

The Role of Locus of Control in Mediating the Influence of Financial Literacy, Financial Attitudes, and Lifestyle on the Personal Financial Management Behavior of Generation Z in Banda Aceh City

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Abstract

This study seeks to examine how Locus of Control (LoC) acts as a mediator in the impact of financial literacy, financial attitudes, and lifestyle on personal financial management behavior among Generation Z in Banda Aceh City. Generation Z, a demographic group that significantly influences social and economic development, often struggles with managing personal finances, especially due to uncontrolled spending habits. Using a quantitative method and PLS, this research investigates the relationships between financial literacy, financial attitudes, lifestyle, and LoC within the context of personal financial management. The findings are expected to shed light on the mediating role of LoC in the connection between financial literacy, financial attitudes, lifestyle, and financial management behavior. Additionally, the study aims to emphasize the importance of financial literacy education for Generation Z and show how enhancing attitudes and adopting a responsible lifestyle can improve personal financial management in the future. Based on the results, it is advised that government bodies and educational institutions prioritize developing financial literacy programs that incorporate the fostering of positive character traits and habits related to personal financial management for Generation Z.

Keywords: Locus of Control, Financial Literacy, Financial Attitudes, Lifestyle, Management Behavior, Personal Finance

Introduction

In today's world, understanding the complexities of personal financial management is essential for everyone, especially given the ongoing changes driven by globalization and economic development (Rohmanto & Susanti, 2021). Generation Z refers to people born from 1997 to 2012, now constitutes a significant portion of Indonesia's workforce, particularly in Banda Aceh (BPS, 2024). Their dependence on financial resources is increasing. According to BPS data, Banda Aceh has a population of 257,635 residents, of whom 60,385 belong to Generation Z. This sizable demographic presents a valuable opportunity to examine financial behaviors. While Generation Z shows a strong aptitude for adopting technology and utilizing digital financial services, numerous studies reveal that they still face various challenges in managing their personal finances.

Economic instability often stems from a disconnect between financial literacy and financial inclusion. According to the 2024 OJK report, the financial literacy rate in Aceh is 49.87%, while the financial inclusion rate reached 89.87% in 2022. This disparity suggests that although financial services and products are widely used, there remain significant gaps in understanding the associated risks, benefits, and practical applications. Table 1 demonstrates that the level of financial literacy in Aceh does not correspond with the

growth in financial inclusion. This highlights the importance of thoroughly examining the financial decision-making process, especially among Generation Z

(Chen & Volpe, 1998), as well as (Kartini & Mashudi, 2022), identified a significant connection between insufficient financial knowledge and suboptimal money-related decision-making. Generation Z's approach to managing their finances is closely linked to their consumer habits. Acquiring financial knowledge is essential for a deeper understanding of this subject. In 2022, a study by the Katadata Insight Center and Zigi revealed that a substantial portion of Generation Z's spending in Indonesia is directed toward essential needs, including food, communication, clothing, and entertainment. (Rahmawati et al., 2024) emphasize the importance of long-term planning as a crucial step toward achieving financial stability in the future. Strategies employed include saving, allocating funds for unexpected situations, and pursuing business ventures. An individual's attitude toward money plays a significant role in this context.

Table 1. Financial Literacy and Inclusion in Indonesia and Aceh Province (2013–2022)

Year	Indonesia		Aceh	
	Financial Literacy	Financial Inclusion	Financial Literacy	Financial Inclusion
2013	21,84%	59,74%	17,21%	57,75%
2016	29,70%	67,80%	27,02%	63,48%
2019	38,08%	76,19%	44,36%	86,09%
2022	49,68%	85,10%	49,87%	89,87%

Source : OJK.go.id (2025)

According to (Setyawan & Wulandari, 2020), an individual's perspective on money significantly influences their financial management practices. This perspective reflects how a person approaches thought processes, decision-making, and financial planning. Even when someone maintains a positive outlook on money and understands fundamental financial principles, their ability to adopt sound financial habits may falter if they perceive a lack of control over their decisions. In this context, it is essential to understand the psychological concept of LoC. People with an internal LoC usually think they can affect their financial situations, while those with an external LoC often feel their financial states are influenced by uncontrollable factors, like destiny or chance (Widiawati, 2020). Numerous studies have examined the concept of LoC, yet the findings remain varied and sometimes conflicting. It is important to consider its role both as an independent variable and as a mediating variable. (Khoirunnisa & Rochmawati, 2021) found that LoC does not affect the relationship between financial knowledge and individuals' financial management behaviors. A recent study by (Turnip & Krisnandi, 2023) raises important questions about these findings.

Literature Review

Personal Financial Management

Personal financial management involves various aspects of overseeing one’s finances, including planning, budgeting, saving, managing debt, and making informed decisions about spending and investing (Erlangga, 2023). The primary goal of this process is to achieve long-term financial stability. Successful management relies on a firm grasp of financial concepts, alongside the skill to establish priorities, develop budgets, and effectively track spending behaviors (Rudy et al., 2020). (Joo & Grable, 2004) emphasize that psychological and behavioral factors, such as self-control and the motivation to achieve financial goals, play a crucial role in an individual’s ability to manage their finances.

(Widiawati, 2020) highlights how individuals make rational decisions under the constraints of limited financial resources, which plays a crucial role in determining the effectiveness of their financial management practices. The evolution of digital technology and the shift toward a more affluent lifestyle significantly

influence the everyday financial behaviors of Generation Z. A mismatch between financial management abilities and lifestyle aspirations can lead to financial difficulties early in life (Leon, 2018).

Financial Literacy

The Organization for Economic Co-operation and Development (OECD) characterizes financial literacy as a mix of attitudes, skills, and knowledge that allows individuals to make well-informed choices regarding their finances and improve their overall economic welfare. This encompasses a comprehensive understanding of financial products, the associated risks, financial planning, and fundamental concepts of personal finance. Research by (Chen & Volpe, 1998) demonstrated that individuals with strong financial knowledge were better equipped to comprehend how their decisions impacted their finances, helping them avoid poor spending habits. Similarly, OJK (2024) highlights the importance of financial education to transform people from passive observers into active, informed consumers who can effectively utilize financial services.

Low literacy levels remain a significant problem, particularly among young people who are easily influenced by social media and consumerist culture. This persists despite numerous efforts to promote financial inclusion. According to (Rohmanto & Susanti, 2021), individuals with a better understanding of money are more capable of managing their finances effectively, including saving and spending wisely. Since Generation Z generally lacks extensive experience with money and debt, their literacy skills greatly influence the financial decisions they make.

Financial Attitude

(Setyawan & Wulandari, 2020) define financial attitudes as an individual's perspective on money, including their evaluation and response to money throughout their life. This encompasses financial decision-making habits such as investments, loans, and savings. Personal beliefs, past experiences, family influences, and social environment all contribute to the development of financial attitudes. According to (Mitchell & Lusardi, 2011), a person's attitude toward money particularly regarding self-control and future planning significantly influences their financial behavior. Individuals with a positive attitude toward money are more likely to engage in prudent financial activities and set long-term goals.

(Khoirunnisa & Rochmawati, 2021) emphasize the importance of financial attitudes in bridging financial knowledge with the practical ability to manage funds efficiently. Individuals must cultivate attitudes such as the capacity to delay gratification, a strong sense of responsibility in financial decision-making, and vigilance when shopping to foster disciplined financial management behaviors. However, it is important to recognize that a positive attitude, while beneficial, may not be sufficient without effective internal control mechanisms and external support. Therefore, incorporating additional psychological factors, such as LoC, can enhance research on financial attitudes.

Lifestyle

(Setiadi, 2019) defines lifestyle as an individual's behavioral patterns in managing time, prioritizing expenditures, and expressing identity and ideas through consumption. The lifestyle of Generation Z is characterized by a tendency to follow trends, extensive use of digital technology, and the strong influence of a consumer-driven society shaped by social media (Katadata Insight Center, 2022). According to (Rahmawati et al., 2024), most of Generation Z's spending is allocated to tertiary needs such as fast food, digital entertainment, clothing, and other lifestyle trends, with only a small portion of income reserved for long-term financial goals such as savings and investments.

An extravagant and careless lifestyle can hinder financial goals and adversely affect an individual's financial well-being. (T. P. Putri & Susanti, 2018) identified peer influence, social norms, and perceptions of social status as the primary factors contributing to the development of a consumptive lifestyle. Therefore, awareness of lifestyle is important not only from an economic perspective but also for understanding

consumer psychology and the process of shaping financial character, particularly among young people undergoing economic transition.

Locus of Control

LoC is a psychological concept that examines the degree to which individuals perceive their actions as influenced by internal factors, such as personal effort and abilities, versus external factors, including fate, luck, or the influence of others (Rotter, 1966). People with an internal locus of control often think that their decisions and actions significantly influence their financial health. Conversely, individuals with an external LoC are more inclined to ascribe their financial circumstances to influences outside their control. (Widiawati, 2020) emphasizes that, in the financial domain, LoC profoundly affects long-term planning, financial discipline, and decision-making processes.

(Turnip & Krisnandi, 2023) found that LoC mediates the relationship between financial knowledge and individuals' money management practices. Individuals who attribute outcomes to external factors may still make poor financial decisions. Conversely, those who feel empowered about their finances tend to make more informed and deliberate choices. However, research by (Khoirunnisa & Rochmawati, 2021) suggests that LoC does not significantly influence this relationship. These conflicting findings highlight the need for further research, particularly to explore how Generation Z manages their finances and how their psychological environment affects their financial behaviors.

Research Framework

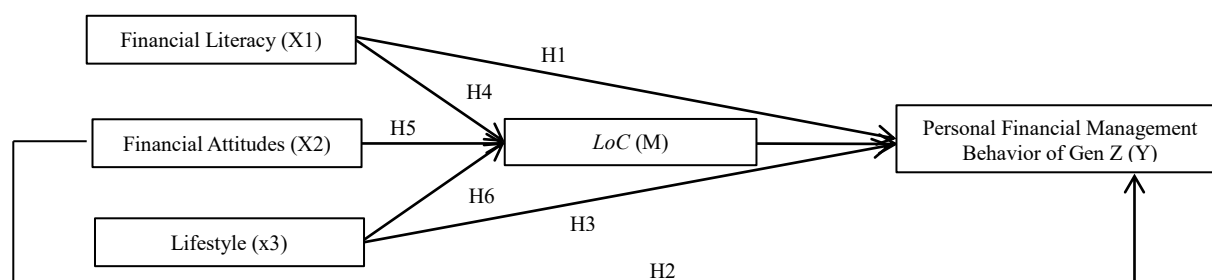


Figure 1. Research Framework

Research Hypothesis

H1: Financial literacy impact to personal financial management behavior.

H2: Financial attitudes impact to personal financial management behavior.

H3: Lifestyle impact to personal financial management behavior.

H4: Financial literacy impact to personal financial management behavior through the LoC as a mediation variable.

H5: Financial attitudes impact to personal financial management behavior through the LoC as a mediation variable.

H6: Lifestyle impact to personal financial management behavior through the LoC as a mediating variable.

H7: The LoC impact to personal financial management behavior.

Research Methods

Location and Research Object

Generation Z individuals living in Banda Aceh who were born between 1997 and 2012. The objective was to examine the relationship between personal financial management and various influencing factors, including financial knowledge, attitudes toward money, and lifestyle choices. Additionally, the study investigated the role of LoC as a mediating factor in the relationship between these characteristics and financial management behavior.

Population and Research Sample

This study focuses on the entire population of Generation Z members residing in Banda Aceh. A purposive sampling method was employed, targeting respondents aged 17 to 27 years who live in Banda Aceh and have either a stable or fluctuating income. The research collected 160 samples, which is considered sufficient for estimating the SEM-PLS model. This sample size aligns with the recommendation by (Hair et al., 2016), who suggest that the structural model should include at least ten times the number of paths leading to a single latent construct.

Measurement Scale

This investigative instrument employs a five-point Likert scale to assess the level of agreement individuals express concerning different statements linked to research factors. On this scale, a score of 1 indicates "Strongly Disagree," and a score of 5 indicates "Strongly Agree." A comprehensive set of indicators is employed to determine the value of each variable. These indicators are developed based on prior research and have undergone rigorous evaluation to ensure their accuracy and reliability. The evaluation of financial literacy relies on the research carried out by (Chen & Volpe, 1998) and (Rohmanto & Susanti, 2021). In contrast, the LOC marker is derived from the research of (Widiawati, 2020).

Data Analysis Methods

The analytical tool used is PLS. This method was chosen because of its ability to combine reflective and formative latent variables simultaneously, as well as its effectiveness in handling complex structural models, including second-order constructs (Hair et al., 2021). Moreover, PLS-SEM is ideal for datasets with non-normal distributions, shows resilience to outliers, and is suitable for small to medium-sized samples. The analysis includes two primary phases: assessment of the measurement models (outer models) and assessment of the structural models (inner models).

Results

Characteristics of Respondents

The study involved 384 participants, with a balanced gender ratio of 50% male and 50% female. Nearly 70% of the sample comprised individuals aged 15 to 29, an age range considered to be both productive and socially active. The largest age group was 25–29 years (28.6%), followed by 15–19 years (27.9%), 21–24 years (26.6%), and 14–20 years (16.7%), with the remaining age groups representing very small proportions. This indicates that most respondents belong to Generation Z, which is significant for research on individual behavior in personal financial management. Regarding employment status, nearly half of the respondents were college students (47.4%), followed by school students (27.3%), temporary workers (15.6%), and civil servants (7.6%). The remaining participants came from various vocational backgrounds, though their percentages were relatively low.

Respondents were evenly distributed across nine sub-districts in Banda Aceh, with the highest concentrations in Kuta Alam (16.1%), Syiah Kuala (14.6%), and Ulee Kareng (10.9%). This distribution was determined by the respondents' places of residence. Such diversity enables a deeper understanding of the financial dynamics of Generation Z across various socioeconomic and geographical contexts in Banda Aceh, thereby enhancing the representativeness of the data.

Results of the SEM-PLS Second Order Model Analysis

The PLS analysis was conducted in two main stages, following the Two-Stage Approach method for the second-order model.

Evaluation of Measurement Models (Outer Model)

The primary objective of this step is to ensure that the measures used are accurate and reliable for assessing latent constructs. Key aspects of the evaluation process include verifying that the indicator weights correspond appropriately to the underlying factors, as well as assessing reliability, discriminant validity, and convergent validity.

The test results indicate that all measurement model constructs satisfy the necessary statistical criteria. AVE for all first-order reflective constructs is at least 0.5, as recommended by (Hair et al., 2021), demonstrating convergent validity. Furthermore, most indicator loadings exceed 0.7, indicating that the indicators effectively represent the constructs under study. Although some indicators have loadings below 0.7, they are conceptually important and supported by a strong theoretical foundation within the study's framework.

The Fornell-Larcker criterion evaluates discriminant validity, shown when the square root of the AVE for each construct is greater than its correlations with other constructs. This suggests that every construct within the model is unique and shows little conceptual overlap. All reflective constructs demonstrate high internal consistency reliability, with CR values surpassing the 0.7 threshold. These findings verify that the elements within each construct reliably assess the same fundamental idea. Moreover, the possibility of multicollinearity among the indicators is assessed, along with the importance of external weights for formative constructs. The results show that every formative indicator possesses statistically significant external weights.

The VIF values for all formative measures are below 5, indicating the absence of significant multicollinearity issues that could compromise the stability of the model's estimates. The measurement model satisfies all necessary criteria for validity and reliability, demonstrating that the indicators used in this study accurately and consistently represent the latent constructs they are intended to measure.

Evaluation of Structural Models (Inner Model)

After the measurement model is validated, the subsequent step is to assess the structural model, which outlines the connections between latent constructs. Figure 2 displays the structural model for this research.

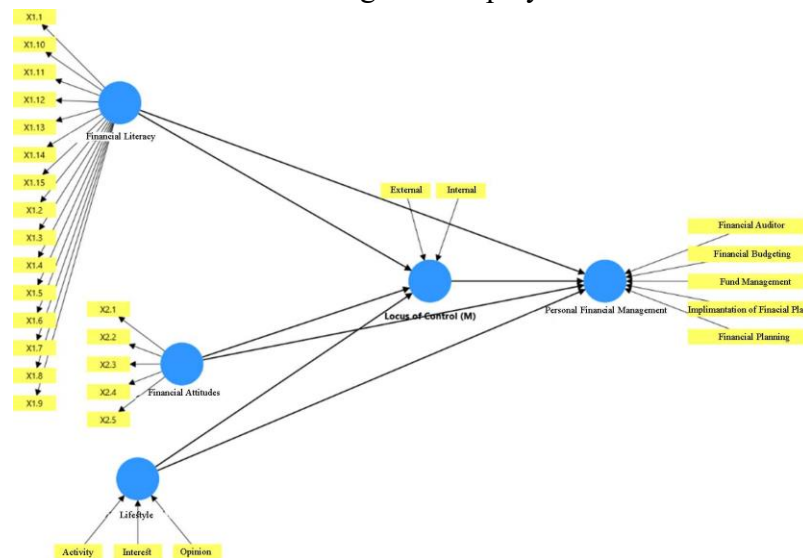


Figure 2. Structural model

Evaluation of Structural Models (Inner Model)

Table 2. Coefficient of Determination (R²)

	R²
LoC (M)	0.706
Personal Financial Management (Y)	0.737

Source : Data processed (2025)

After verifying the measurement model, structural model analysis was conducted to identify relationships between latent constructs. The coefficient of determination (R²) serves as a key metric at this stage, indicating the extent to which the independent variables explain the observed variance in the dependent variable. As shown in Table 2, the model accounts for 70.6% of the variance in the LoC construct and 73.7% of the variance in personal financial management behavior. These high R² values indicate that the constructs of Financial Literacy, Financial Attitudes, and Lifestyle significantly predict respondents' financial management behavior, either directly or through mediation by LoC.

Table 3. Predictive Relevance (Q²)

	Q² predict
LoC (M)	0.702
Personal Financial Management (Y)	0.720

Source : Data processed (2025)

Furthermore, predictive relevance (Q²) is assessed to determine the model's ability to predict data not used in the estimation process. Predictive relevance is indicated by a Q² score greater than 0. According to Table 3, the Q² value for LoC is 0.702, while the value for Personal Financial Management Behaviour is 0.720. These high and positive values confirm the model's strong predictive capability for the dependent variables.

Table 4. Effect Size (f²)

	f²
Lifestyle (X3) -> LoC (M)	0.122
Lifestyle (X3) -> Personal Financial Management (Y)	0.137
Financial Literacy (X1) -> LoC (M)	0.167
Financial Literacy (X1) -> Personal Financial Management (Y)	0.119
LoC (M) -> Personal Financial Management (Y)	0.033
Financial Attitude (X2) -> LoC (M)	0.149
Financial Attitudes (X2) -> Personal Financial Management (Y)	0.061

Source : Data processed (2025)

The LoC was moderately influenced by financial attitudes (f² = 0.149), whereas personal financial management was only slightly affected (f² = 0.061). Conversely, the LoC itself made a minimal contribution to personal financial management (f² = 0.033), indicating that, although important, its effectiveness as a direct predictor of financial behavior is relatively limited compared to other variables. These findings underscore the critical role of psychological and behavioral factors in understanding the financial management dynamics among Generation Z.

Hypothesis Testing

The subsequent stage includes assessing the hypothesis once the structural model and measurements have been validated. The bootstrapping technique is utilized to evaluate the path coefficient, t-statistic, and p-value throughout this procedure. The main aim of this test is to assess the importance of the connections between the variables within the model. The null hypothesis (H₀) is rejected if the t-statistic is greater than 1.96 or the p-value falls below 0.05.

Direct Hypothesis Testing

Table 5. Path Coefficient "Direct Effect"

	<i>Original sample (O)</i>	<i>Sample mean (M)</i>	<i>Standard deviation (STDEV)</i>	<i>T statistics (O/STDEV)</i>	<i>P values</i>
X3 -> M	0.271	0.276	0.056	4.863	0.000
X3 -> Y	0.287	0.286	0.056	5.122	0.000
X1 -> M	0.353	0.349	0.066	5.348	0.000
X1 -> Y	0.303	0.306	0.071	4.266	0.000
M -> Y	0.172	0.170	0.068	2.539	0.011
X2 -> M	0.320	0.318	0.052	6.150	0.000
X2 -> Y	0.207	0.205	0.054	3.806	0.000

Source : Data processed (2025)

This research model identifies several key factors that significantly influence personal financial management, as demonstrated by the results of direct hypothesis, both directly and indirectly. A T-value of 4.863 and a P-value of 0.000 indicate that this study provides significant insights into the relationship between lifestyle and LoC. The findings suggest that individuals who maintain stable, controlled, and organized lifestyles often feel more capable of managing their financial affairs. Establishing routines and prioritizing health can help individuals develop responsibility and self-discipline in their financial decisions.

Lifestyle plays a significant role in personal financial management, as evidenced by a T value of 5.122 and a P value of 0.000. Establishing good financial habits, such as diligently tracking expenses, minimizing waste, and creating a budget becomes more manageable when life is organized effectively. This demonstrates that cultivating positive habits enhances not only our health and relationships but also significantly influences our financial well-being.

A T-value of 5.348 and a P-value of 0.000 suggest a meaningful connection between LoC and financial knowledge. People who grasp basic financial concepts like budgeting, saving, interest rates, and risk management often tackle financial obstacles with more assurance. Individuals who have a solid understanding of finance frequently credit their achievements to their own choices and hard work instead of luck or outside influences. Furthermore, a T-value of 4.266 and a P-value of 0.000 indicate that financial literacy significantly influences individual personal finance management.

Individuals who understand the fundamentals of money management are better equipped to use their finances effectively for both immediate needs and future goals. This includes consistently saving, making informed investment decisions, and avoiding overspending to prevent debt. The findings underscore the importance of introducing financial education to children at an early age, as this is essential for fostering responsible financial behavior in the future. A T value of 2.539 and a P value of 0.011 indicate that LoC significantly influences individuals' financial management practices.

Individuals with an internal LoC, those who believe their actions and efforts influence their life outcomes, especially in financial matters, generally demonstrate stronger money management skills. They tend to approach long-term financial decisions carefully, thoughtfully weighing potential outcomes. The T value for this statement is 6.150, and the P value is 0.000, indicating that possessing a positive perspective on money significantly enhances an individual's sense of personal power. This mindset is reflected in the ability to manage expenses prudently, adhere to savings goals, and prioritize long-term financial aspirations. This relationship highlights the complex interplay of cognitive, behavioral, and psychological factors that shape personal financial decisions, particularly for young individuals navigating today's economic challenges.

Mediation Hypothesis Testing

Table 5. Path Coefficient "Indirect Effect"

	<i>Original sample (O)</i>	<i>Sample mean (M)</i>	<i>Standard deviation (STDEV)</i>	<i>T statistics (O/STDEV)</i>	<i>P values</i>
X3 -> M -> Y	0.047	0.046	0.020	2.375	0.018
X1 -> M -> Y	0.061	0.060	0.029	2.130	0.033
X2 -> M -> Y	0.055	0.054	0.024	2.271	0.023

Source : Data processed (2025)

The results of the hypothesis test show that personal financial management is notably affected by all important relationships, either directly or via mediation. A significant relationship exists between lifestyle and LoC, demonstrated by a T value of 4.863 and a P value of 0.000. The results suggest that individuals who maintain a steady, disciplined, and organized lifestyle tend to feel more confident in their ability to manage their financial situation. Adopting a balanced and structured way of living can enhance a person's financial decision-making.

The way we live our lives plays a crucial role in how we manage our finances, as evidenced by a T value of 5.122 and a P value of 0.000. A structured lifestyle promotes the development of sound financial practices, such as avoiding impulse purchases, creating a budget, and closely monitoring expenditures. This approach allows us to examine how daily activities influence financial stability, as well as the impact of physical and social health factors. There is a significant relationship between financial literacy and LoC, demonstrated by a T value of 5.348 and a P value of 0.000. This suggests that individuals with strong financial literacy tend to feel more confident when confronting and addressing financial challenges. Financial success can be viewed as a result of human effort rather than mere chance by those who understand fundamental concepts such as financial planning, interest, investment, and risk management. The findings also indicate a significant relationship between personal financial management and financial literacy, highlighted by a T value of 4.266 and a P value of 0.000.

Individuals who understand financial concepts are more likely to develop effective short-term and long-term financial plans. This includes avoiding consumer debt, establishing consistent saving habits, and making informed investment decisions. These findings highlight the critical importance of early financial education in laying a strong foundation for responsible financial behavior. The T value of 2.539 and the P value of 0.011 indicate a significant correlation between personal financial management and LoC. Individuals with an internal LoC tend to take greater responsibility for their financial decisions, perceiving their financial outcomes as a direct result of their own choices and actions rather than external factors.

The findings indicate that our perceptions of money play a crucial role in shaping our LoC, as evidenced by a T value of 6.150 and a P value of 0.000. Building confidence in financial management can be achieved by cultivating a positive mindset about money. This involves implementing a thoughtful savings strategy, managing expenses carefully, and adopting a long-term plan to navigate financial challenges. The relationships outlined here provide a strong foundation for exploring how cognitive, behavioral, and psychological factors influence the development of personal financial management skills in Generation Z.

Discussion

Several factors influence Generation Z's approach to personal finance, including their understanding of financial concepts, attitudes toward money, lifestyle choices, and their perceived ability to manage finances, often described as their LoC. The hypothesis testing conducted in this study reveals that lifestyle factors positively affect the LoC. Adopting a systematic and organized lifestyle can significantly boost an individual's confidence when confronting financial challenges. These findings are consistent with the work of (Hidayah & Iramani, 2023), which suggests that a consistent lifestyle enhances one's perception of LoC.

The values and ideas that influence our everyday financial decisions are reflected in our lifestyle, as noted by (Mowen & Minor, 2017). Their research demonstrates that lifestyle characteristics directly impact personal financial management. It suggests that individuals can improve their financial management skills,

reduce impulsive spending, and develop saving habits by adopting a more structured lifestyle. Furthermore, (Anggraini & Cholid, 2022) provide compelling evidence that lifestyle factors significantly shape financial behavior. According to (N. A. Putri & Lestari, 2019), individuals experience notable improvements in their financial management when they embrace a planned lifestyle.

A notable connection exists between financial literacy and LoC, highlighting the necessity for additional studies in this field. People who possess a solid grasp of finance typically feel more assured in handling their financial circumstances. (Khoirunnisa & Rochmawati, 2021) found that financial literacy plays a crucial role in enhancing individuals' confidence when making financial decisions. Moreover, studies suggest that a person's comprehension of financial concepts significantly influences how they manage their finances. These results align with those of (Kholilah & Iramani, 2013), who reported that individuals with a solid grasp of financial concepts tend to approach financial planning, spending habits, and saving strategies with greater caution.

An individual's method of handling their personal finances is greatly shaped by their view of LoC. People with an internal locus of control, who feel that their actions can influence financial results, generally make careful and responsible financial choices. (Wardani & Fitrayati, 2022) emphasize that a strong internal LoC greatly improves financial management. Similarly, (Wardani & Fitrayati, 2022) argue that effective financial control is grounded in positive financial habits, such as discipline, prudence, and a genuine appreciation for the value of money.

This study indicates that LoC serves as a partial mediator in several relationships involving different variables. An individual's LoC influences how personal financial management interacts with lifestyle choices. This suggests that maintaining a consistent lifestyle can improve financial outcomes, thereby enhancing one's ability to manage finances effectively. These results correspond with those of (Virani et al., 2025), who identified LoC as a significant psychological factor affecting the relationship between financial behavior and lifestyle choices. Additionally, the connection between personal financial management and financial literacy is influenced by LoC. It plays a crucial role in shaping an individual's confidence in managing their finances, especially when they have a strong understanding of financial concepts.

This conclusion aligns with the findings of (Cahyaningrum & Fikri, 2021), highlighting the critical role of LoC in translating financial knowledge into actual financial behavior. Furthermore, the relationship between personal financial management and an individual's attitude toward money is influenced by their LoC. Adopting a positive mindset about money enables individuals to take control of their financial decisions, thereby enhancing their ability to manage and utilize resources effectively. (Khoirunnisa & Rochmawati, 2021) support this by demonstrating how attitudes toward money can indirectly affect financial management behavior, with LoC acting as a mediating factor.

In summary, this research indicates that the success of personal financial management among Generation Z is influenced by a combination of cognitive, psychological, and behavioral factors, with financial literacy playing a key role. This includes how individuals perceive their financial independence, make lifestyle choices, and understand the role of money in their lives. The study's findings provide valuable insights into financial behavior and establish a foundation for developing educational initiatives and government policies aimed at enhancing these attributes collectively.

Conclusions And Suggestions

Conclusion

This study aimed to explore how members of Generation Z in Banda Aceh manage their personal finances, focusing specifically on the influence of LoC as a mediating factor. The findings indicate that this behavior is shaped by several factors, including financial attitudes, lifestyle choices, and levels of financial literacy. Individuals with a strong understanding of financial concepts tend to make more informed and prudent decisions.

Consistency in a person's daily life and their perspective on money significantly influence how they manage their financial matters. Individuals with an internal LoC tend to take charge of their financial situations. This perspective stems from the belief that the outcomes of their finances are closely linked to their own decisions, which creates a strong motivation to take action.

Suggestion

The study suggests that Generation Z can enhance their understanding of financial matters by exploring both formal and informal avenues. Grasping fundamental financial concepts such as budgeting, managing debt, and strategies for saving and investing is crucial for avoiding impulsive spending habits. To truly improve financial literacy, it is essential to provide psychological support, particularly by fostering an internal LoC. This approach empowers individuals to feel more confident in managing their finances and understanding the choices they make regarding their financial well-being.

Moreover, there is a pressing need for a more organized approach through financial education programs targeted at young people, particularly in regions such as Banda Aceh. These programs could include training sessions, seminars, or the integration of a structured educational curriculum that emphasizes the importance of financial literacy and self-discipline in managing personal finances. Understanding the concept of LoC can enhance an individual's intrinsic motivation to thoughtfully plan and manage their finances in a wise and sustainable manner.

This study aims to establish a foundational framework for future research exploring the relationship between psychological traits and financial behaviors. Future studies should refine conceptual models by incorporating additional variables, such as the influence of the social environment, the role of digital media, and the effects of government policies on financial literacy. This approach will deepen our understanding of how financial behaviors develop and the impact of policy interventions.

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