Exploring Muslim Gen Z's Financial Behavior: Roles of Islamic Literacy, Emotion Coping, and Self-Efficacy

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Submitted:
JULY 2025

Accepted:
SEPTEMBER 2025

ABSTRACT

The increasing complexity of modern life has made effective financial management an urgent challenge. This condition is particularly evident among Generation Z, who are vulnerable to consumptive behavior and instant lifestyle trends. This study explores and analyzes financial management behavior determinants through Islamic financial literacy and emotional coping involving financial self-efficacy as a moderating factor. The study was implemented in Salatiga using a quantitative approach. Questionnaires were distributed to obtain accurate primary data. The target population is Muslim Generation Z and, domiciled in Salatiga. The sample will be taken using a purposive sampling technique, and 100 respondents will be selected to obtain a representative sample. The findings through Structural Equation Modeling (SEM) PLS explain that Islamic financial literacy and emotional coping significantly contribute to improving good financial management in Muslim Gen Z. However, self-confidence depicted through financial self-efficacy is not enough to encourage a Muslim's financial literacy to manage their finances. Financial management for Muslim Gen Z will be influenced by their financial literacy, which is driven by self-efficacy. These findings contribute to the development of literature on financial behavior involving factors in the context of Islamic finance along with emotional factors, which are currently rarely studied.

Keywords: *Emotion Coping, Financial Management, Financial Self-Efficacy, Generation Z, Islamic Financial Literacy, SEM-PLS.*

ABSTRAK

Semakin kompleksnya kehidupan modern menjadikan pengelolaan keuangan yang efektif sebagai tantangan mendesak. Kondisi ini terutama dirasakan oleh Generasi Z yang rentan terhadap perilaku konsumtif dan tren gaya hidup instanPenelitian ini mengeksplorasi dan menganalisis penentu perilaku manajemen keuangan melalui literasi keuangan Islam dan koping emosional yang melibatkan efikasi diri keuangan sebagai faktor moderasi. Penelitian ini dilaksanakan di Salatiga dengan menggunakan pendekatan kuantitatif. Kuesioner didistribusikan untuk mendapatkan data primer yang akurat. Populasi sasaran adalah Muslim Generasi Z yang berdomisili di Salatiga. Sampel akan diambil dengan menggunakan teknik purposive sampling, dan 100 responden akan dipilih untuk mendapatkan sampel yang representatif. Temuan melalui Structural Equation Modeling (SEM) PLS menjelaskan bahwa literasi keuangan Islam dan koping emosional berkontribusi signifikan dalam meningkatkan pengelolaan keuangan yang baik pada Muslim Gen Z. Namun, kepercayaan diri yang digambarkan melalui efikasi diri keuangan tidak cukup untuk

JIMKES

Jurnal Ilmiah Manajemen Kesatuan
Vol. 13 No. 5, 2025
pp. 3515-3528
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v13i5.3760

mendorong literasi keuangan seorang muslim untuk mengelola keuangannya. Pengelolaan keuangan bagi Muslim Gen Z akan dipengaruhi oleh literasi keuangan mereka, yang didorong oleh efikasi diri. Temuan ini berkontribusi pada perkembangan literatur tentang perilaku keuangan yang melibatkan faktor-faktor dalam konteks keuangan syariah bersama dengan faktor emosional, yang saat ini jarang dipelajari.

Kata Kunci: *Penanganan Emosi, Manajemen Keuangan, Efikasi Diri Finansial, Generasi Z, Literasi Keuangan Islam, SEM-PLS.*

INTRODUCTION

The development of an increasingly modern era makes it difficult for a person to maintain expenses, so they tend to become more consumptive. One of the factors that causes a person's consumptive behavior is a lifestyle that shows luxury, success, extravagance, and spending money on unimportant things (Rifdani, 2022). Consumptive behavior and poor financial behavior cause many people to fail in financial management (Akbar, 2023). Consequently, the general population must be educated about the value of sound financial management. Good financial management behavior can benefit the national economy by reducing the risk of financial crises and encouraging economic activity (Setianingsih & Widyastuti, 2020).

A Financial Health Index (FHI) 2022 study by Novaryani et al. (2024) found that Indonesians do not start financial planning until they're 35. They have only started the real step of preparing a retirement plan when they are 41 years old. In addition, when people were asked when the right time to manage finances was, as many as 29% of respondents answered after marriage, with the aim of planning children's education, and as many as 25% of respondents answered after working for 1-2 years because they had to consider needs and finances. These findings suggest that financial management is still at a very low level.

Generation Z is a generation born after the millennial generation. Gen Z is an individual born between 1997-2012. Gen Z is characterized as very good at using technology, interacting with social media, being expressive, and being able to do many things at once. Gen Z has many options in their lives as they can easily access different information and offers. However, the mindset of Gen Z tends to be more. Technological advancements have brought many changes in transacting and caused Gen Z to spend a lot of money on pleasure (Jannatun, 2023).

The things that make it difficult for Gen Z to manage finances properly are the YOLO trend (You Only Live Once), FOPO (Fears of Other People's Options), and FOMO (First Out Missing Out). YOLO (You Only Live Once) means they should enjoy their current life without worrying about the future. FOMO (First Out Missing Out) is a fear, anxious feeling, and fear experienced by people because they are worried that they will miss a trend, whereas FOPO (Fear of Other People's Options) is the fear of other people's opinions that arises periodically and can interfere with life (Mary, 2024). According to Dewi and Rochmawati (2020), many Indonesians are forced to travel even though purchasing power is under pressure. The phenomenon of these three trends makes many people desperate to take loans to travel and watch concerts, especially young people, for pleasure.

The Millennial Generation has a financial literacy of 52,12%, whilst Gen Z has 47,88%, according to the 2022 National Survey on Financial Literacy and Inclusion (SNLINK). An essential component of financial management is financial literacy. Literacy can be obtained from various sources such as education, textbooks, seminars, and others (Napitupulu, 2021). Financial literacy, including Islamic financial literacy, has been a hot debate over the past few years.

Table 1. Financial Literacy Level in Indonesia

Year	Conventional Financial Literacy	Sharia Financial Literacy
2019	38.03%	8.93%
2022	49.68%	9.14%
2024	65.43%	39.11%

Source: OJK, 2019-2024

Table 1 shows that both the conventional and Islamic financial literacy indicators have grown annually. The proportion of conventional financial literacy is generally higher than that of Islamic financial literacy. The Islamic financial literacy index is expected to rise by 29,97% from 2022 to 39,11% in 2021, a considerable increase. Financial literacy has a relationship with personal financial management (Ridwan et al., 2022). Even with the increase, the Islamic financial literacy index remains lower than the conventional financial literacy index. As a country with a majority Muslim population, people do not have good knowledge of Islamic finance (Averina, 2021). Research results Ramdhani et al. (2022) and Aulia (2023) stated that Islamic financial literacy has a positive and significant effect on financial management, but this is not supported by findings.

Islamic financial literacy and emotion coping both have a significant impact on financial management practices. Emotion coping is defined as the stage of managing emotional responses that arise when experiencing stressful circumstances (Tuasikal & Retnowati, 2019). Most young people cannot yet manage their emotions or managing their finances. This is a habit that must be changed so that it can prioritize which needs and desires (Laucereno, 2021). Every individual should be able to stabilize the emotions that exist in them by making healthy financial decisions and ultimately achieve prosperity in financial management (Jamaludin & Anita, 2024). This is in line with the findings of Muliadji (2023), who found an emotional influence on financial management.

Financial self-efficacy can also increase the ability to cope emotionally. Financial self-efficacy is someone's belief in managing and achieving financial goals (Sari, 2023). If a person's confidence level in managing finances is good, there will also be an increase in the sense of responsibility in managing finances (Pramedi, 2021). OCBC NISP Research Financial Fitness Index 2022 reveals the lack of awareness among the younger generation about managing finances. As many as 42% of Indonesia's young generation are confident that current financial planning will provide financial success. Unfortunately, there is a difference between their actions and their thoughts. Only 26% have an emergency fund, and 80% do not do budget recording (Amir, 2022). Therefore, self-efficacy self-efficacy) finance is functional in financial management because it can increase awareness of the possibility of successful financial management.

This research was conducted on Gen Z in the city of Salatiga, as the group with the largest population in Salatiga. Specifically, this research is focused on Gen Z Muslims. According to data from the Central Statistics Agency (BPS) of Central Java Province in 2023, Salatiga spent the most money per month in 2022 compared to all administrative regions in Central Java.

In Figure 1, Salatiga residents spend an average of IDR 2,394,280.00 per month, with consumption expenses of IDR 858,244.00 and non-consumption expenses of IDR 1,536,037.00. The cities of Semarang and Solo followed with average monthly expenditures of IDR 1,974,626.00 and IDR 1,746,011.00, respectively. This disparity phenomenon makes Salatiga one of the cities with the highest expenditure in Central Java. Therefore, Islamic financial literacy and emotion coping are important parts of equipping the community to manage finances and self-efficacy to manage finances correctly.

Source: Central Statistics Agency (2023)

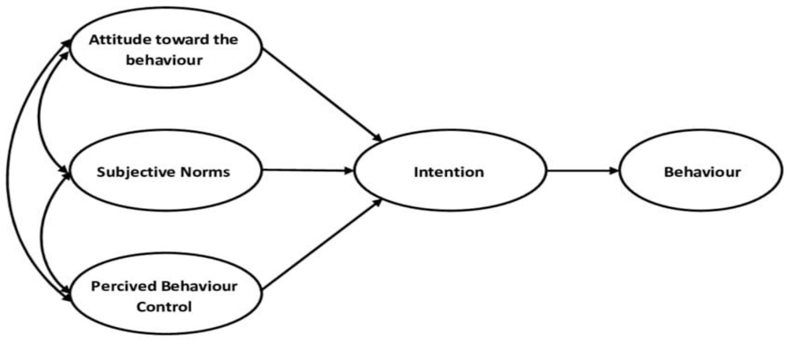
Figure 1. Graph of Total Monthly Expenditure of Central Java Province

Although previous studies, such as those by Ramdhani et al. (2022) and Aulia (2023), have explored the influence of Islamic financial literacy, emotional coping, and financial self-efficacy on financial management, research focused specifically on Generation Z Muslims remains limited, particularly in high-spending areas like Salatiga. Most existing studies target the general population or broader generational cohorts, overlooking the unique behavioral patterns, lifestyle trends, and socio-cultural influences shaping Gen Z's financial decisions. Moreover, empirical evidence examining the combined effect of these three variables within a Muslim-majority youth demographic remains scarce. Therefore, this study aims to analyze the influence of Islamic financial literacy, emotion coping, and financial self-efficacy on financial management practices among Generation Z Muslims in Salatiga, with the objective of providing empirical insights to improve financial behavior in high-spending urban contexts.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Planned of Behaviour Theory

The theory of Planned Behavior (TPB) relates to the determinants of a person's specific behavior. TPB has been widely applied to understand how to show reactions and predict a person's behavior. A person's behavior is driven by interest (intention) in behaving.



Source: Ajzen (1991)

Figure 2. Framework of the Theory of Planned Behavior

Based on Figure 2, a person's behavior can be formed by interests (*intentions*) influenced by their actions. This attitude, shaped by the evaluation of relevant information, can offer positive outcomes for the individual. Emotion coping, which involves managing stress-inducing emotions, falls under subjective norms since emotions can influence personal beliefs. Such behaviors are often shaped by perceived social expectations to perform or avoid certain actions.

A person's financial decisions reflect their behavior in striving to make the most effective financial choices. Effective financial management behavior is demonstrated through the ability to handle everyday financial tasks such as planning, budgeting, monitoring, organizing, controlling, researching, and saving. The primary driver of such behavior is the motivation to fulfill life's needs in accordance with one's income level (Widiyati et al., 2021).

Islamic Financial Literacy and Financial Management Behavior

Islamic financial literacy refers to the knowledge, understanding, and application of Shariah-compliant financial principles in personal and institutional decision-making, encompassing concepts such as prohibition of *riba* (interest), risk-sharing, and ethical investment (Abdullah & Chong, 2014; Antara et al., 2016). Studies highlight that higher levels of Islamic financial literacy positively influence participation in Islamic banking and investment products, as well as effective personal financial management within an Islamic framework. Research also indicates that gaps in awareness and comprehension of Islamic financial principles remain prevalent, particularly in emerging markets, limiting the adoption of Islamic financial services. Educational interventions, including targeted financial education programs and community outreach, have been shown to enhance understanding and trust in Shariah-compliant products, thereby fostering financial inclusion. Furthermore, integrating Islamic financial literacy into national financial literacy strategies can bridge the gap between conventional and Islamic finance knowledge, promoting sustainable financial behavior aligned with religious values

Islamic financial literacy refers to an person's capability to manage financial resources in alignment with Islamic principles (Gunawan et al., 2022). A person's understanding and skills related to Islamic financial practices, such as budgeting, saving, borrowing, and investing according to Sharia, play a crucial role in fostering strong Islamic financial literacy. Financial actions taken by individuals will be driven by the interests they have. Attitude in behavior is a belief in the results of a behavior. A person who thinks about the consequences of an action before deciding whether or not to do it (Mahyarni, 2013). The higher the financial literacy knowledge, the higher it is also in financial management (Risna & Siti, 2022; Insani et al., 2020). Good knowledge of Islamic finance (understanding sharia principles) will form a positive attitude in managing Islamic finance.

H1: Islamic financial literacy has a significant effect on financial management behavior.

Emotion Coping and Financial Management Behavior

Emotional coping refers to the cognitive and behavioral strategies individuals use to manage emotional distress in response to stressors, aiming to regulate negative emotions and maintain psychological well-being (Lazarus & Folkman, 1984). Literature distinguishes between problem-focused coping, which addresses the cause of stress, and emotion-focused coping, which regulates the emotional response (Carver et al., 1989). Emotional coping strategies, such as positive reframing, acceptance, and seeking emotional support, are associated with better mental health outcomes, while maladaptive strategies like avoidance or suppression may exacerbate distress (Gross, 1998). Research also notes the role of cultural and individual differences in coping style selection and effectiveness (Connor-Smith & Flachsbart, 2007).

Emotion coping refers to the strategies used to handle emotional reactions triggered by stressful situations (Tuasikal & Retnowati, 2019). Emotional regulation involves recognizing and interpreting others' emotions, managing one's own feelings, and applying that understanding effectively in interactions. Emotional intelligence encompasses elements such as self-awareness, impulse regulation, persistence, motivation, initiative, empathy, and social skills

Emotion coping is considered a subjective norm that refers to social pressure that may be felt and thus influences behavior. People tend to be more interested in doing good if they have a positive attitude, have support from others, and feel that doing good is easy because there are no obstacles. People with control over emotions can help them succeed in facing a professional future in the financial industry. This statement aligns with the findings of researchers conducted by (2023), who believe that overcoming emotions affects financial management behavior.

H2: Emotion coping has a significant effect on financial management behavior.

The Mediating Role of Financial Self-efficacy

Financial self-efficacy refers to an individual's belief in their ability to manage financial tasks effectively, such as budgeting, saving, and making informed financial decisions, even in challenging situations (Lown, 2011). It is rooted in Klassen and Usher's (2010) self-efficacy theory, which emphasizes the role of confidence in one's capacity to perform specific behaviors. High financial self-efficacy has been linked to better financial behaviors, greater financial resilience, and improved financial well-being (Farrell et al., 2016). Conversely, low financial self-efficacy can contribute to poor money management and heightened financial stress. Research suggests that financial education, hands-on financial experiences, and positive reinforcement can strengthen financial self-efficacy over time (Sherraden et al., 2011).

Financial self-efficacy refers to a person's confidence to reach financial objectives (Wulandari et al., 2024). A person with strong financial self-efficacy trusts that making informed financial choices grounded in financial knowledge will contribute to long-term financial security, thereby enhancing their overall financial well-being (Lone & Bhat, 2024). Muslims are obliged to apply Islamic financial literacy in daily financial management. The low level of Islamic financial literacy will be the cause of inaccurate decision-making (Agustin & Khasanah, 2023). When financial knowledge is high and financial management behavior is good, and coupled with confidence in managing finances, this can improve financial management behavior. Even though a person has good literacy and emotional coping skills, without self-confidence, good financial management will not happen (Lestiani & Bahtiar, 2024). Research by Dewiningrat et al., (2023) revealed that financial self-efficacy will moderate how financial knowledge will affect individual financial management. Planning emotions proportionately according to the individual's ability to make mature emotional judgments can also reduce individual satisfaction (Amin et al., 2024). Stuttgart (2024) believes that the higher the emotional management, the better it is in financial management because regulating emotions can influence individuals to manage and spend money so that they can avoid consumptive behavior accompanied by self-confidence in the future. When a person has good self-confidence, they will be calmer and more likely to take positive financial actions.

H3: Islamic financial literacy has a significant impact on financial management behavior with financial self-efficacy moderation.
H4: Emotion coping has a significant impact on financial management behavior with financial self-efficacy moderation.

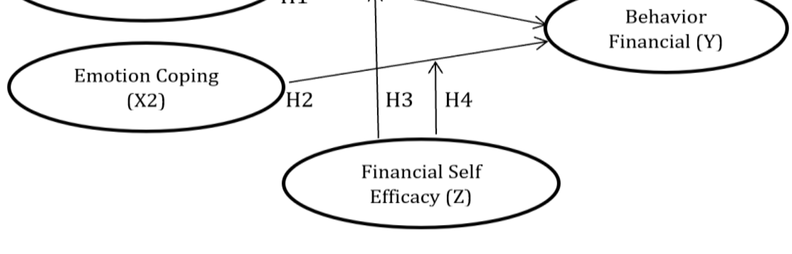


Figure 3. Conceptual Framework

Based on Figure 3 the research framework posits that Islamic financial literacy and emotion coping are key determinants of financial management behavior among Generation Z Muslims. Islamic financial literacy is expected to equip individuals with the knowledge and understanding necessary to make informed financial decisions aligned with Islamic principles, thereby improving their financial behavior. Emotion coping, as the ability to regulate emotional responses in stressful situations, is anticipated to help individuals prioritize needs over wants, thus fostering more responsible financial management. Furthermore, the framework assumes that financial self-efficacy plays a moderating role in these relationships. Individuals with higher financial self-efficacy are likely to apply their financial knowledge more effectively and manage emotions more constructively, amplifying the positive impact of both Islamic financial literacy and emotion coping on financial management behavior. This integrated model allows for examining not only the direct effects of the independent variables but also how confidence in one's financial capabilities can strengthen these effects.

RESEARCH METHODS

This study employs a quantitative descriptive approach using primary data obtained through a structured survey. The research focuses on examining the influence of Islamic financial literacy and emotion coping on financial management behavior, with financial self-efficacy as a moderating variable. The target population consists of Generation Z Muslims residing in Salatiga City. Since the exact number of Gen Z in Salatiga is unknown, the sample size was determined using the Cochran formula, resulting in a total of 100 respondents. A purposive sampling technique was applied to ensure participants met specific criteria, namely belonging to Generation Z (born between 1997–2012) and identifying as Muslim, residing in Salatiga City, and having attended financial training, workshops, or seminars, and owning an account at an Islamic bank or other Islamic financial institution.

Data collection was conducted using a questionnaire designed with a Likert scale to measure respondents' perceptions and behaviors. The collected data were analyzed using the Structural Equation Modeling (SEM) approach with Partial Least Squares (PLS) through SmartPLS version 4.0. The analysis consisted of two main stages: the measurement model (outer model) and the structural model (inner model). The outer model evaluation included a convergent validity test, a discriminant validity test, and a reliability test. Convergent validity was assessed using outer loading values (>0.7), while discriminant validity was evaluated based on the Average Variance Extracted (AVE > 0.5) and cross-loading values (>0.7). Reliability was confirmed if composite reliability exceeded 0.7 and Cronbach's alpha was above 0.6.

The inner model evaluation included the R-square test to determine the strength of relationships between variables (0.75 = strong, 0.50 = moderate, 0.25 = weak), the F-square test to assess effect size (0.02 = small, 0.15 = medium, 0.35 = large), and hypothesis testing. Hypotheses were tested at a 95% confidence level ($\alpha = 0.05$), with the alternative hypothesis accepted if the t-statistic value was ≥ 1.96. This analytical procedure allowed for both direct and moderated effect testing within the proposed research framework.

RESULTS

Table 2 shows that woman is the majority respondent, totaling 75 people aged 18-23 years with a last educational background of high school/equivalent. Table 2 shows the characteristics of the study respondents. Based on gender, the majority of respondents were female (75%), with the remainder male (25%). In terms of age, the majority of respondents were aged 18–23 (93%), while those aged 24–26 (4%) and 27 (3%) were aged 37. In terms of education, the majority of respondents had a high school diploma or equivalent (75%), while those who had completed a bachelor's or master's degree (S1–S2) were 25%. This illustrates that the study respondents were predominantly young people with secondary education.

Table 2. Characteristics of Respondents

Characteristic		Number of Respondents	Percentage (%)
Gender	Man	25	25
	Woman	75	75
	Total	100	100
Age	18-23 years old	93	93
	24-26 years old	4	4
	27 years old	3	3
	Total	100	100
Final Education	High School/equivalent	75	75
	S1-S2	25	25
	Total	100	100

The measurement model (outer model) assessment in this study was conducted through convergent validity, discriminant validity, and reliability testing. Convergent validity test on Figure 4 showed that the calculation shows that of the 27 indicators used in the study, there are five indicators that have a convergent validity value that is still below 0.70, so they must be eliminated, namely EC1, EC3, EC4, EC5, and EC6 for the emotion coping variable and IFL1 for the Islamic financial literacy variable. The reassessment of convergent validity after eliminating indicators with outer loading < 0.7 is explained in the following figure:

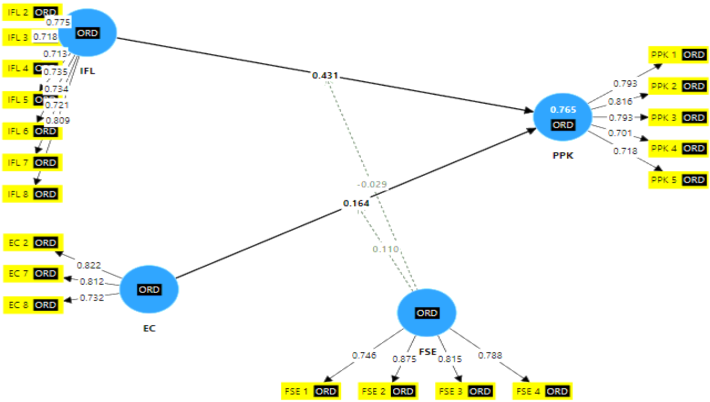


Figure 4. Results of the PLS Test Stage of the Outer Model After Re-estimation

The results of the loading factor will be used to conduct convergent validity testing, which shows that the indicator value has an outer loading > 0.70, indicating that all indicators can still be used at an advanced stage and are considered valid. Based on Table 3, the value of convergent validity can be seen that variables Emotion Coping (EC), Islamic Financial Literacy (IFL), Financial Management Behavior (PPK), and Financial Self-Efficacy (FSE) with a condition greater than 0.70. Based on the results of Table 3, all variables have a convergent validity of more than 0.70, so they can be concluded to be valid.

The validity of the discriminator is determined to ensure the peculiarities in the research. The method to look at the validity of the discriminator is to look at the cross-loading; the loading factor score is more than 0.70 on each variable, or has a score higher than the latent variable measured. Table 4 shows the value of the measurement of each indicator construct, whose value is greater than the value of other indicators, as seen from the loading factor, which is more than 0.70. To see the discriminant validity test, it is to look at cross-loading of more than 0.70 on each variable. This can be proven by the value greater than the indicator value and seen from the loading factor, which is > 0.70, so that the indicator can be said to be valid.

Table 3. Re-estimation Result

Indicator Code	Loading Factor	Description
EC 2	0.822	Valid
EC 7	0.812	Valid
EC 8	0.732	Valid
ESF 1	0.746	Valid
ESF 2	0.875	Valid
ESF 3	0.815	Valid
ESF 4	0.788	Valid
IFL 2	0.775	Valid
LKS 3	0.718	Valid
IFL 4	0.713	Valid
IFL 5	0.735	Valid
IFL 6	0.734	Valid
IFL 7	0.721	Valid
IFL 8	0.809	Valid
PPK 1	0.793	Valid
PPK 2	0.816	Valid
PPK 3	0.793	Valid
PPK 4	0.701	Valid
PPK 5	0.718	Valid
FSE X IFL	1.000	Valid
FXE X EC	1.000	Valid

Table 4. Results of the Discriminant Validity Test

Indicator	IFL (X1)	EC (X2)	ESF (W)	PPK (Y)
EC 2	0.484	0.822	0.358	0.465
EC 7	0.389	0.812	0.448	0.414
EC 8	0.436	0.732	0.338	0.407
ESF 1	0.607	0.270	0.746	0.582
ESF 2	0.660	0.498	0.875	0.736
ESF 3	0.563	0.393	0.815	0.671
ESF 4	0.638	0.369	0.788	0.546
IFL 2	0.775	0.575	0.649	0.681
IFL 3	0.718	0.315	0.556	0.606
IFL4	0.713	0.548	0.578	0.579
IFL5	0.735	0.353	0.459	0.551
IFL6	0.734	0.313	0.557	0.649
IFL7	0.721	0.363	0.512	0.543
IFL8	0.809	0.407	0.633	0.650
PPK 1	0.638	0.389	0.647	0.793
PPK 2	0.621	0.502	0.717	0.816
PPK 3	0.657	0.345	0.543	0.793
PPK 4	0.587	0.423	0.501	0.701
PPK 5	0.643	0.418	0.606	0.718

Table 5. Results of Discriminant Validity Test with Fornell Lacker Parameters

Variable	EC (X2)	ESF (W)	IFL (X1)	PPK (Y)
Emotion Coping	0.79			
Financial Self-efficacy	0.481	0.807		
Islamic Financial Literacy	0.554	0.762	0.744	
Financial Management Behavior	0.544	0.793	0.822	0.766

Rahadi (2023) said validity in the Fornell-Lacker criterion is established if the root of the variable's AVE construct is greater than its correlation with all other constructs. Based on Table 5, the Fornell-Lacker value of the four variables is greater than the correlation between the variables, so it can be concluded that the validity of the discriminant with Fornell-Lacker is met.

The reliability test is measured by composite reliability and Cronbach's alpha; the construct is declared reliable if the composite reliability value is above 0.70 and 0.60 for Cronbach's alpha. The composite reliability test and Cronbach's alpha were declared reliable if the composite reliability values were above 0.70 and 0.60 for Cronbach's alpha. The results of the analysis of Table 6 show that the composite reliability value in the four variables is all more than 0.70, so the construct is reliable.

Table 6. Reliability Test Results

Variable	Cronbach's Alpha	(Rho_a)	(rho_b)
Emotion Coping	0.697	0.702	0.832
Financial Self-efficacy	0.821	0.834	0.882
Islamic Financial Literacy	0.866	0.868	0.897
Financial Management Behavior	0.822	0.826	0.876

Table 7. R-Square Test Results

Y	Value
R Square	0.765
R-Square adjusted	0.752

Based on Table 7, the results of the R-Square's calculation, it can be concluded that the contribution of two independent variables to financial management behavior is 76.5%. The effect of Islamic financial literacy and emotional coping on purchase decisions was 0.765, with an adjusted R-square value of 0.752. Therefore, it can be interpreted that overall, all exogenous constructions, namely Islamic financial literacy and emotion coping, have an influence on financial management behavior of 0.765 or 76.5%, while the remaining 23.5% is influenced by other variables outside of this study. The sum of the R-Square value of 0.765 indicates that the R-Square value belongs to the strong category.

Table 8. Test F-Square (F2)

Variables	Financial Behavior
Emotion Coping	0.057
Islamic Financial Literacy	0.245
Financial Behavior	
Financial Self-Efficacy X Islamic Financial Literacy	0.008
Financial Self-Efficacy X Emotion Coping	0.061

Table 9. Path Coefficient Test Results

Variable	Original sample (O)	T-Statistic	P-Values
IFL > Financial behavior	0.431	4.475	0.000
EC > Financial behavior	0.164	2.256	0.012
FSE x IFL > Financial behavior	-0.029	0.526	0.299
FSE x EC > Financial behavior	0.110	1.703	0.044

Based on Table 8, the analysis of F^2 shows that the value of 0.02 is small, 015 is medium, and 0.35 is large. When viewed from table 7 above, it shows that the variables of emotion coping and Islamic financial literacy on financial management behavior have a small effect. And financial self-efficacy moderate emotion coping has a small effect.

Table 9 presents the results of hypothesis testing with bootstrapping. The results of the significance or hypothesis test using bootstrapping with the coefficient path parameter indicate that Islamic financial literacy has a significant positive effect on financial management behavior. This is evidenced by the original sample value of 0.431 with a positive value, a p-value of 0.000 < 0.05. Emotion coping has a significant positive effect on financial management behavior. This is evidenced by the original sample value of 0.164 with a positive value, a p-value of 0.012 < 0.05. Islamic financial literacy has a negative and insignificant effect on financial management behavior. This is evidenced by the original sample value of -0.029 with a negative value, a p-value of 0.299 > 0.05. Emotion coping has a significant positive effect on financial management behavior. This is evidenced by the original sample value of 0.110 with a positive value and a p-value of 0.044 > 0.05

DISCUSSION

The findings of this study show that (X1) has a positive original sample value of 0.431, p-value 0.000 < 0.05, so it can be concluded that Islamic Financial Literacy (X1) has a positive and significant effect on financial management behavior (Y). The results of this study explain that Gen Z Muslims in Salatiga City already have good financial knowledge, financial attitudes, and savings behaviors, and have a significant positive influence on the financial management behavior of Gen Z Muslims. This means that the more understanding of the individual Muslim generation Z in the city of Salatiga, the higher the good financial management behavior will be (Aulia et al., 2023). The results of this study are in line with the research conducted by Risna (2022), which shows that Islamic financial literacy contributes significantly to financial management behavior. Islamic financial literacy is a tool for managing finances for society as a whole. Therefore, Islamic financial literacy is very important to help people understand and avoid financial transactions that are prohibited by Islam (Mustofa, 2022). So that the findings are in accordance with H1.

The results of the study show that Emotion Coping (X2) has an original sample value of 0.164 with a positive value, a p-value of 0.012 < 0.05, which means Emotion Coping (X1) has a significant positive effect on financial management behavior (Y). (2022) and Lestono and Pusriadi (2023) emphasize that managing emotions can have a significant positive influence on financial management behavior. Based on the results of the study, Gen Z Muslims in Salatiga City are able to manage their emotions well, so they have an impact on financial management behavior. Gen Z Muslims in Salatiga City demonstrate their ability to manage emotions so that they influence good financial management behavior. According to Muliadji et al. (2023) the ability to recognize one's own emotions and the emotions of others, the ability to motivate oneself, and the ability to successfully manage emotions within oneself and in relationships with others will encourage good financial management behavior. Therefore, it can be concluded that H2 in this study is accepted.

The results of the study showed that the variable (Z) had an original sample value of -0.029, indicating a negative value, with a p-value of 0.299, which is greater than 0.05. This suggests that financial self-efficacy has a negative and insignificant influence on moderating Islamic financial literacy in financial management behavior. These findings identify that financial self-efficacy cannot moderate the influence of Islamic financial literacy on financial management behaviors in line with the findings of Djibran (2024). The Z Muslim generation in the city of Salatiga has Financial self-efficacy, which is classified as good, judging from the analysis of the category that agrees with each indicator, but in this case, it does not strengthen the influence of financial knowledge on how to manage finances. Gen Z Muslims in Salatiga are generally not good at managing money flows, especially decision-making during unexpected events and belief in future conditions, which has an impact on a person's habits in managing finances (Sari, 2023). If it is not accompanied by confidence, then Islamic financial literacy is not enough to improve financial management behavior. This may be because individuals who have too high self-efficacy sometimes feel too confident, so they do not pay attention to the principles of Islamic literacy because they feel that they are able to manage their own finances. On the other hand, if their self-efficacy is too low, even with good Islamic financial literacy, it may cause them to hesitate to apply it in financial decisions. The results of this study show a rejection of H3.

The findings are inversely proportional to the research of Bari (2020), which shows that financial literacy has a positive and significant effect on financial management behavior by being moderated by Financial self-efficacy. A form of self-efficacy can be self-confidence in the ability to deal with future conditions. Individuals who have high financial literacy can develop effective financial management behaviors, even more so if a person is confident that they will form wise financial management behavior through their skills and confidence in making financial decisions.

It showed that the original sample value of 0.110 was positive, and the p-value was 0.044 < 0.05, which showed a positive and significant direction. This means that the financial self-efficacy variable can significantly moderate the emotion coping (X2) variable on financial management behavior. The results of this study show acceptance of H4. Sari (2023) concludes that Financial self-efficacy can moderate financial management behavior. Individuals who are able to manage emotions well and are supported by good financial self-efficacy will improve their financial management behavior. Therefore, it is very important to measure a person's confidence in their ability to manage finances, which is known as financial ability. A fairly high level of confidence indicates that a person believes they can manage their finances well (Kartawinata et al., 2021). The ability to manage emotions must be accompanied by financial efficacy in order to achieve good financial health.

CONCLUSION

Based on this discussion, it can be concluded that Islamic financial literacy has a significant positive influence on the financial management behavior of Gen Z Muslims in the city of Salatiga. Generation Z Muslims in the city of Salatiga already have financial knowledge, financial attitudes, abilities, trusts, and good saving behavior, so they can encourage good financial management. Emotion coping also has a significant positive influence on the financial management behavior of Generation Z Muslims in Salatiga. The capacity to understand both personal emotions and those of others, to self-motivate, regulate one's own emotional responses, and exercise self-control contributes to effective financial management. However, Islamic financial literacy has a negative and statistically insignificant influence on financial management behavior when financial self-efficacy is considered as a moderating variable. This suggests that financial self-efficacy does not moderate the relationship between Islamic financial literacy and financial management behavior. Islamic financial literacy alone is insufficient to drive effective financial management behavior among Gen Z Muslims in Salatiga City without the presence of confidence in managing finances. Emotion coping has a significant and positive effect on financial management behavior when moderated by financial self-efficacy. Financial self-efficacy plays a moderating role in shaping the financial behavior of Gen Z in Salatiga.

This study implies that Islamic financial literacy and emotion coping significantly influence Gen Z Muslims' financial management behavior, while financial self-efficacy only strengthens the effect of emotion coping, not financial literacy. The results highlight the importance of integrating financial knowledge and emotional regulation in education programs. Limitations include a small sample size, focus on Salatiga, and reliance on self-reported data. Future research should expand to larger, more diverse samples, use longitudinal designs, and explore other factors such as financial socialization or digital financial tools.

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