

ROLE OF MEDIATING CONSUMPTION BEHAVIOR IN THE INFLUENCE OF SAVING BEHAVIOR ON FINANCIAL MANAGEMENT ABILITY AMONG GENERATION Z STUDENT IN MALANG CITY

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ABSTRACT

This study aims to analyze the mediating role of consumption behavior in the relationship between saving behavior and financial management ability among Generation Z students in Malang City. The research is grounded in the Theory of Planned Behavior, which emphasizes the role of intention and self-control in shaping financial decision-making. A quantitative approach was applied using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS 4 software. The sample consisted of 200 university students aged 18–25 years who have experience using financial technology (fintech) platforms and personal saving activities. The measurement model results show that all constructs meet reliability and validity criteria, with outer loadings above 0.70 and AVE values exceeding 0.50. The structural model findings indicate that saving behavior has a positive and significant effect on consumption behavior ($T = 3.303$; $p = 0.001$), and consumption behavior has a significant effect on financial management ability ($T = 2.918$; $p = 0.004$). Furthermore, consumption behavior mediates the relationship between saving behavior and financial management ability ($T = 3.244$; $p = 0.001$), confirming its crucial role in strengthening the effect of saving discipline on financial outcomes. The R^2 values of 0.146 for financial management ability and 0.191 for consumption behavior suggest a moderate explanatory level that remains acceptable in behavioral and social science studies. The findings conclude that consistent saving and rational consumption behavior enhance financial management ability among students. Therefore, universities and policymakers should promote behavioral-based financial education programs that integrate saving discipline and consumption awareness to improve students' financial resilience in the digital financial era.

INTRODUCTION

Saving behavior reflects an individual's financial discipline and commitment to future financial security. Many Generation Z students demonstrate irregular saving patterns, often saving only when they have surplus income. Several fintech products, such as mutual fund platforms and blockchain-based investments (e.g., Bitcoin, Ethereum), are increasingly promoted as secure and profitable options to encourage better saving behavior

among this generation. Maintaining consistent saving habits provides individuals with protection against unexpected financial shocks and contributes to long-term financial stability (Singer et al., 2015). Nevertheless, the growing use of digital payment systems may weaken saving discipline, as the invisibility of cash transactions makes spending feel easier and less tangible.

Saving behavior represents an individual's financial discipline and long-term planning ability. (Ajzen, 1991) through the Theory of Planned Behavior, emphasizes that saving intentions depend on attitudes and perceived behavioral control. (Sabri & MacDonald, 2010) found that students who save regularly achieve higher financial stability. (Xiao et al., 2009) confirm that saving behavior acts as a strong predictor of personal financial well-being.

Empirical studies in emerging economies strengthen this evidence. Saving frequency and planning behavior have a significant effect on financial satisfaction among millennials. (Tang & Baker, 2016) also found that consistent saving improves self-control and resilience in managing economic uncertainty. Therefore, saving behavior serves as a foundation for effective financial management by reinforcing financial discipline and goal-oriented financial planning.

Consumption behavior plays a vital role in determining financial management capability. Uncontrolled spending habits can hinder an individual's potential for financial growth and long-term stability. The widespread use of peer-to-peer lending and pay-later applications, such as AdaKami, Kredivo, GoPay Later, and ShopeePay Later, has contributed to the rise of consumptive tendencies and impulsive purchasing behavior among young consumers. Research by (Dittmar et al., 2007) revealed that impulsive buying behavior significantly undermines the financial well-being of young adults. Proper regulation and awareness of consumption behavior enable individuals to balance lifestyle preferences with saving goals. This behavioral aspect serves as a mediating variable that connects financial literacy, fintech adoption, and saving practices to overall financial outcomes (Tang & Baker, 2016).

Consumer behavior influences how individuals make financial decisions and utilize financial technology. (Arnould & Thompson, 2005) explain that consumption reflects personal values and social identity. (Kahneman & Tversky, 1979) through Prospect Theory assert that individuals evaluate financial decisions based on perceived gains and losses rather than objective outcomes.

Recent research has expanded this behavioral perspective. (Goyal & Kumar, 2021) demonstrate that rational consumption enhances the positive link between financial literacy and decision quality. Consumer discipline moderates the relationship between fintech adoption and responsible financial behavior. Conversely, impulsive consumption and peer-influenced spending weaken financial control. Thus, consumer behavior determines whether financial knowledge and fintech use lead to productive or detrimental financial outcomes.

Students in Malang City represent a dynamic segment of Generation Z characterized by high digital engagement and exposure to financial innovation. Situated in a rapidly developing urban environment, they benefit from extensive access to digital infrastructure and financial technology services. This context provides an ideal setting for examining how fintech usage and consumption behavior interact with financial literacy in shaping financial decision-making. A deeper understanding of these relationships can assist universities, policymakers, and fintech institutions in developing more effective financial education initiatives and technology-based strategies tailored to young consumers.

Previous studies on financial literacy and fintech adoption have primarily focused on financial inclusion and user acceptance models without sufficiently addressing behavioral aspects that mediate or moderate financial outcomes among young adults (Lusardi & Mitchell, 2014; Venkatesh et al., 2012). Research in the Indonesian context has also tended to emphasize access to fintech services rather than behavioral implications related to saving and spending habits. Moreover, few studies have examined how consumption behavior influences the relationship between saving behavior, particularly among Generation Z university students who face unique challenges in managing digital financial ecosystems. This study addresses these gaps by integrating consumption behavior as a mediating variable in the relationship between saving behavior toward financial management ability. The inclusion of consumption behavior provides a more comprehensive perspective by capturing psychological and behavioral dimensions that affect students' financial decision-making.

This study examines the mediating role of consumption behavior in the relationship between saving behavior in influencing students' financial management ability. The research focuses on Generation Z students in Malang City to explore how financial knowledge, technological adoption, and saving discipline collectively shape financial control and decision-making. It also evaluates whether consumption tendencies strengthen or weaken these relationships and aims to provide practical insights for improving financial education and promoting responsible fintech usage among young adults.

METHOD

This study applies a quantitative research approach to test the mediating role of consumer behavior in the relationship between financial literacy, fintech usage, and saving behavior toward students' financial management ability. Quantitative methods are suitable for measuring relationships among variables objectively and testing hypotheses based on statistical evidence (Creswell & Creswell, 2018). The Partial Least Squares Structural Equation Modeling (PLS-SEM) technique is applied because it is suitable for analyzing complex models that involve multiple constructs and mediation pathways, and it is particularly effective for predictive research focusing on key outcome variables rather than theory confirmation (Hair et al., 2022). The mediating variable of consumer behavior is

positioned to clarify the indirect mechanism linking financial literacy, fintech usage, and saving behavior to students' financial management ability, thereby providing a more comprehensive understanding of the behavioral processes that shape financial capability.

Population and Sample

The population in this research consists of Generation Z individuals residing in Malang City. The study focuses on this group because they are active users of financial technology and represent a digital-native generation with unique financial patterns. The sample includes Generation Z students currently enrolled in universities in Malang City. Respondents were selected using purposive sampling, ensuring that only students aged 18–25 who have used at least one fintech platform and have personal saving experience were included.

The sample size was determined using the power analysis guidelines for Structural Equation Modeling (SEM) as recommended by (Hair et al., 2022). According to this guideline, the minimum sample size depends on the number of predictors in the model, with an acceptable statistical power of 0.80 and a significance level of 0.05. Based on these parameters and model complexity, a minimum of 150–200 respondents is considered sufficient for achieving reliable results using SmartPLS 4 software.

Data Collection Method

The study uses primary data collected through an online questionnaire distributed to university students in Malang City. The instrument is designed to measure each construct using items adapted from previous validated studies. Respondents rate each statement using a forced-choice Likert scale with four points, ranging from 1 = Strongly Disagree to 4 = Strongly Agree. The forced-choice format was chosen to avoid neutral responses and encourage participants to provide clear opinions. The questionnaire consists of five main sections representing the constructs:

1. Saving Behavior – captures respondents' saving frequency, goals, and commitment.
2. Consumption Behavior – identifies spending habits and self-control tendencies.
3. Financial Management Ability – measures the ability to plan, allocate, and monitor personal financial activities.

Data Analysis Technique

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS 4 software. This technique was selected because it is suitable for exploratory models, non-normal data distribution, and complex relationships among latent variables (Hair et al., 2022). The analysis includes two stages: the measurement model (outer model) to test reliability and validity, and the structural model (inner model) to test hypotheses and path coefficients. Moderation analysis is used to evaluate how consumer behavior affects the strength of relationships among the main variables.

The study uses the following evaluation criteria:

1. Reliability: Cronbach's Alpha > 0.70 and Composite Reliability > 0.70.

2. Convergent Validity: Average Variance Extracted (AVE) > 0.50.
3. Discriminant Validity: Heterotrait-Monotrait Ratio (HTMT) < 0.85.
4. Model Fit: Coefficient of determination (R^2), predictive relevance (Q^2), and effect size (f^2).

Bootstrapping with 5,000 resamples was applied to assess the significance of path coefficients at a 5% significance level.

This methodological framework ensures robustness in hypothesis testing and provides a strong empirical foundation for explaining the financial management behavior of Generation Z students in Malang City.

Table 1. Operationalization of Research Variables

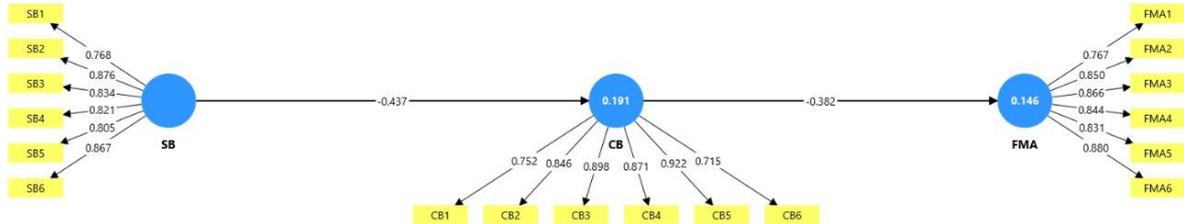
Variable	Indicator	Questionnaire Item Description
Saving Behavior (X1)	Frequency of saving	Consistency in allocating income for saving
	Saving purpose	Clarity of financial goals behind saving activities
	Commitment to saving	Discipline and commitment in maintaining saving habits
Consumption Behavior (Z) (Mediating)	Impulsive buying	Tendency to make unplanned purchases
	Trend-following desire	Consumption driven by social trends and lifestyle
	Social influence	Influence of peers or social media on spending
	Self-control in spending	Ability to restrain unnecessary spending
Financial Management Ability (Y)	Financial planning	Ability to make financial plans and allocate income
	Expenditure control	Ability to manage spending according to income
	Financial decision-making	Ability to make rational financial decisions
	Financial adjustment	Ability to adapt financial behavior to economic conditions

All variables were measured using a 4-point forced-choice Likert scale (1 = Strongly Disagree, 4 = Strongly Agree) to avoid neutral responses and encourage clear opinion differentiation. The operational indicators are based on financial behavior theory, technology acceptance models, and consumer financial management frameworks. This structure ensures compatibility with quantitative analysis using SmartPLS, following the methodological guidelines of (Hair et al., 2022) for *Partial Least Squares Structural Equation Modeling (PLS-SEM)*.

RESULTS AND DISCUSSION

Results

Outer Model



Outer Loading Matrix

	FMA	CB	SB
FMA1	0.767		
FMA2	0.850		
FMA3	0.866		
FMA4	0.844		
FMA5	0.831		
FMA6	0.880		
CB1		0.752	
CB2		0.846	
CB3		0.898	
CB4		0.871	
CB5		0.922	
CB6		0.715	
SB1			0.768
SB2			0.876
SB3			0.834
SB4			0.821
SB5			0.805
SB6			0.867

The results of the measurement model (outer model) testing show that all indicators in the FMA, CB, and SB constructs have outer loading values above the minimum limit of 0.70. These findings indicate that each indicator is able to represent the latent construct it measures strongly and consistently. Thus, it can be concluded that the model has met the convergent validity criteria, so that all indicators are declared suitable for use in further analysis.

The results and discussion are adjusted to the research approach. If the quantitative research approach consists of descriptive statistics, the results of the assumption test and the results of hypothesis testing are then analyzed critically. If the qualitative approach is in the form of themes from the results of the qualitative analysis carried out.

Construct Reliability

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
FMA	0.917	0.933	0.707
CB	0.915	0.955	0.701
SB	0.909	0.915	0.688

construct reliability testing showed that Cronbach's alpha and composite reliability values for all constructs were above 0.70. In addition, the average variance extracted (AVE) value for each construct also exceeded 0.50. These results confirm that the FMA, CB, and SB constructs have good internal consistency and are able to adequately explain the variance of their indicators. Thus, the measurement model is declared reliable and valid.

Inner Model

R – Square

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
FMA	0.146	0.159	0.050	2.918	0.004
CB	0.191	0.203	0.058	3.303	0.001

F – Square

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
CB -> FMA	0.171	0.193	0.074	2.314	0.021
SB -> CB	0.236	0.261	0.095	2.476	0.013

Total Indirect Effect (Mediating)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
PM -> KMK	0.167	0.179	0.051	3.244	0.001

In the structural model evaluation (inner model), the coefficient of determination (R^2) indicates that the FMA variable has an R^2 value of 0.146, meaning that 14.6% of the variance in FMA can be explained by the independent variables included in the model, while the remaining variance is attributed to other factors beyond the research framework. Meanwhile, the CB variable has an R^2 value of 0.191, suggesting that 19.1% of its variance is explained by the exogenous variables. Although these R^2 values fall within the low to moderate range, they remain acceptable in the context of social science research, which often involves the analysis of individual perceptions and behavioural factors.

The results of the direct effect analysis reveal that CB exerts a positive and significant influence on FMA, as evidenced by a T-statistic of 2.918 and a p-value of 0.004. This finding implies that an increase in CB significantly enhances FMA. Similarly, SB demonstrates a positive and significant effect on CB, with a T-statistic of 3.303 and a p-value of 0.001. These results indicate that a higher level of SB leads to a significant increase in CB.

Regarding the effect size (F^2) analysis, the influence of CB on FMA shows a value of 0.171, while the influence of SB on CB has a value of 0.236. Both figures are categorized as moderate effects, suggesting that each independent variable contributes

meaningfully to explaining the corresponding dependent variable within the proposed model.

The results of the indirect effect analysis demonstrate that SB has a positive and significant impact on FMA through CB as a mediating variable. This is supported by a T-statistic of 3.244 and a p-value of 0.001. These findings confirm that CB serves as an effective mediator in the relationship between SB and FMA. In other words, the effect of SB on FMA becomes statistically significant when mediated by CB.

Discussion

The findings of this study provide empirical support for the proposed model that integrates saving behaviour, consumption behaviour, and financial management ability among Generation Z students in Malang City. The results confirm that saving behaviour (SB) positively influences consumption behaviour (CB), which in turn significantly enhances financial management ability (FMA). Moreover, consumption behaviour effectively mediates the relationship between saving behaviour and financial management ability, underscoring its central role in shaping students' overall financial competence.

The coefficient of determination (R^2) values of 0.146 for FMA and 0.191 for CB, though moderate, are consistent with findings in behavioural and social science research, where human attitudes and perceptions typically yield modest explanatory power (Hair et al., 2022). These results indicate that while saving and consumption behaviours significantly affect financial management ability, other external factors such as financial literacy, peer influence, or fintech accessibility may also contribute to variations in financial behaviour outcomes.

The positive and significant direct effect of CB on FMA aligns with previous studies suggesting that controlled consumption behaviour enhances individuals' ability to plan, budget, and allocate resources effectively (Tang & Baker, 2016; Xiao et al., 2009). Students with disciplined consumption habits are more likely to achieve higher financial stability and demonstrate stronger financial self-regulation, particularly in managing non-essential expenses. Similarly, the positive relationship between SB and CB reflects the behavioural consistency between saving discipline and spending control, supporting the theoretical foundation of the Theory of Planned Behaviour (Ajzen, 1991), which emphasizes the role of behavioural intention and self-control in shaping financial outcomes.

The moderate effect sizes (F^2 values of 0.171 and 0.236) further substantiate the substantial contribution of each variable in the structural model. These findings echo the arguments of (Goyal & Kumar, 2021), who assert that rational consumption behaviour strengthens the link between financial awareness and decision-making quality. In this context, Generation Z students who regularly save are more likely to exhibit prudent consumption patterns, which in turn enhance their financial management ability.

The significant indirect effect of SB on FMA through CB demonstrates that consumption behaviour serves as an effective mediating mechanism. This finding complements prior evidence that behavioural mediators such as spending habits, lifestyle control, and peer-influenced consumption play a vital role in translating financial discipline into effective management outcomes (Arnould & Thompson, 2005; Dittmar et al., 2007). Hence, fostering positive consumption behaviour is critical to ensuring that saving efforts translate into tangible improvements in financial management.

From a practical standpoint, these results emphasize the importance of behavioural interventions and financial education programs that target both saving and consumption dimensions simultaneously. Universities and policymakers should promote structured saving plans and awareness campaigns that address impulsive spending, particularly in the context of fintech usage. The increasing reliance on digital financial platforms may ease access to funds and promote convenience, but it also introduces behavioural risks associated with overconsumption and reduced financial discipline.

CONCLUSION

This study examined the mediating role of consumption behaviour in the relationship between saving behaviour and financial management ability among Generation Z students in Malang City. The findings demonstrate that saving behaviour positively and significantly influences consumption behaviour, which subsequently enhances financial management ability. Moreover, consumption behaviour effectively mediates the effect of saving behaviour on financial management ability, confirming its pivotal role in translating financial discipline into effective financial control and decision-making.

Although the explanatory power of the model ($R^2 = 0.146$ for FMA and $R^2 = 0.191$ for CB) is moderate, the results are consistent with behavioural research patterns in social sciences, where individual attitudes and perceptions are influenced by multiple contextual factors. The findings emphasize that financial management ability is not determined solely by saving discipline but also depends on the individual's capacity to manage consumption behaviour rationally.

From a theoretical perspective, the study reinforces the applicability of the Theory of Planned Behaviour (Ajzen, 1991) in explaining financial decision-making, highlighting the interaction between intention, self-control, and behavioural outcomes. Practically, the results suggest that promoting responsible consumption alongside saving habits can significantly improve students' financial management ability.

Therefore, educational institutions and policymakers should integrate behavioural based financial education programs that encourage both consistent saving and mindful consumption. Such initiatives are essential to strengthening financial resilience, particularly as Generation Z increasingly engages with fintech platforms that can simultaneously support and challenge responsible financial management.

Future research could extend this model by incorporating variables such as financial literacy, digital financial inclusion, or peer influence to provide a more comprehensive understanding of the behavioural and technological factors shaping financial well-being among young adults.

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