacy. Financial knowledge ( $X1$ ) has an original sample estimate of 0.405 ( $t = 7.769$ ,  $p = 0.000$ ), and financial attitude ( $X2$ ) has an estimate of 0.248 ( $t = 4.557$ ,  $p = 0.000$ ), leading to acceptance of these hypotheses.

Regarding mediation effects, the indirect effect of financial knowledge on financial behavior through financial literacy is significant (estimate = 0.230,  $t = 6.085$ ,  $p = 0.000$ ), indicating that financial literacy partially mediates this relationship. Similarly, the indirect effect of financial attitude on financial behavior via financial literacy is also significant (estimate = 0.141,  $t = 4.122$ ,  $p = 0.000$ ); in this case, financial literacy fully mediates the effect of financial attitude on financial behavior since the direct effect of financial attitude on financial behavior was not significant.

## **DISCUSSION**

The findings indicate that financial knowledge positively influences financial behavior among Generation Z students at the Faculty of Economics and Business, Universitas Brawijaya. Students with stronger financial understanding are more likely to save, plan expenses, and make prudent decisions, particularly those from accounting and management majors. This result supports Human Behavior Theory, which argues that knowledge formed through experience and interaction shapes behavior (Uher, 2016). Previous studies by Saurabh and Nandan (2018), Adinda et al. (2023), Abdallah et al. (2025), and Qur'ani and Zulkifli (2025) confirm this relationship. Adequate financial knowledge promotes rational decision-making, organized budgeting, saving habits, spending control, and responsible financial management.

The study finds that financial attitudes do not have a significant direct effect on students' financial behavior. The findings indicate that external factors, such as social media exposure, Fear of Missing Out (FOMO), and self-reward habits, strongly influence students' financial decisions. Thus, cautious attitudes alone are insufficient to guide behavior consistently. These results support the view that Generation Z's financial behavior is shaped by interactions between internal attitudes and external social and digital environments. Handayani and Handayani (2022), Syaliha et al. (2022), and Navilla et al. (2025) similarly report that financial attitudes are often unstable, considered less important, and easily influenced by short-term desires and situational factors. Limited practical financial education and misleading social media content further weaken disciplined attitudes, leading to impulsive spending, indicating that financial attitudes are not the primary determinant of behavior.

The findings also show that financial literacy significantly shapes financial behavior in Generation Z students. Those with higher financial literacy, especially in risk understanding and management, demonstrate more disciplined saving, careful financial planning, and controlled financial decision-making. The students' educational backgrounds further enhance their ability to identify risks, analyze alternatives, and manage potential losses. This is supported by Seraj et al. (2022), Rapina (2023), and Aryan et al. (2024), who note that financially literate individuals prepare future budgets, make careful choices regarding financial products, and evaluate options with confidence. Therefore, financial literacy equips students with the confidence and skills needed for sensible financial behavior, including saving, investing, and expense control.

Additionally, the study showed that financial knowledge contributes to higher financial literacy. Students with deep financial understanding more effectively develop literacy skills that help them apply financial theory in practical contexts such as asset analysis and risk management. This confirms that financial knowledge is foundational to building strong financial literacy, ultimately supporting responsible financial decisions (Aswar et al., 2024). Similar conclusions are reported by Gabay et al. (2024) and Ali et al. (2024), highlighting that foundational financial knowledge empowers individuals to seek

information, control money, minimize losses, and engage more confidently with financial markets.

The study shows that students' financial attitudes are positively related to financial literacy. Students with constructive attitudes tend to demonstrate higher literacy, improving their ability to assess risk and make planned decisions. Setyoningrum and Nindita (2020) and Andita (2024) state that positive attitudes foster deeper literacy, including risk identification and budgeting skills. Raut (2020) and Ali et al. (2024) further highlight that positive risk assessment strengthens information processing, skill development, and experience, supporting sound financial management. Moreover, financial literacy partially mediates the relationship between financial knowledge and behavior, and fully mediates the link between financial attitudes and behavior. This finding aligns with the theory of planned behavior by Rachmawati and Nuraya (2020) and is supported by Edberg (2020) and Mariani et al. (2024).

## **CONCLUSION**

Financial knowledge and financial literacy significantly influence the financial behavior of Universitas Brawijaya Gen Z students, investment knowledge drives positive behaviors, and literacy boosts risk management, enabling financial attitudes to significantly impact behavior when literacy levels are sufficient. From a practical perspective, the research results highlight the urgency of developing financial education and training programs by universities and other stakeholders in order to improve financial literacy among the younger generation. This need is even more important in today's digital age, where easy access to various financial services carries significant risks, making the ability to understand and manage finances effectively essential.

Further research is recommended to expand the sample to include students from other faculties and different generations, and to consider additional variables such as financial well-being, income level, self-control, and use of digital financial services, to provide a more comprehensive understanding of the factors that influence financial behavior. These variables can provide a more comprehensive understanding of the factors influencing financial behavior, enabling financial education programs to be designed more effectively and aligned with students' current needs. This study also has limitations, mainly due to the use of online questionnaires that produce quantitative data, which cannot explore a deep understanding of the process of financial behavior formation. Therefore, a mixed or qualitative approach is recommended to provide more comprehensive insights in future studies.

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