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Determinants of Generation Z's Financial Behavior: The Role of Financial Self-Efficacy, Mental Accounting, Financial Literacy and Knowledge

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Abstract –

This study aims to analyze the effect of financial self-efficacy, mental accounting, financial literacy, and financial knowledge on the financial behavior of Generation Z, with social media as a moderating variable, in Tegal Regency. A quantitative descriptive approach was used, involving 400 respondents selected through random sampling, with data collected via offline and online questionnaires. Data were analyzed using Moderated Regression Analysis (MRA) processed with SPSS 22. The findings show that financial self-efficacy, mental accounting, financial literacy, and financial knowledge each have a positive and significant effect on financial behavior, while social media fails to strengthen or weaken these relationships. These results suggest that healthy financial behavior among Generation Z is shaped more directly by internal psychological and cognitive factors than by exposure to social media content. This study contributes to the behavioral finance literature by testing an integrated model that combines self-efficacy, mental accounting, financial literacy, and financial knowledge within the Theory of Planned Behavior framework, and it offers practical implications for individuals, financial authorities, and financial service providers seeking to strengthen sound financial habits among young people.

Keywords – *financial self-efficacy, mental accounting, financial literacy, financial knowledge, financial behavior*

I. INTRODUCTION

The rapid development of digital technology has transformed various aspects of life, including the way individuals manage their personal finances. The presence of digital platforms, financial applications, and social media has also changed the way people obtain information and make financial decisions. Generation Z, a demographic group that grew up alongside the wave of digitalization, is recorded as the largest group in Indonesia, accounting for approximately 27.94 percent of the total national population. This generation's proximity to technology has driven the massive use of digital financial services, but on the other hand, it has also created new challenges in personal financial management, such as impulsive spending, low savings rates, and minimal involvement in long-term investments.

Suboptimal financial behavior among Generation Z is not only caused by limited access to information, but is also influenced by an individual's confidence in managing their own finances, known as financial self-efficacy. Furthermore, an individual's ability to allocate and categorize financial resources into specific categories, or mental accounting, plays a crucial role as a self-control mechanism in financial decision-making. Financial literacy and financial knowledge are also strategic determinants, as they support an individual's ability to categorize, understand, and manage financial resources more wisely.

On the other hand, social media plays a significant role in shaping Generation Z's financial decisions through quick access to financial content and the presence of financial influencers. The influence of social media on financial behavior is ambivalent: on the one hand, it can encourage a consumptive lifestyle due to social pressure, but on the other hand, it can also provide useful financial education. The growing FOMO and YOLO phenomena among Generation Z have also strengthened the tendency to use digital financial services such as PayLater, as reflected in data from the Financial Services Authority (OJK), which recorded a surge in the number of PayLater financing contracts from 4.63 million in 2019 to 79.92 million in 2023.

Previous research by Cahyatullah and Hambali (2024) examined the influence of financial self-efficacy and mental accounting on the financial behavior of Generation Z in Sumbawa Regency, but did not consider financial literacy and knowledge as additional independent variables or the role of social media as a moderating variable. Based on this gap, this study develops a more comprehensive model by adding financial literacy and knowledge as independent variables and using social media as a moderating variable, with the research location in Tegal Regency.

Based on the description, the problem formulation in this study is how the influence of financial self-efficacy, mental accounting, financial literacy, and financial knowledge on the financial behavior of Generation Z, and whether social media is able to moderate the influence of these four variables on the financial behavior of Generation Z in Tegal Regency. In line with the problem formulation, this study aims to analyze the influence of financial self-efficacy, mental accounting, financial literacy, and financial knowledge on the financial behavior of Generation Z, and examine the role of social media as a moderating variable in this relationship.

This research is based on the Theory of Planned Behavior (TPB) introduced by Ajzen (1991) as a development of the Theory of Reasoned Action. TPB explains that an individual's intention to perform a behavior is influenced by attitudes toward the behavior, subjective norms, and perceived behavioral control. In the context of this research, TPB is used to explain how self-efficacy, mental management, literacy, and financial knowledge encourage individuals to act consciously in shaping their financial behavior, with social media acting as a contextual factor that can strengthen or weaken this relationship.

Financial behavior is defined as an individual's way of thinking, attitudes, and actions in managing financial affairs to meet basic needs according to their income, which combines psychological and financial aspects (Anisah, 2024; Kunawangsih et al., 2025). Indicators of financial behavior include consumption patterns, cash flow management, debt and credit management, savings habits, investments, and long-term financial planning. Financial self-efficacy is an individual's belief in their ability to manage financial aspects and their readiness to act in facing various financial situations (Rahma & Susanti, 2022). Mental accounting is a cognitive mechanism that individuals use to group, allocate, and evaluate financial resources into certain categories, thus functioning as a self-control tool in financial decision-making (Anggraeni et al., 2024). Financial literacy encompasses knowledge, skills, and beliefs that influence attitudes and behaviors in improving the quality of decision-making and financial management (OJK, 2025), while financial knowledge is an understanding of financial concepts acquired through formal education and personal experience.

Previous studies have shown relatively consistent results regarding the positive influence of financial self-efficacy, mental accounting, financial literacy, and financial knowledge on financial behavior in various Generation Z groups (Akbar & Armansyah, 2023; Anjani & Darto, 2023; Deviana et al., 2025). Cahyatullah and Hambali (2024) found that financial self-efficacy and mental accounting influence the financial behavior of Generation Z in Sumbawa Regency. However, the role of social media as a moderating variable still produces varying results across studies, so research on the role of social media in strengthening or weakening the relationship between these financial variables remains relevant for further study, especially in different regional contexts such as Tegal Regency.

Based on theoretical studies and previous research, this research framework positions financial self-efficacy, mental accounting, financial literacy, and financial knowledge as independent variables that influence financial behavior as the dependent variable, with social media acting as a moderating variable. Based on this framework, eight research hypotheses are formulated: H1 to H4 assume that financial self-efficacy, mental accounting, financial literacy, and

financial knowledge each influence financial behavior; while H5 to H8 assume that social media moderates the influence of these four variables on financial behavior.

II. METHOD

This study employed a quantitative descriptive approach, where data sourced from a population sample was processed using statistical methods to test previously formulated hypotheses (Sugiyono, 2023). Primary data were collected through direct questionnaire distribution and Google Forms to Generation Z respondents residing in Tegal Regency.

The population of this study was all Generation Z individuals (born between 1997–2012) who actively use social media and reside in Tegal Regency, with a population of 414,622 people based on BPS data in 2020. The number of samples was determined using the Slovin formula with a margin of error of 5 percent, resulting in a minimum sample size of 399.61 which was rounded up to 400 respondents. The sample criteria in this study included: being included in the Generation Z category, residing in Tegal Regency, and actively using social media on at least three platforms.

Data collection was conducted through a questionnaire compiled based on the indicators of each variable, namely financial self-efficacy, mental accounting, financial literacy, financial knowledge, social media, and financial behavior, which were measured using a Likert scale. Before being used, the research instrument was first tested for validity and reliability to ensure the feasibility of the measuring instrument. Data analysis was carried out through several stages, including descriptive statistical analysis, classical assumption tests (normality, multicollinearity, and heteroscedasticity), and hypothesis testing using multiple linear regression analysis and Moderated Regression Analysis (MRA) with the help of SPSS software version 22. Hypothesis testing was carried out through a model feasibility test (F test), a partial test (t test), and a coefficient of determination test (R^2), with a significance level of 0.05.

III. RESULTS AND DISCUSSION

Model feasibility testing using the F-test indicates that the regression model in this study is suitable for use, both before and after the addition of moderating variables. The test results are presented in Table 1.

TABLE I. RESULTS OF MODEL FEASIBILITY TEST (F TEST)

Model	F count	F table	Significance
Before Moderation	16,921	3,396	0,000
After Moderation	8,640	4,395	0,000

Source: Data processed by SPSS 22 (2026)

The calculated F-values for both models were greater than the F-table values, with a significance level below 0.05, thus declaring the research model suitable for further hypothesis testing. The results of the partial test (t-test) before adding moderating variables are presented in Table 2.

TABLE II. RESULTS OF THE T-TEST BEFORE MODERATION

Variables	t count	Say.	Information
Financial Self-Efficacy	2,597	0,010	H1 accepted
Mental Accounting	2,330	0,020	H2 accepted
Financial Literacy	3,774	0,000	H3 is accepted
Financial Knowledge	3,188	0,002	H4 accepted

Source: Data processed by SPSS 22 (2026). t table = 1.966

Based on Table 2, the four independent variables have a calculated t value greater than the t table (1.966) and a significance value below 0.05, so H1, H2, H3, and H4 are accepted. This means that financial self-efficacy, mental accounting, financial literacy, and financial knowledge each have a positive and significant effect on the financial behavior of Generation Z in Tegal Regency. The results of testing the moderating role of social media are presented in Table 3.

TABLE III. RESULTS OF THE T-TEST AFTER MODERATION (INTERACTION WITH SOCIAL MEDIA)

Interaction Variables	t count	Say.	Information
Financial Self-Efficacy*MS	0,597	0,551	H5 is rejected
Mental Accounting*MS	0,151	0,880	H6 is rejected

Interaction Variables	t count	Say.	Information
Financial Literacy*MS	0,966	0,335	H7 rejected
Financial Knowledge*MS	0,157	0,876	H8 rejected

Source: Data processed by SPSS 22 (2026). t table = 1.966; MS = Social Media

The results in Table 3 show that all t-values of the interaction variables are smaller than the t-table with a significance above 0.05, so H5, H6, H7, and H8 are rejected. Thus, social media is unable to moderate the influence of financial self-efficacy, mental accounting, financial literacy, or financial knowledge on financial behavior. The results of the determination coefficient test show an Adjusted R Square value of 0.146 (14.6 percent) before the addition of moderating variables and increased to 0.166 (16.6 percent) after the addition of moderating variables, which means that most of the variations in financial behavior (around 83.4–85.4 percent) are still influenced by other variables outside this research model.

The positive influence of financial self-efficacy on financial behavior indicates that the higher an individual's confidence in managing their finances, the better their financial behavior. This finding aligns with the concept of perceived behavioral control in the Theory of Planned Behavior (Ajzen, 1991), where individuals with high self-efficacy feel more capable of budgeting, resisting consumer impulses, and making independent financial decisions. These results are consistent with the findings of Deviana et al. (2025) and Ramadhan and Ridwan (2026), who also found a positive influence of financial self-efficacy on the financial behavior of the younger generation.

Mental accounting has also been shown to have a positive effect on financial behavior, indicating that individuals' habit of grouping money into specific categories, such as needs, savings, and entertainment, encourages more planned and controlled financial behavior. Financial literacy and financial knowledge also have a positive and significant effect, confirming that a good understanding of financial concepts improves an individual's ability to make the right financial decisions. Conversely, the lack of evidence for the role of social media moderation indicates that the intensity of social media use is not strong enough to strengthen or weaken the influence of psychological and cognitive factors on the financial behavior of Generation Z in Tegal Regency. Therefore, improving healthy financial behavior needs to be focused on strengthening the individual's internal factors directly.

IV. CONCLUSIONS

Based on the analysis and discussion, it can be concluded that financial self-efficacy, mental accounting, financial literacy, and financial knowledge each have a positive and significant influence on the financial behavior of Generation Z in Tegal Regency. Conversely, social media has not been shown to moderate the influence of these four variables on financial behavior. This finding confirms that healthy financial behavior is more determined by directly strengthening an individual's psychological and cognitive factors than by exposure to social media.

For individuals, it is recommended to continue improving financial literacy and knowledge and to cultivate healthy mental accounting practices. Relevant institutions, such as the Financial Services Authority and educational institutions, are advised to promote ongoing financial education programs for the younger generation. Considering that the Adjusted R Square value in this study is still relatively low (14.6–16.6 percent), further research is recommended to add other independent variables, such as financial attitudes, locus of control, or lifestyle, as well as consider other moderating and mediating variables outside of social media to strengthen the generalizability of the research results.

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