

Locus of Control and Its Influence on Generation Z's Financial Management in Malang

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ABSTRACT

This research investigates the effects of financial attitude, income, and financial knowledge on personal financial management (PFM) among Generation Z in Malang City, incorporating locus of control as a mediating factor. Utilizing a quantitative method, the study collected data from 325 Generation Z respondents through a survey and employed Structural Equation Modeling with Partial Least Squares (SEM-PLS) using SmartPLS software for analysis. The findings indicate that financial knowledge significantly and positively influences PFM, both directly and indirectly through the mediation of locus of control. In contrast, financial attitude does not exert a direct influence on PFM, though it significantly impacts locus of control. Income is found to have no significant effect on PFM, either directly or indirectly. These results underscore the importance of financial literacy and an individual's internal belief in managing financial outcomes as key drivers of effective financial behavior among Generation Z. The study offers theoretical contributions by advancing the Theory of Planned Behavior and provides practical insights for educational and financial institutions to improve financial knowledge and strengthen internal control perceptions. Enhancing these elements may support Generation Z in achieving stronger financial security and long-term economic well-being.

Keywords: Financial Attitude, Financial Knowledge, Gen Z, Income, Locus of Control, Personal Financial Management.

ABSTRAK

Penelitian ini mengkaji pengaruh sikap keuangan, pendapatan, dan pengetahuan keuangan terhadap pengelolaan keuangan pribadi (PFM) di kalangan Generasi Z di Kota Malang, dengan memasukkan locus of control sebagai faktor mediasi. Dengan menggunakan metode kuantitatif, penelitian ini mengumpulkan data dari 325 responden Generasi Z melalui survei dan menggunakan Structural Equation Modeling with Partial Least Squares (SEM-PLS) menggunakan perangkat lunak SmartPLS untuk analisis. Temuan penelitian menunjukkan bahwa pengetahuan keuangan secara signifikan dan positif memengaruhi PFM, baik secara langsung maupun tidak langsung melalui mediasi locus of control. Sebaliknya, sikap keuangan tidak memberikan pengaruh langsung terhadap PFM, meskipun secara signifikan memengaruhi locus of control. Pendapatan ditemukan tidak memiliki pengaruh signifikan terhadap PFM, baik secara langsung maupun tidak langsung. Hasil ini menggarisbawahi pentingnya literasi keuangan dan keyakinan internal individu dalam mengelola hasil keuangan sebagai pendorong utama perilaku keuangan yang efektif di kalangan Generasi Z. Penelitian ini menawarkan kontribusi teoritis dengan memajukan Theory of Planned Behavior dan memberikan wawasan praktis bagi lembaga pendidikan dan keuangan untuk meningkatkan pengetahuan keuangan dan memperkuat persepsi pengendalian internal.

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INTRODUCTION

Generation Z, encompassing individuals born between 1997 and 2012, is currently navigating adulthood amid a period of considerable economic uncertainty. This generation is confronted with various financial pressures stemming from rising living expenses, escalating education costs, and shifts in the employment landscape (Lee et al., 2020). Their financial struggles are further compounded by the long-term repercussions of the 2008 global financial crisis and the disruptions caused by the COVID-19 pandemic (Graupensperger et al., 2023). These economic conditions have intensified financial stress among Generation Z and are associated with growing concerns about mental health (Pearcey et al., 2023). Despite placing strong value on income and careers, Generation Z often faces difficulties in managing personal finances due to their fast-paced lifestyle and limited financial management skills (Ardyansyah & Indrawati, 2024). Low levels of financial literacy continue to be a significant issue, potentially hindering their ability to effectively manage financial responsibilities (Purwanto, 2024). Additionally, their reliance on digital financial services, such as mobile payment systems and real-time account access, though convenient, may also encourage impulsive spending behavior (Cahyani, 2022). Therefore, strong personal financial management (PFM) is essential for Generation Z to achieve financial goals, mitigate economic risks, and contribute positively to society. As such, the mastery of PFM plays a vital role in promoting both financial security and individual well-being (Ardyansyah & Indrawati, 2024).

Financial management behavior represents an individual's capacity to manage finances efficiently, which is essential for the financial well-being of Generation Z (Liong & Ling, 2025). Good financial practices lead to positive outcomes, while poor habits can cause short- and long-term issues (Chaniago & Suwaidi, 2024). Key influencing factors include financial literacy, attitude, income, and locus of control. Locus of control, defined as the belief in one's ability to influence financial outcomes, plays a crucial role. Generation Z with a strong internal locus of control are more proactive in managing finances, while those with an external locus tend to rely on external factors. As a mediating variable, locus of control can strengthen or weaken the impact of financial attitude, income, and knowledge on behavior. When combined with financial literacy, a strong internal locus helps Generation Z avoid debt and achieve financial stability.

Prior studies focusing on Generation Z, particularly students at state universities in Malang City, have revealed that while access to technology-based financial services and information offers the potential to support financial independence, it also poses risks by encouraging consumerist tendencies and hedonistic behavior. Although financial literacy enhances students' knowledge of financial management, its influence alone is insufficient to significantly alter these consumption patterns (Arianti, 2024). A preliminary survey involving 50 students from a state university in Malang assessed their personal financial management practices, including planning, recording, reporting, and evaluating finances. The findings showed that 52.5% of respondents had never engaged in financial management activities; 21% did so occasionally; 15.5% managed their finances frequently; and only 11% practiced consistent financial management. These results align with findings from Anindi (2024), who reported that one of the main issues among Generation Z in managing finances is the lack of habit in regularly recording financial transactions. Furthermore, most of their allowance tends to be allocated toward fulfilling short-term, consumption-driven needs.

The proposed conceptual framework enriches the field of behavioral finance by incorporating various determinants of personal financial management behavior within

the structure of the Theory of Planned Behavior (TPB). This research offers valuable insights that highlight its originality and relevance. By extending the TPB framework to the context of Generation Z's consumer behavior, the study demonstrates how the Theory of Planned Behavior, alongside the Theory of Reasoned Action (TRA) and the concept of locus of control, can be utilized to explain individuals' financial decision-making processes. Specifically, this research aims to investigate the influence of financial attitude, income, and financial knowledge on Generation Z's financial management behavior, with locus of control acting as a mediating variable in these relationships.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Determinants of Personal Financial Management

Financial attitude, income, and financial knowledge are critical factors that significantly influence how individuals, particularly Generation Z, manage their personal finances. A positive financial attitude, marked by discipline, future-oriented planning, and self-regulation, enhances one's ability to manage expenditures effectively (Gunawan et al., 2023; Ginting & Gunawan, 2024). Zaen et al. (2024) confirmed that individuals with constructive financial attitudes exhibit more responsible and organized financial behavior. In parallel, income level plays a decisive role by offering greater flexibility in allocating resources for daily needs, savings, and long-term investments (Adiputra et al., 2021; Latif et al., 2025). Anjani and Darto (2023) highlighted that higher income supports more effective long-term financial planning.

Equally important, financial knowledge empowers individuals to make informed decisions regarding budgeting, saving, debt control, and investment management (Marinov, 2023; Rizky et al., 2023). Idris et al. (2013) emphasized that financial literacy significantly improves one's ability to manage personal finances. These relationships become particularly relevant for Generation Z, those born between 1995 and 2012, who are navigating a volatile economic landscape characterized by rising living costs, education expenses, and unstable job markets (Lee et al., 2020; Graupensperger et al., 2023). Their financial struggles are compounded by the effects of past economic crises and increasing mental health stress (Pearcey et al., 2023). Despite valuing income and career success, many Generation Z individuals still lack strong financial habits due to low financial literacy and exposure to impulsive digital spending (Cahyani, 2022; Ardyansyah & Indrawati, 2024; Purwanto, 2024). Given these challenges, improving financial attitude, income stability, and financial knowledge is essential for strengthening Generation Z's personal financial management, enhancing both individual well-being and broader economic resilience.

H1: Financial attitude has a significant effect on personal financial management.

H2: Income has a significant effect on personal financial management.

H3: Financial knowledge has a significant effect on personal financial management.

Financial Attitude, Income, and Financial Knowledge on Locus of Control

Locus of control plays a pivotal role in shaping financial behavior, particularly among Generation Z, individuals born between 1995 and 2012, who are currently facing adulthood under mounting economic pressures. These include rising living costs, increasing education expenses, and shifting employment landscapes (Lee et al., 2020). The residual impact of the 2008 global financial crisis and the COVID-19 pandemic has further exacerbated financial stress and heightened mental health concerns among this cohort (Graupensperger et al., 2023; Pearcey et al., 2023). In this context, income level significantly affects locus of control. Higher income tends to strengthen an individual's perception of financial autonomy, fostering a more internal locus of control (Nair, 2022; Mahendra et al., 2023). Conversely, unstable or limited income may lead individuals to attribute financial outcomes to external factors, reinforcing an external locus of control. Likewise, financial knowledge boosts individuals' confidence in managing finances,

encouraging a belief that their actions directly shape financial outcomes (Kim & Lee, 2021; Dewanti et al., 2022).

Financial attitude also contributes significantly to the development of internal locus of control. Those with disciplined, future-oriented, and responsible financial attitudes tend to take greater ownership of their financial decisions, which supports proactive behavior (Goyal et al., 2023; Santoso et al., 2024). This is particularly important for Generation Z, whose exposure to digital finance and impulsive spending patterns often undermines self-regulation (Cahyani, 2022; Ardyansyah & Indrawati, 2024). Therefore, reinforcing financial attitude, income stability, and financial literacy can collectively enhance internal locus of control, enabling Generation Z to better navigate financial risks and pursue long-term stability (Chaniago & Suwaidi, 2024; Liong & Ling, 2025).

H4: Financial attitude has a significant effect on locus of control.

H5: Income has a significant effect on locus of control.

H6: Financial knowledge has a significant effect on locus of control.

Locus of Control on Personal Financial Management

Locus of control plays a pivotal role in determining how individuals manage their finances. Those with a strong internal locus of control believe that their financial outcomes are the result of their own decisions and actions. This proactive mindset encourages responsible financial behaviors such as budgeting, saving, and planning for the future (Goyal et al., 2023; Santoso, Vilantika et al., 2024). In contrast, individuals with an external locus of control often attribute financial circumstances to luck, fate, or external forces, which can reduce motivation to adopt sound financial practices. This psychological construct becomes increasingly relevant for Generation Z, born between 1995 and 2012, who are transitioning into adulthood amid economic volatility. Rising living costs, soaring education expenses, and unstable job prospects place significant financial pressure on this cohort (Lee et al., 2020). Their financial strain has been intensified by the aftershocks of the 2008 global financial crisis and the COVID-19 pandemic, contributing to elevated stress levels and mental health challenges (Graupensperger et al., 2023; Pearcey et al., 2023; Aryasatya et al., 2024).

Although Generation Z values financial independence and career advancement, their ability to manage money is often hindered by low financial literacy, a fast-paced lifestyle, and the convenience, but risk, of digital payment platforms (Cahyani, 2022; Ardyansyah & Indrawati, 2024; Purwanto, 2024). Research shows that locus of control significantly mediates the relationship between financial knowledge, income, and attitudes toward financial behavior. When Generation Z possesses financial awareness alongside a strong internal locus of control, they are better equipped to avoid impulsive spending, mitigate financial risk, and enhance their long-term financial well-being (Chaniago & Suwaidi, 2024; Liong & Ling, 2025).

H7: Locus of control has a significant effect on personal financial management.

Locus of Control in Generation Z's Financial Management

Generation Z, individuals born between 1995 and 2012, is experiencing adulthood amid a volatile economic environment. This cohort faces numerous financial pressures, including rising living costs, education expenses, and a dynamic job market shaped by the lingering impact of the 2008 global financial crisis and the COVID-19 pandemic (Lee et al., 2020; Graupensperger et al., 2023). These challenges have led to increased financial stress and mental health concerns among Generation Z (Pearcey et al., 2023; Wulandari, 2025). Despite their strong focus on careers and income, many still lack essential financial skills due to limited early financial education, low literacy levels, and high dependency on digital financial platforms that encourage impulsive spending (Cahyani, 2022; Purwanto, 2024).

In navigating this complexity, locus of control serves as a pivotal mediator in shaping personal financial management (PFM). A positive financial attitude, marked by planning, discipline, and self-regulation, enhances an individual's internal locus of control, fostering more structured financial behavior (Chujan et al., 2022; Santoso et al., 2024). Similarly, while higher income provides the capacity to manage finances, its effectiveness is maximized when paired with an internal locus of control, enabling individuals to prioritize long-term goals and resist impulsive consumption (Choi & Heo, 2021; Pamela & Darmawan, 2022).

Meanwhile, financial knowledge strengthens confidence and perceived control over financial outcomes, which is crucial for informed decision-making, debt avoidance, and long-term planning (Agustina & Mardiana, 2020; Mahmutovic, 2022; Ginting & Gunawan, 2024). When financial attitude, income, and literacy are integrated with a strong internal locus of control, Generation Z is better positioned to adopt sustainable financial habits. Within the framework of the Theory of Planned Behavior, locus of control amplifies the predictive power of these variables on PFM, thereby supporting Generation Z's pursuit of financial stability and well-being (Chaniago & Suwaidi, 2024; Liong & Ling, 2025).

H8: Financial attitude has a significant effect on personal financial management through locus of control.

H9: Income has a significant effect on personal financial management through locus of control.

H10: Financial knowledge has a significant effect on personal financial management through locus of control.

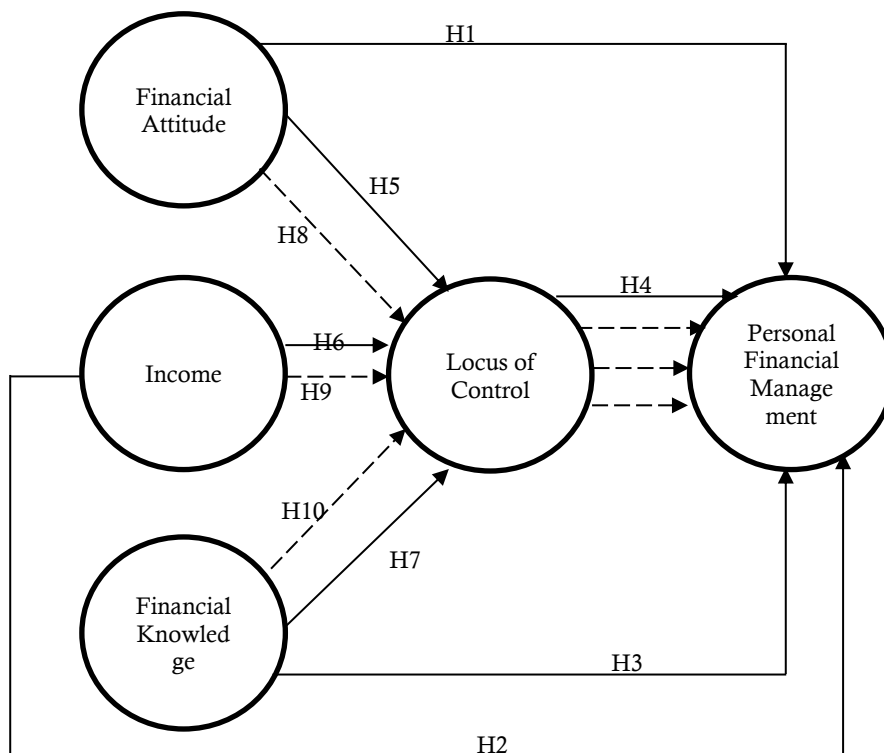


Figure 1. Conceptual Framework

Figure 1 is a conceptual framework that illustrates the relationship between three independent variables, Financial Attitude, Income, and Financial Knowledge, with the dependent variable, Personal Financial Management, which is mediated by the intervening variable Locus of Control. The straight lines indicate the direct relationship

between each independent variable and Personal Financial Management (arrows 1, 2, and 3), while the dotted arrows indicate the indirect relationship or mediation effect through Locus of Control (arrows 5, 6, and 7 to Locus of Control, and arrows 4, 9, and 10 from Locus of Control to Personal Financial Management). This scheme shows that Locus of Control plays an important role in bridging the influence of financial attitudes, income, and financial knowledge on personal financial management behavior. This model adopts a mediation model approach that is commonly used in financial behavior research and supports the Theory of Planned Behavior framework in understanding financial decision making by individuals, especially Generation Z.

RESEARCH METHOD

The type of research used in this research is explanatory research with a quantitative approach. Explanatory research aims to explain the causal relationship between the variables studied, as well as test the hypotheses that have been formulated previously. This approach is also useful in theory development and provides a basis for more accurate, data-driven decision-making. This research was conducted in Malang City, targeting members of Generation Z, defined as individuals born between 1997 and 2012 or those currently aged 12 to 28 years (Sari, 2021). The population consists of all Generation Z individuals residing in Malang City. A purposive sampling technique was employed, wherein participants were selected based on specific criteria relevant to the study. The minimum required sample size was determined using the guideline proposed by Hair et al. (2010), which recommends a sample at least 10 times the number of indicators utilized in the model.

With 29 indicators, the minimum sample size is 290 respondents. Respondents were selected based on three main criteria, namely: (1) domiciled in Malang City, (2) aged 23-28 years, and (3) have their own income from various sources such as salary, rent, or personal business. This study utilizes primary data, which were directly obtained from respondents through the completion of online questionnaires. Primary data were selected as they offer current, relevant information that aligns closely with the research objectives. Data collection was conducted via an online survey using the Google Form platform, providing a practical and efficient method for gathering responses. The questionnaire was disseminated through WhatsApp groups and Twitter accounts such as @MalangRayaInfo, @polinema_campus, @UM_1954, and @mnfs_UB to effectively engage Generation Z participants, considering their high level of social media activity. Data collection occurred between March and May 2025, ensuring relevance to the current economic context. To address ethical considerations, informed consent was obtained, and respondent anonymity was ensured through secure data handling. Data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS) via SmartPLS software, selected for its suitability in testing complex mediation effects. This methodology ensures a comprehensive examination of the relationships among the study variables, supporting robust and reliable findings.

RESULTS

The data displayed is the demographics of respondents or research objects analyzed by researchers. The following presents the results of descriptive statistical analysis obtained from respondents' answers to the statements given.

Table 1. Respondent Characteristics

Model	Characteristics	Number (N)	Percentage (%)
Gender	Man	89	30.68965517
	Woman	201	69.31034483
Age	23 years old	49	16.89655172
	24 years old	98	33.79310345
	25 years old	27	9.310344828
	26 years old	29	10
	27 years old	55	18.96551724
	28 years old	32	11.03448276
Domicile	Sukun	43	14.82758621
	Kedungkandang	34	11.72413793
	Blimbing	40	13.79310345
	Klojen	29	10
	Lowokwaru	144	49.65517241
Education	High School/Equivalent	41	14.13793103
	Diploma	65	22.4137931
	Bachelor degree	165	56.89655172
	Master Degree	19	6.551724138
Work	Private employees	146	50.34482759
	Government employees	61	21.03448276
	Content Creator	38	13.10344828
	Businessman	45	15.50310345
Income	< Rp.2.000.000	51	15.69230769
	Rp.2.000.000 - Rp.4.000.000	202	62.15384615
	Rp.4.000.000 - Rp.10.000.000	61	18.76923077
	> Rp.10.000.000	11	3.384615385

Table 1 explains that based on gender distribution, 89 respondents (30.69%) were male, while the remaining 201 respondents (69.31%) were female, indicating a higher representation of female participants in this study. Regarding age, the majority of respondents were 24 years old, totalling 98 individuals or 33.79%, followed by those aged 27 years with 55 respondents or 18.97%. In terms of domicile, most participants resided in the Lowokwaru district, amounting to 144 individuals or 49.66%. This was followed by 43 respondents (14.83%) living in Sukun and 40 respondents (13.79%) residing in Blimbing.

In terms of educational background, the majority of respondents held a Bachelor's degree (S1), totalling 165 individuals or 56.89%, while the smallest group comprised those with a Master's degree (S2), amounting to 19 respondents or 6.56%. Regarding employment status, most respondents were private sector employees, representing 146 individuals or 50.34%, followed by civil servants at 61 respondents or 21.03%. Based on income level, the most significant proportion of respondents reported earning between Rp 2,000,000 and Rp 4,000,000, totaling 196 individuals or 62.15%. Meanwhile, those with an income ranging from Rp 4,000,000 to Rp 10,000,000 accounted for 45 respondents or 18.77%.

Figure 2 show convergent validity is done by examining the dependency of items as represented by the loading factor value. In this study, the loading factor limit used was 0.5 . Based on the results of data processing, there are several variable items that have loading factor values lower than 0.50 and are therefore considered less qualified. The construct in the image after the factor <0.5 is removed, shows that the loading factor value of all indicator items shows >0.05 so that all items are said to be valid.

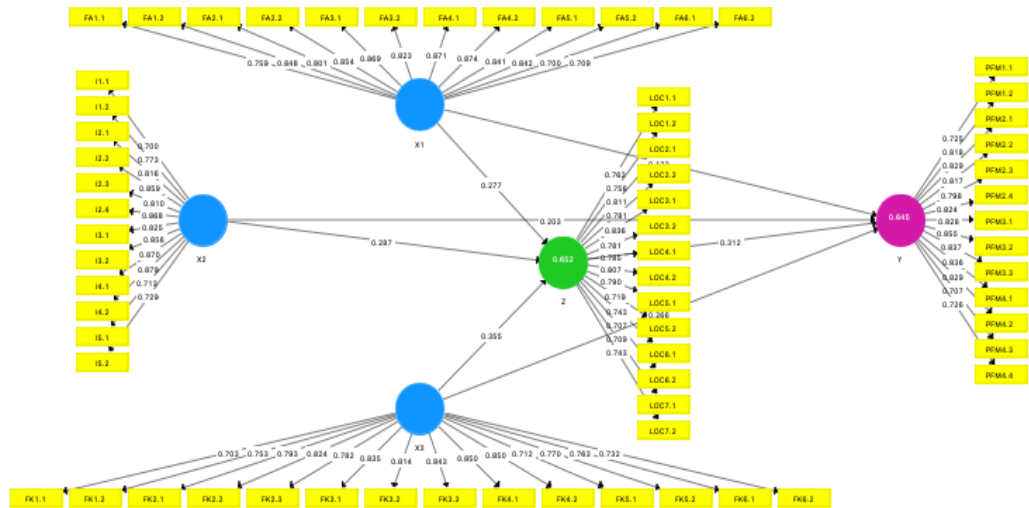


Figure 2. Output Loading Factor

Discriminant Validity shows that all items have a relationship between the construct and its indicators that is stronger than the relationship with indicators from other block constructs, so it can be concluded that the measurement model has good discriminant validity. The analysis shows that the Composite Reliability for all constructs is greater than 0.70, so that all constructs have high reliability for the resulting values.

Table 2. SmartPLS Output Results for Composite Reliability Values

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Attitude	0.954	0.956	0.960	0.669
Income	0.952	0.953	0.958	0.657
Financial Knowledge	0.953	0.953	0.958	0.622
Locus of Control	0.954	0.955	0.959	0.646
Personal Financial Management	0.946	0.947	0.952	0.589

Table 2 presents variance analysis (R^2) to determine the extent of the independent variable's influence on the dependent variable; the value of the determination coefficient is shown in the following table. The coefficient of determination (R^2) value for the Personal Financial Management variable is 0.645 and 0.640, indicating that around 64.5% and 64.0% of the variation in personal financial management behavior can be explained by the independent variables in the model, namely financial attitude, income, financial knowledge, and locus of control. Meanwhile, the R^2 values for the Locus of Control variable are 0.652 and 0.648, indicating that around 65.2% and 64.8% of the variation in locus of control can be explained by the influence of financial attitude, income, and financial knowledge. These R^2 values indicate that the model has a relatively strong predictive ability in explaining the influence of independent variables on mediating variables and dependent variables. The R-square value presented in the table indicates that Locus of Control accounts for a portion of the variability within the Personal Financial Management construct. Meanwhile, the output from the path coefficient direct effects demonstrates the direct influence of Financial Attitude (X1), Financial Knowledge (X2), Income (X3), and Locus of Control (Z) on Personal Financial Management (Y).

Table 3 presents the Path Coefficients from direct effect testing among the studied variables. The results show that financial attitude does not have a significant direct effect on personal financial management, as indicated by a t-statistic of 1.902 and a p-value of 0.058. In contrast, income and financial knowledge both have significant positive effects

on personal financial management, with respective t-statistics of 2.635 ($p = 0.009$) and 3.248 ($p = 0.001$).

The study also examines how these variables influence locus of control. Financial attitude significantly affects locus of control ($t = 3.320$, $p = 0.001$), as does income ($t = 3.344$, $p = 0.001$), and financial knowledge ($t = 3.913$, $p = 0.000$). Lastly, locus of control itself has a significant impact on personal financial management ($t = 3.375$, $p = 0.001$), indicating that individuals with a stronger internal locus of control are more likely to manage their finances effectively.

Table 3 summarizes the results of the indirect effect testing, highlighting the mediating role of locus of control in the relationship between financial attitude, income, and financial knowledge on personal financial management. The indirect effect of financial attitude through locus of control shows a t-statistic of 2.806 and a p-value of 0.005, indicating a significant effect. Likewise, income has a significant indirect effect with a t-statistic of 2.239 and a p-value of 0.026. Financial knowledge also shows a significant indirect impact, with a t-statistic of 2.244 and a p-value of 0.025. These findings confirm that locus of control significantly mediates the influence of all three variables on financial management, reinforcing its key role in shaping the financial behavior of Generation Z.

Table 3. Output Path Coefficient, Direct and Indirect Effects

Hypothesis Test	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P-Values
Financial attitude -> Personal financial management	0.132	0.134	0.069	1.902	0.058
Financial attitude -> Locus of control	0.277	0.272	0.083	3.320	0.001
Income -> Personal financial management	0.203	0.203	0.077	2.635	0.009
Income -> Locus of control	0.287	0.290	0.086	3.344	0.001
Financial knowledge -> Personal financial management	0.266	0.267	0.082	3.248	0.001
Financial knowledge -> Locus of control	0.355	0.359	0.091	3.913	0.000
Locus of control -> Personal financial management	0.312	0.309	0.092	3.375	0.001
Financial attitude -> Locus of control -> Personal financial management	0.086	0.082	0.031	2.806	0.005
Income -> Locus of control -> Personal financial management	0.090	0.090	0.040	2.239	0.026
Financial knowledge -> Locus of control -> Personal financial management	0.111	0.113	0.049	2.244	0.025

Table 4. The Magnitude of The Specific Indirect Effects

Variable	R Square	R Square Adjusted
Personal Financial Management	0.645	0.640
Locus of Control	0.652	0.648

Based on the R Square Results Table 4, it shows that Personal Financial Management is explained by 64.5% by the independent variable, while Locus of Control is explained by 65.2%. The rest is influenced by other factors outside the model. This shows that the model has quite good predictive power.

Table 5. Hypothesis Test Result

Hypothesis	Std. Dev	T-Statistic	P-Value	Information
H1 Financial attitude has a significant effect on personal financial management	0.069	1.902	0.058	Rejected
H2 Income has a significant effect on personal financial management	0.083	2.635	0.009	Accepted
H3 Financial knowledge has a significant effect on personal financial management	0.077	3.248	0.001	Accepted
H4 Financial attitude has a significant effect on the Locus of control	0.086	0.086	0.001	Accepted
H5 Income has a significant effect on the Locus of control	0.082	3.344	0.001	Accepted
H6 Financial knowledge has a significant effect on the Locus of control	0.091	3.913	0.000	Accepted
H7 Locus of control has a significant effect on personal financial management	0.092	3.375	0.001	Accepted
H8 Financial attitude has a significant effect on personal financial management through the Locus of control	0.031	2.806	0.005	Accepted
H9 Income has a significant effect on personal financial management through the Locus of control	0.040	2.239	0.026	Accepted
H10 Financial knowledge has a significant effect on personal financial management through the Locus of control	0.049	2.244	0.025	Accepted

The hypothesis testing results in Table 5 show that financial attitude (H1) does not have a significant direct effect on personal financial management ($p = 0.058$), leading to rejection of H1. However, income (H2) and financial knowledge (H3) both show significant positive effects on personal financial management, with p-values of 0.009 and 0.001, respectively. Financial attitude (H4), income (H5), and financial knowledge (H6) also significantly influence locus of control. Furthermore, locus of control (H7) has a significant impact on personal financial management ($p = 0.001$). Indirect effect testing confirms that financial attitude (H8), income (H9), and financial knowledge (H10)

significantly influence personal financial management through locus of control, supporting the role of locus of control as a mediating variable.

Based on the results of the predictive test, the Locus of Control variable has an RMSE value of 0.618, MAE of 0.356, and Q^2_{predict} of 0.627, indicating good predictive ability. Meanwhile, the Personal Financial Management variable has an RMSE of 0.646, MAE of 0.408, and Q^2_{predict} of 0.592, which also indicates that the model has a fairly strong predictive accuracy. Based on the results of the predictive test, the Locus of Control variable has an RMSE value of 0.618, MAE of 0.356, and Q^2_{predict} of 0.627, indicating good predictive ability. Meanwhile, the Personal Financial Management variable has an RMSE of 0.646, MAE of 0.408, and Q^2_{predict} of 0.592, which also indicates that the model has a fairly strong predictive accuracy.

The SRMR value in Table 4.2 is 0.071, which meets the model fit requirement of $SRMR \leq 0.08$, indicating that the model is acceptable. Additionally, the NFI value of 0.880, while slightly below the ideal threshold of 0.90, still falls within the acceptable range of 0.80–0.90, representing a borderline fit. Therefore, based on both SRMR and NFI values, the model demonstrates an adequate level of fit and is considered acceptable overall.

DISCUSSION

The findings of this study reveal that financial attitude does not significantly influence personal financial management among Generation Z in Malang City, a result that aligns with the complexities of their financial behavior. As Pamikatsih et al. (2023) note, financial attitude encompasses critical practices such as budgeting, saving, and expense control, yet external factors often sway Generation Z's financial decisions. Rodriguez (2024) highlights that limited early exposure to practical financial education contributes to this disconnect, fostering consumptive habits driven by social media's pervasive influence. Mahendra et al. (2023) further emphasize that misleading financial content on digital platforms exacerbates impulsive spending, undermining disciplined financial attitudes. Additionally, irregular income patterns, particularly among young professionals in creative and private sectors, hinder the development of robust financial attitudes, as observed by Ramdani et al., (2024). These insights suggest that while financial attitude is theoretically vital, its impact on Generation Z is diluted by external pressures and structural challenges unique to their economic environment.

In contrast, income demonstrates a significant and positive relationship with personal financial management, consistent with the Life Cycle Theory. Falahati and Sabri (2015) explain that individuals adjust consumption and savings based on income levels throughout their lives. For Generation Z, higher income enables greater flexibility in saving, investing, and managing expenditures efficiently, as supported by Nawadata (2024) and Wahyuni (2024). Nawadata (2024) further notes that Generation Z's tendency to prioritize experiential spending on travel, entertainment, and health reflects a unique financial management style shaped by their lifestyle preferences. This highlights the importance of income stability in promoting effective financial practices, especially for a generation navigating economic volatility and non-traditional career paths.

Financial knowledge also exerts a significant positive effect on personal financial management, reinforcing its role as a cornerstone of financial literacy. Yogasnumurti et al. (2021) and Syarif and Putri (2022) argue that adequate financial knowledge equips individuals to make informed decisions about budgeting, investment, and debt management. This study finds that financial literacy enhances self-discipline, helping Generation Z resist consumerist impulses, a point echoed by Petpairrote (2023). Moreover, locus of control serves as a critical mediator in the relationship between financial attitude, income, and financial knowledge with personal financial management. Nuraini et al. (2023) highlight that individual with a strong internal locus of control are better equipped to implement financial plans and address challenges proactively. As financial attitude, income, and knowledge improve, locus of control strengthens, amplifying their impact on financial behavior, as noted by Dewanti et al. (2022) and Sukma et al. (2022). These

findings align with the Theory of Planned Behavior, where perceived behavioral control, embodied by locus of control, shapes financial decision-making, as articulated by Ajzen (2005) and Latif et al. (2025).

The interplay of these factors highlights the multifaceted nature of Generation Z's financial management, influenced by digital environments, social media, and evolving work structures. The implications of these findings are significant for both educational and financial institutions. Developing targeted financial literacy programs that emphasize practical skills and self-regulation can empower Generation Z to navigate digital influences and irregular income patterns. Interventions should utilise digital platforms to deliver engaging and relevant content that counters misleading financial narratives. Additionally, fostering an internal locus of control through workshops or mentorship can enhance financial decision-making, enabling Generation Z to achieve long-term financial stability and resilience in a dynamic economic landscape.

CONCLUSION

This study finds that financial attitude does not have a direct influence on personal financial management among Generation Z in Malang City. However, when mediated by locus of control, financial attitude shows a positive and significant effect. Income and financial knowledge both have a direct, positive, and significant impact on personal financial management. Furthermore, financial attitude, income, and financial knowledge significantly influence locus of control, which in turn enhances individuals' ability to manage their finances effectively. These findings affirm the mediating role of locus of control in strengthening the relationship between financial predictors and financial behavior.

From a practical standpoint, these results suggest that enhancing financial knowledge and building a strong internal locus of control are essential strategies to promote sound financial habits in Generation Z. Given their irregular income patterns and limited financial experience, educational programs should prioritize strengthening financial literacy and self-regulation skills from an early age. Financial interventions should also consider the digital and social media environments that heavily shape Generation Z's consumption behavior. Theoretically, the findings support the Theory of Planned Behavior, emphasizing the importance of perceived behavioral control, represented here by locus of control, as a critical mediator in financial behavior. The study also reinforces Life Cycle Theory, illustrating how income levels influence consumption and saving decisions, particularly in a generation that prioritizes lifestyle-oriented spending. However, the study has limitations, particularly its focus on respondents within one geographic region and its reliance on cross-sectional data. Future research should expand to other regions or cultural contexts and adopt longitudinal methods to explore changes in financial behavior over time. Additionally, integrating qualitative approaches may provide deeper insight into how social media, digital tools, and peer influence shape the financial decision-making process among Generation Z.

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