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Financial Literacy and Love of Money as Determinants of Gen Z Students' Personal Financial Management: The Mediating Role of Financial Self-Efficacy

Literasi Keuangan dan Cinta Uang sebagai Determinan Pengelolaan Keuangan Pribadi Mahasiswa Gen Z: Peran Mediasi Efikasi Diri Finansial

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Abstract

The purpose of this study was to examine the effects of Financial Literacy, Love of Money, and Financial Self-Efficacy on Personal Financial Management among Gen Z students at the Satya Dharma College of Economics, with Financial Self-Efficacy as a mediating variable. The study utilized 20 indicators and involved 100 respondents. The results indicate that Financial Literacy positively affects both Personal Financial Management and Financial Self-Efficacy. Additionally, Financial Self-Efficacy positively influences Personal Financial Management and acts as a mediator between Financial Literacy and Personal Financial Management. Furthermore, Love of Money positively affects Financial Self-Efficacy; however, it does not have a positive effect on Personal Financial Management either directly or through Financial Self-Efficacy mediation.
Keywords: *Financial Literacy, Love of Money, Financial Self-Efficacy, Personal Financial Management*

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh Literasi Keuangan, Love of Money, dan Efikasi Diri Finansial terhadap Manajemen Keuangan Pribadi mahasiswa Generasi Z di Sekolah Tinggi Ilmu Ekonomi Satya Dharma dengan Efikasi Diri Finansial sebagai variabel intervening. Penelitian ini menggunakan 20 indikator dengan jumlah responden sebanyak 100 orang. Hasil penelitian menunjukkan bahwa Literasi Keuangan berpengaruh positif terhadap Manajemen Keuangan Pribadi dan Efikasi Diri Finansial. Efikasi Diri Finansial juga berpengaruh positif terhadap Manajemen Keuangan Pribadi serta mampu memediasi pengaruh Literasi Keuangan terhadap Manajemen Keuangan Pribadi. Selain itu, Love of Money berpengaruh positif terhadap Efikasi Diri Finansial, namun tidak berpengaruh positif terhadap Manajemen Keuangan Pribadi secara langsung maupun melalui mediasi Efikasi Diri Finansial.
Kata kunci: Literasi Keuangan, Love of Money, Efikasi Diri Finansial, Manajemen Keuangan Pribadi

1. Introduction

Generation Z, according to Statistics Indonesia (BPS), refers to individuals born between 1997 and 2012, currently aged between 11 and 26 years old. Amid the growth of the digital economy and increasing financial complexity, this generation faces significant challenges in managing their personal finances. Previous studies have highlighted the importance of financial literacy, financial self-efficacy, and love of money in shaping sound financial management behavior among Gen Z (Afandy & Niangsih, 2020; Aini & Rahayu, 2022; Atika & Rohayati, 2017).

Financial literacy serves as a fundamental capability that enables individuals to understand and make informed financial decisions (Elsalonika & Ida, 2025; Rodriguez, Labong,

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& Palallos, 2024). The Financial Services Authority (OJK) reported that in 2023, more than 226 financial literacy activities were conducted, reaching over 35,000 students and university participants—underlining the urgency of financial education among young generations (Restiyanti & Yadiati, 2023). Individuals with strong financial literacy are more likely to avoid investment frauds and develop long-term financial planning (Lieanto & Kohardinata, 2025; Ningtyas & Putra, 2024).

However, many university students, including those at STIE Satya Dharma, still struggle to apply financial knowledge in their daily lives (Putri, Djausal, & Wardianto, 2023; Dewi, Ayu, & Suryajati, 2021). This is particularly ironic considering that students at STIE Satya Dharma—an institution focused on economics and business—have received financial management courses as early as their fourth semester. Interviews with students revealed that they perceive financial management as theoretical knowledge to be used only after graduation, not as a practical tool for their current needs.

Another important factor influencing personal financial management is **financial self-efficacy**, which refers to individuals' belief in their ability to manage finances and achieve their financial goals (Rahma & Susanti, 2022; Rindi & Adiputra, 2022). Those with high financial self-efficacy are more likely to demonstrate responsible and disciplined financial behavior (Sari & Listiadi, 2021; Budiasni & Ferayani, 2023).

In addition, **love of money** is a psychological variable that can significantly influence Gen Z's financial behavior. Research has shown that a strong attachment to money—if supported by adequate financial literacy—can actually encourage individuals to manage their finances more effectively (Widiawati, 2020; Sulhan & Putri, 2023). Other studies also reveal that students with a higher orientation toward money tend to be more financially aware and strive to improve their financial well-being (Rudy, Sunardi, & Kartono, 2020; Utami et al., 2020).

At STIE Satya Dharma, the majority of students in the Management (Bachelor) and Accounting (Diploma) programs belong to Generation Z, as shown in the following table:

Table 1. Number of Gen Z Students at STIE Satya Dharma

Study Program	Semester 4	Semester 6	Semester 8	Total
S1 Management	95	113	120	328
D3 Accounting	20	12	–	32
Total	**115**	**125**	**120**	**360**

Source: STIE Satya Dharma (2024)

According to Hananto (in Bisnis.com, 2023), 73% of Gen Z express doubt about their long-term financial stability. This highlights their weak future orientation—an essential aspect of planning for careers, education, and family life (Poole & Cooney, 1987; Nurmi, 2004). This lack of preparedness affects not only their future aspirations but also their day-to-day financial decision-making.

Based on this background, this study aims to analyze the **influence of financial literacy and love of money on personal financial management among Gen Z students at STIE Satya Dharma**, with **financial self-efficacy as a mediating variable**.

2. Methods

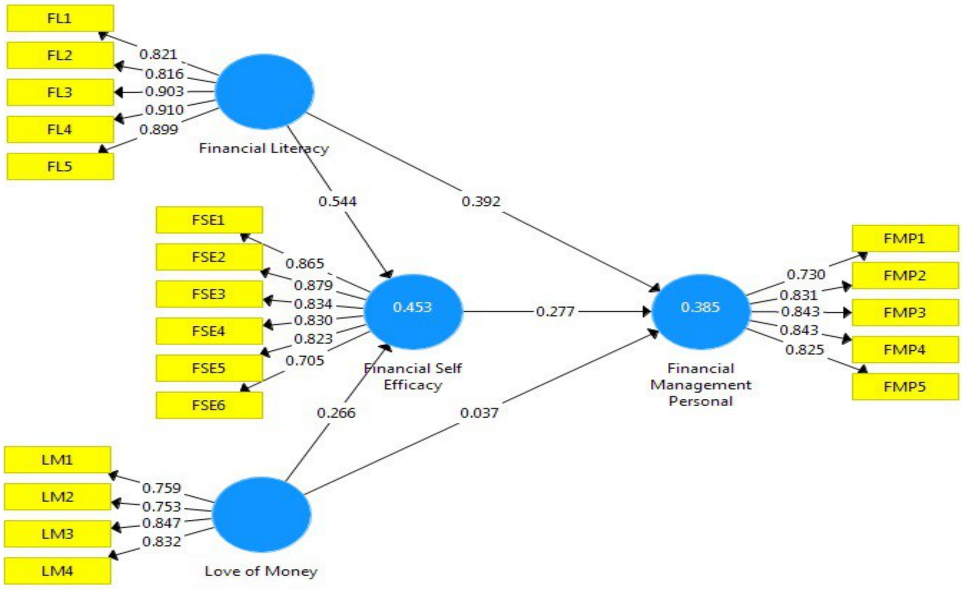
This research was conducted at the Satya Dharma College of Economics, with a population of 360 students from two study programs: Diploma in Accounting (D3) and Bachelor in Management (S1), specifically targeting students from semester 4 to 8. A total of 100 Gen Z students were selected as samples using a purposive sampling technique. The sampling criteria included students who had taken financial management courses and were born between 1997 and 2012, representing Generation Z. The research involved four main variables: Financial Literacy, Love of Money, Financial Self-Efficacy, and Personal Financial Management.

Financial Literacy, based on the Financial Services Authority (OJK, 2016) and as cited in Widiawati (2020), is defined as the knowledge, attitudes, and skills that influence financial behavior and decision-making. Its indicators were adapted from Atikah and Kurniawan (2020), which include financial knowledge, attitude, behavior, training, and skill. Love of Money, according to Tang and Chen (2008) in Widiawati (2020), refers to one's perceptions and expectations of money, and is measured through indicators such as wealth, motivation, success, and the perceived importance of money. Financial Self-Efficacy is described by Forbes and Kara (2010) as one's confidence in achieving financial goals, and includes indicators such as planning expenses, decision-making during uncertainty, facing challenges, and confidence in current and future financial conditions (Lown, 2011). Lastly, Personal Financial Management refers to the planning, implementation, and evaluation of financial actions by individuals or families, measured through indicators such as financial goal setting, financial planning, budgeting, implementation responsibility, and achievement efforts (Godwin & Koonce, in Parota & Johnson, 1998; Atika & Rohayati, 2017).

The data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach, which is suitable for small sample sizes and does not require normal data distribution (Hair et al., 2010). The **outer model** was assessed through convergent and discriminant validity using loading factors, average variance extracted (AVE), cross-loadings, and the root of AVE values. Construct reliability was tested using Composite Reliability and Cronbach's Alpha, with thresholds of >0.70 for confirmatory research and >0.60 for exploratory research. The **inner model** was evaluated through path coefficients, R^2 values, and t-statistics. Hypothesis testing relied on bootstrapping techniques, and significance was determined by comparing the t-statistics with the critical value of 1.96 at the 0.05 significance level (Hair et al., 2014).

Furthermore, a mediation test was conducted to assess whether Financial Self-Efficacy mediates the relationships between Financial Literacy and Personal Financial Management, and between Love of Money and Personal Financial Management. This test was based on both direct and indirect effects, as represented in the total effect. According to Jogiyanto et al. (2015) in Devira (2019), full mediation occurs when the independent variable affects the dependent variable only through the mediating variable, whereas partial mediation exists when the independent variable affects the dependent variable both directly and through the mediator.

3. Result and Discussion



Source:SmartPLS output results

Figure 1. Algorithm

Figure 1 above shows that Financial Literacy (FL) is measured using 5 indicators, namely FL1, FL2, FL3, FL4, and FL5. Love of Money (LM) is measured using 4 indicators, namely LM1, LM2, LM3, and LM4. Financial Self-Efficacy (FSE) is measured by 6 indicators, namely FSE1, FSE2, FSE3, FSE4, FSE5, and FSE6. Financial Management Personal (FMP) is measured using 5 indicators, namely FMP1, FMP2, FMP3, FMP4, and FMP5. The direction of the arrows between indicators shows that the research uses reflective indicators that are relatively appropriate for measuring perceptions. The relationship to be studied is symbolized by arrows between constructs.

Judging from the figure above, it shows that the loading factor value of all indicators has provided the recommended loading value of 0.50. The loading factor value of the average indicator correlates above 0.70 so it can be concluded that the indicators that are above 0.70 in this study are valid.

Table 4. Path Coeficcients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
FL -> FMP	0,392	0,393	0,092	4,287	0
FL -> FSE	0,544	0,543	0,079	6,912	0
FSE -> FMP	0,277	0,277	0,1	2,768	0,006
LM -> FMP	0.037	0,035	0,112	0,334	0,738
LM -> FSE	0,266	0,273	0,073	3,648	0

Source:SmartPLS output results

If the t-statistic> from the t-table, it can be said that the endogenous construct has an effect on the exogenous construct. Only four relationships have a positive and significant effect because the t-statistic value is greater than the table value. 1 of these constructs, namely the effect of Love of Money, does not have a positive and significant effect on Personal Financial Management because the t-table value is greater than the t-count. Therefore, it can be said that Financial Literacy affects Personal Financial Management, Financial Literacy affects Financial Self-Efficacy, Financial Self-Efficacy affects Personal Financial Management, Love of Money affects Financial Self-Efficacy and Love of Money has no effect on Personal Financial Mangement.

Thus, it can be concluded that the assumption of the main effect of the independent variable on the dependent variable must be significant to fulfill the mediation effect. Referring to Baron and Kenney, Hartono and Abdillah (2014) argue that testing the effect of a mediating variable can be done if the main effect of the independent variable on the dependent variable is significant. If this is not met, then there is no need to continue testing the mediating effect, because the results are usually insignificant. The following is a table of Indirect Effect

Table 5. Inderect Effeects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
F L -> FSE -> FMP	0,151	0,15	0,057	2,648	0,008
LM -> FSE -> FMP	0,074	0,078	0,038	1,949	**0,052**

Source:SmartPLS output results

Judging from the table above, it can be seen that the effect of Financial Literacy on Personal Financial Management mediated by Financial Self-Efficacy is significant because the t-statistic is 2.648> 1.96 and the p values are 0.008 <0.05. So Financial Self-Efficacy can mediate the relationship between Financial Literacy and Personal Financial Management. Then the indirect effect coefficient value of the effect of Love of Money on Personal Financial Management mediated by Financial Self-Efficacy is insignificant because the t-statistic is 1.949>1.96 and the p values are 0.052>0.05. From the results of this study, it can be stated that Financial Self-Efficacy cannot mediate the relationship between Love of Money and Personal Financial Management.

Discussion

1. The Effect of Financial Literacy on Personal Financial Management

The findings of this study indicate that financial literacy has a significant and positive effect on the personal financial management of Gen Z students at STIE Satya Dharma. This suggests that the more knowledgeable students are about financial concepts, the more competent they are in managing their finances. This result supports the studies of Afandy and Niangsih (2020) and Atika and Rohayati (2017), which revealed that financial literacy enhances one's ability to plan, control, and evaluate financial decisions. Moreover, Rodriguez, Labong, and Palallos (2024) emphasize that financial literacy is one of the strongest predictors of responsible spending and saving behavior among Gen Z. The implication is clear: strengthening financial literacy among students will likely result in improved financial outcomes and reduced financial stress.

2. The Effect of Financial Self-Efficacy on Personal Financial Management

This study also confirms that financial self-efficacy significantly affects personal financial management. Students who believe in their ability to manage money tend to adopt better financial behaviors, such as budgeting, saving, and controlling spending. These findings are consistent with those of Rindi and Adiputra (2022), who found that students with high financial self-efficacy tend to be more disciplined and goal-oriented in financial decision-making. Similarly, Rahma and Susanti (2022) noted that individuals with strong self-efficacy are more resilient in facing financial difficulties and tend to have better financial planning skills.

3. The Effect of Love of Money on Personal Financial Management

Unlike the previous variables, love of money does not show a significant direct effect on personal financial management. This result contradicts previous findings by Sulhan and Putri (2023), which indicated that a strong love of money can motivate individuals to pursue better financial planning. However, our finding is consistent with the work of Rudy, Sunardi, and Kartono (2020), which argued that love of money alone, without the presence of financial literacy or ethical values, may not translate into effective financial behavior. Factors such as gender, age, and socio-cultural background can moderate this relationship, making it less direct among student populations.

4. The Effect of Financial Literacy on Financial Self-Efficacy

This study also shows that financial literacy positively influences financial self-efficacy. Students with a strong understanding of financial concepts tend to feel more confident in managing their money. This is supported by the work of Pratiwi and Krisnawati (2020), who found that higher levels of financial knowledge increase individuals' belief in their ability to achieve financial goals. Additionally, Elsalonika and Ida (2025) concluded that financial literacy empowers Gen Z to make independent financial decisions, thus strengthening their financial confidence.

5. The Effect of Love of Money on Financial Self-Efficacy

The research findings indicate that love of money has a significant positive influence on financial self-efficacy. Students who value money and associate it with achievement tend to be more motivated and confident in managing finances. This aligns with the findings of Widiawati (2020), who noted that individuals with a positive attitude toward money are more likely to develop effective financial behaviors. However, the effect of love of money on self-efficacy is only beneficial when it is rooted in healthy financial values, not materialism.

6. The Mediating Role of Financial Self-Efficacy in the Relationship between Financial Literacy and Personal Financial Management

Financial self-efficacy is found to mediate the relationship between financial literacy and personal financial management. This supports the findings of Restiyanti and Yadiati (2023), who stated that self-efficacy acts as a psychological bridge between financial knowledge and action. As students become more financially literate, they also gain confidence in their ability to manage their finances, resulting in improved financial behavior. This highlights the importance of simultaneously strengthening both financial knowledge and self-belief in financial education programs.

7. The Mediating Role of Financial Self-Efficacy in the Relationship between Love of Money and Personal Financial Management

The results indicate that financial self-efficacy does not significantly mediate the relationship between love of money and personal financial management. Although love of money may positively affect self-efficacy, its influence on financial management remains weak. According to Kenny's mediation principle (Hartono & Abdillah, 2014), a mediation effect is unlikely to occur if the direct relationship is already insignificant. This confirms that love of money, while psychologically influential, may not translate into better financial management unless supported by other factors like financial education and values orientation (Aini & Rahayu, 2022).

4. Conclusion

Based on the findings of this study, it can be concluded that **Financial Literacy** and **Financial Self-Efficacy** are key determinants of **Personal Financial Management** among Gen Z students at STIE Satya Dharma. Financial Literacy not only has a direct positive impact on students' ability to manage their personal finances, but also significantly influences their level of Financial Self-Efficacy. Furthermore, while **Love of Money** contributes positively to Financial Self-Efficacy, it does not directly or indirectly affect Personal Financial Management. This suggests that knowledge and self-confidence play a more central role than mere financial motivation in shaping responsible financial behavior among Gen Z students.

Given these findings, it is recommended that students enhance their understanding of financial literacy concepts and develop confidence in managing money to improve their personal financial well-being. Financial education programs should emphasize not only technical knowledge but also psychological readiness. For future research, it is suggested to explore other psychological or behavioral variables—such as **financial attitude**, **future time perspective**, or **self-control**—that may have a more significant impact on Personal Financial Management, especially in the context of Gen Z. Additionally, further studies may consider employing qualitative methods or cross-institutional comparisons to gain deeper insights.

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