

The Influence of Financial Literacy, Financial Inclusion, and Lifestyle on Students' Consumptive Behavior: The Mediating Role of Lifestyle

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Abstract: This study examines the effect of financial literacy and financial inclusion on students' consumptive behavior, with lifestyle as a mediating variable. A quantitative approach was employed using survey data collected from students receiving BIDIKMISI and KIP-K scholarships at Universitas Terbuka Malang. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results show that financial literacy has a significant negative effect on consumptive behavior, indicating that higher financial knowledge reduces excessive consumption. In contrast, financial inclusion does not have a significant effect. Lifestyle has a significant positive effect on consumptive behavior and partially mediates the relationship between financial literacy and consumptive behavior. However, lifestyle does not mediate the relationship between financial inclusion and consumptive behavior. These findings highlight the importance of strengthening financial literacy and promoting a balanced lifestyle to reduce consumptive behavior among students.

Keywords: Financial Literacy, Financial Inclusion, Lifestyle, Consumptive Behavior, Student

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INTRODUCTION

Consumptive behavior among students has become an increasingly prominent issue in the digital era, driven by the rapid development of financial technology and the expansion of consumption-oriented lifestyles. The widespread use of digital payment systems, online shopping platforms, and easy access to credit facilities has significantly transformed students' spending patterns (World Bank, 2021; OECD, 2022). While these developments provide convenience and financial accessibility, they also increase the risk of excessive and irrational consumption (Dittmar, 2005).

Students, particularly those receiving government financial assistance such as BIDIKMISI and KIP-K scholarships, are expected to allocate their financial resources effectively to support their academic success (Kemendikbud, 2022). However, financial support does not necessarily translate into prudent financial behavior. Empirical evidence indicates that many students still engage in consumptive behavior influenced by

peer pressure, social trends, and lifestyle aspirations (Zahroh & Anwar, 2022; Rahmawati & Putri, 2022).

Financial literacy has been widely recognized as a key determinant of financial behavior. Individuals with higher financial literacy are better able to manage their finances, make informed decisions, and avoid unnecessary expenditures (Lusardi & Mitchell, 2014; Huston, 2010). Conversely, low financial literacy is associated with poor financial planning and greater consumption (Remund, 2010; Grohmann et al., 2018). Financial literacy also plays a critical role in shaping long-term financial well-being (Lusardi, 2020).

In addition to financial literacy, financial inclusion plays an important role in shaping financial behavior. Financial inclusion refers to access to formal financial services such as banking, credit, and digital financial platforms (Allen et al., 2016; Demirgüç-Kunt et al., 2015). Although financial inclusion is generally associated with improved economic participation, its relationship with consumptive behavior remains inconclusive (Pratama & Sari, 2022). Increased access may improve financial management, but it may also encourage impulsive spending (Klapper et al., 2013).

Lifestyle is another critical factor influencing consumption behavior. Lifestyle reflects an individual's pattern of living, including values, preferences, and social orientation. A materialistic, trend-driven lifestyle tends to encourage higher consumption (Susanti & Arifin, 2021; Zahroh & Anwar, 2022). Among students, lifestyle is strongly influenced by socialization processes and peer interactions (Shim et al., 2010).

Previous studies have primarily examined the direct effects of financial literacy and financial inclusion on financial behavior (Robb & Woodyard, 2019; Setiawan et al., 2023). However, limited research has explored the mediating role of lifestyle in explaining how these factors interact to influence consumptive behavior, particularly among students in developing countries (Nugroho et al., 2023).

This study is grounded in the Theory of Planned Behavior (Ajzen, 1991), which emphasizes the role of attitudes, subjective norms, and perceived behavioral control in shaping behavior, as well as Financial Socialization Theory (Shim et al., 2010), which explains how individuals acquire financial knowledge and behavior through interactions with parents, peers, and educational institutions. Furthermore, this study incorporates the Financial Literacy Theory proposed by Chen and Volpe (2002), which defines financial literacy as an individual's ability to understand and effectively apply financial knowledge in personal financial decision-making. According to Chen and Volpe (2002), individuals with higher levels of financial literacy tend to exhibit better financial management practices, including budgeting, saving, and controlling expenditures, thereby reducing the likelihood of excessive consumption. The integration of these theories provides a comprehensive framework for explaining how financial literacy, financial inclusion, and lifestyle influence students' consumptive behavior.

RESEARCH METHODS

Research Design

This study employs a quantitative research approach with a survey design to examine the relationships among financial literacy, financial inclusion, lifestyle, and consumptive behavior. The study utilizes Structural Equation Modeling–Partial Least Squares (SEM-PLS) as the primary analytical method due to its advantages over conventional Path Analysis. Unlike Path Analysis, which evaluates only relationships among observed variables, SEM-PLS enables the simultaneous assessment of both

measurement and structural models involving latent constructs measured by multiple indicators. Furthermore, SEM-PLS accounts for measurement errors, accommodates complex mediation relationships, and performs effectively with relatively small sample sizes and non-normally distributed data (Hair et al., 2019). These characteristics make SEM-PLS particularly suitable for comprehensively investigating the direct and indirect effects among financial literacy, financial inclusion, lifestyle, and consumptive behavior.

Based on these methodological advantages, a causal-explanatory research framework is adopted to analyze both direct and indirect relationships among variables and to explain the mechanisms through which financial literacy and financial inclusion influence students' consumptive behavior, either directly or through lifestyle as a mediating variable (Creswell, 2021).

Population and Sample

The population consists of students receiving BDIKMISI and KIP-K scholarships at Universitas Terbuka Malang. These students constitute a relevant group for analyzing financial behavior, as they receive structured government financial support (Kemendikbud, 2022).

A census sampling technique was applied to include all accessible respondents, ensuring comprehensive representation and minimizing sampling bias (Sekaran & Bougie, 2016).

Data Collection

Data were collected using a structured questionnaire with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement items were adapted from prior validated studies on financial behavior and literacy (Huston, 2010; Potrich et al., 2018).

Measurement of Variables

The constructs used in this study are defined as follows:

- Financial Literacy (FL): measured based on financial knowledge, behavior, and attitudes (Lusardi & Mitchell, 2014; Huston, 2010).
- Financial Inclusion (FI): measured by access, usage, and quality of financial services (Allen et al., 2016; Demirgüç-Kunt et al., 2015).
- Lifestyle (LS): measured through materialism, hedonism, and social influence (Dittmar, 2005; Susanti & Arifin, 2021).
- Consumptive Behavior (CB): measured using indicators such as impulsive buying, emotional buying, and status consumption (Dittmar, 2005; Rahmawati & Putri, 2022).

All constructs are modeled as reflective variables.

Data Analysis Technique

Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4. SEM-PLS is suitable for predictive research and complex models with relatively small sample sizes (Hair et al., 2019).

The analysis includes:

1. Measurement Model (Outer Model)
 - Convergent validity (AVE > 0.50)
 - Discriminant validity (Fornell-Larcker criterion)
 - Reliability (Composite Reliability & Cronbach's Alpha > 0.70)
2. Structural Model (Inner Model)

- Path coefficients
- Coefficient of determination (R^2)
- Effect size (f^2)
- Predictive relevance (Q^2)

Bootstrapping with 5,000 resamples was conducted to test statistical significance (Hair et al., 2019).

Mediation Analysis

The mediating role of lifestyle was tested using indirect effect analysis in SEM-PLS. Mediation is considered significant when the indirect effect is statistically significant ($p < 0.05$) (Hair et al., 2019).

Conceptual Framework

The study framework model is depicted in Figure 1.

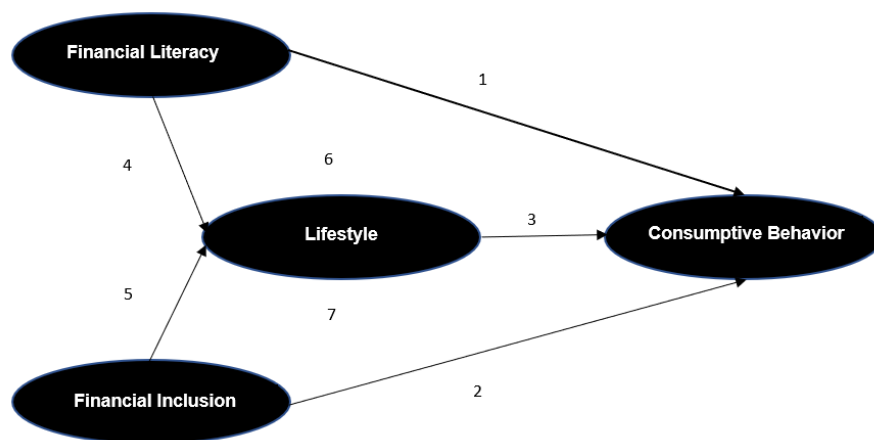


Figure 1. Research Framework

RESULTS AND DISCUSSION

Results

Measurement Model Evaluation

The measurement model was evaluated to ensure the validity and reliability of the constructs. The results indicate that all indicators meet the criteria for convergent validity, with factor loadings exceeding 0.70 and Average Variance Extracted (AVE) values above 0.50. Furthermore, all constructs demonstrate satisfactory reliability, as evidenced by Composite Reliability and Cronbach's Alpha values exceeding 0.70.

Discriminant validity was assessed using the Fornell-Larcker criterion. The results show that the square root of each construct's AVE is higher than its correlations with other constructs, indicating that each variable is empirically distinct. These findings confirm that the measurement model is both valid and reliable, allowing further analysis of the structural model.

Structural Model Evaluation

The structural model was assessed to examine the relationships among variables and test the proposed hypotheses. The coefficient of determination (R^2) for lifestyle is 0.28, indicating that Financial Literacy and Financial Inclusion jointly explain 28% of the variance in lifestyle. This finding also implies that the remaining 72% ($1 - 0.28 = 0.72$) of the variance in lifestyle is explained by other factors not included in the present model.

These factors may include peer influence, social environment, self-control, family background, cultural values, and exposure to social media, all of which may shape students' lifestyle patterns.

Meanwhile, the coefficient of determination (R^2) for Consumptive Behavior is 0.52, suggesting that Financial Literacy, Financial Inclusion, and Lifestyle collectively explain 52% of the variance in Consumptive Behavior. The remaining 48% ($1 - 0.52 = 0.48$) is attributable to other variables outside the model. Possible determinants may include psychological factors, materialistic values, financial attitudes, self-control, digital financial behavior, peer pressure, and marketing influences. According to Hair et al. (2019), an R^2 value of 0.52 indicates moderate explanatory power, suggesting that the model provides a reasonably strong explanation of students' consumptive behavior.

These findings highlight substantial unexplained variance, particularly in lifestyle, suggesting that future studies should incorporate additional behavioral, psychological, and social variables to enhance the model's explanatory and predictive power. Such efforts would contribute to a more comprehensive understanding of the factors influencing students' lifestyle and consumptive behavior.

The model fit indices further support the adequacy of the model, with SRMR = 0.072 and NFI = 0.91, both of which meet the recommended thresholds.

Hypothesis Testing

The results of hypothesis testing are presented in Table 1.

Table 1. Path Coefficients

Relationship	Coefficient	p-value	Result
Financial literacy → Consumptive Behavior	-0.42	0	Supported
Financial inclusion → Consumptive Behavior	-0.149	0.101	Not Supported
Lifestyle → Consumptive Behavior	0.551	0	Supported
Financial literacy → Lifestyle	0.3	0.02	Supported
Financial inclusion → Lifestyle	0.084	0.322	Not Supported

The results show that financial literacy has a significant negative effect on consumptive behavior, indicating that students with higher financial literacy tend to exhibit more rational financial behavior. Conversely, financial inclusion does not have a significant effect, suggesting that access to financial services alone is insufficient to influence consumption patterns.

Lifestyle is found to have a significant positive effect on consumptive behavior, confirming that students with more consumption-oriented lifestyles are more likely to engage in excessive spending. Additionally, financial literacy significantly influences lifestyle, indicating that individuals with better financial knowledge tend to adopt more controlled lifestyle patterns.

Mediation Analysis

The mediating effect of lifestyle was tested using indirect effect analysis, as presented in Table 2.

Table 2. Indirect Effects

Relationship	Coefficient	p-value	Result
Financial literacy → Lifestyle → Consumptive Behavior	0.165	0.037	Supported
Financial inclusion → Lifestyle → Consumptive Behavior	0.046	0.332	Not Supported

The results indicate that lifestyle partially mediates the relationship between financial literacy and consumptive behavior. This suggests that financial literacy influences consumptive behavior both directly and indirectly through lifestyle. However,

lifestyle does not mediate the relationship between financial inclusion and consumptive behavior.

Discussion

The findings reinforce the importance of financial literacy as a fundamental determinant of financial behavior. Individuals with higher financial literacy are better able to make informed financial decisions and avoid excessive consumption (Lusardi & Mitchell, 2014; Robb & Woodyard, 2019).

The insignificant role of financial inclusion underscores that access alone is insufficient to shape behavior. Without proper financial knowledge, individuals may misuse financial services, leading to suboptimal outcomes (Allen et al., 2016; Pratama & Sari, 2022).

Lifestyle emerges as the most influential factor, indicating that behavioral and social influences play a dominant role in shaping consumption patterns (Dittmar, 2005; Shim et al., 2010).

These findings support the Theory of Planned Behavior (Ajzen, 1991), which emphasizes that attitudes and social norms influence behavior. Thus, improving financial literacy must be accompanied by efforts to reshape lifestyle and behavioral patterns.

CONCLUSION AND RECOMMENDATIONS

This study investigates the effects of financial literacy and financial inclusion on students' consumptive behavior, with lifestyle as a mediating variable. The results indicate that financial literacy significantly reduces consumptive behavior by encouraging more rational financial decision-making, whereas financial inclusion has no significant direct effect. Lifestyle emerges as the strongest determinant, exerting a significant positive influence on consumptive behavior. Furthermore, lifestyle partially mediates the relationship between financial literacy and consumptive behavior, but does not mediate the effect of financial inclusion. These findings suggest that improving financial literacy is essential for fostering responsible financial behavior among students, while financial inclusion should be accompanied by financial education to achieve meaningful behavioral outcomes. Therefore, educational institutions, policymakers, financial institutions, and students should collaborate to strengthen financial literacy and promote a balanced lifestyle. At the same time, future research should explore additional factors such as self-control, digital financial behavior, and psychological characteristics.

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