

ANALYSIS OF THE INFLUENCE OF FINANCIAL LITERACY AND FINANCIAL TECHNOLOGY ON THE FINANCIAL SATISFACTION OF GENERATION Z IN MADIUN CITY, WITH FINANCIAL MANAGEMENT BEHAVIOR AS A MEDIATING VARIABLE

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Abstract

The rapid development of digital financial services has changed the way individuals manage their financial activities, particularly among Generation Z who have high levels of interaction with digital technology. This study aims to analyze the effect of financial literacy and financial technology on financial satisfaction with financial management behavior as a mediating variable among Generation Z in Madiun City. This study employed a quantitative approach using a survey method with 384 respondents selected through purposive sampling. Data were collected through online questionnaires and analyzed using Structural Equation Modeling–Partial Least Square (SEM-PLS) with SmartPLS software. The results indicate that financial literacy and financial technology have positive and significant effects on financial satisfaction and financial management behavior. Furthermore, financial management behavior has a positive and significant effect on financial satisfaction. The mediation analysis confirms that financial management behavior significantly mediates the relationship between financial literacy and financial technology toward financial satisfaction. These findings highlight the importance of strengthening financial literacy, optimizing financial technology utilization, and developing responsible financial management behavior to improve financial satisfaction among Generation Z.

Keywords: *Financial Literacy, Financial Technology, Financial Management Behavior, Financial Satisfaction, Generation Z.*

A. INTRODUCTION

The development of digital technology has significantly transformed various economic activities, including the financial sector. Digital transformation has shifted transaction systems from conventional methods toward technology-based financial services that are faster, easier, and more efficient. This development is characterized by the increasing adoption of financial

technology (fintech), including digital payments, electronic wallets, mobile banking, digital investment platforms, and various application-based financial services. Bank Indonesia (2025) explains that the digitalization of payment systems has become one of the main factors influencing changes in people's financial transaction behavior through digital platforms.

Generation Z represents a group of individuals who have a strong connection with the development of digital technology. As a generation that grew alongside the expansion of the internet, Generation Z is characterized as digital natives because they are accustomed to utilizing technology in various daily activities, including economic and financial activities (Ramadhani & Khoirunisa, 2025). The high adaptability of Generation Z toward technology provides significant opportunities for the utilization of financial technology services. However, the convenience provided by digital financial services may also create challenges if it is not accompanied by adequate financial management capabilities (Rorlen et al., 2024).

The relationship between individual knowledge, technological utilization, and financial behavior can be explained through behavioral theories, particularly the Theory of Planned Behavior (TPB) introduced by Ajzen. This theory explains that individual behavior is influenced by psychological factors, including attitudes, subjective norms, and perceived behavioral control, which ultimately shape a person's intention and actual behavior. In the context of financial management, individuals who possess adequate financial knowledge and the ability to control their financial decisions tend to demonstrate more responsible financial behavior. Therefore, financial literacy can be considered as an important cognitive factor that influences individuals in planning, controlling, and making financial decisions.

Furthermore, the utilization of financial technology in financial activities can also be understood through the Technology Acceptance Model (TAM), which explains that technology adoption is influenced by perceived usefulness and perceived ease of use. Individuals are more likely to utilize technology-based financial services when they perceive that these services provide convenience, efficiency, and benefits in managing financial activities. However, the effectiveness

of financial technology utilization depends on the individual's ability to use these services appropriately and responsibly. Therefore, the integration between financial literacy and financial technology utilization may contribute to the formation of better financial management behavior, which subsequently affects financial satisfaction.

The utilization of financial technology provides various benefits in improving the efficiency and accessibility of financial services. The presence of fintech enables individuals to conduct transactions, payments, fund transfers, and other financial activities more practically. However, the increasing use of digital financial services may also generate negative impacts when individuals lack sufficient financial control. The uncontrolled use of services such as paylater and online lending platforms may increase consumptive behavior and create financial problems among young individuals (Nurfitri et al., 2025). This condition indicates that the utilization of financial technology needs to be supported by proper financial management capabilities in order to generate positive impacts on individual financial conditions.

One of the important factors influencing individuals' ability to manage their finances is financial literacy. Financial literacy represents an individual's ability to understand basic financial concepts, make financial decisions, and manage financial risks in daily life (Mursita et al., 2024). Individuals with higher levels of financial literacy tend to have better abilities in financial planning, controlling expenses, and making rational financial decisions. The Financial Services Authority (OJK) (2025) states that financial literacy is an essential capability to support individuals in achieving financial well-being, particularly in facing the rapid development of digital financial services.

In addition to financial literacy, financial technology is also considered a factor that may influence individual financial behavior and financial conditions. Financial technology is an innovation in financial services that integrates information technology with financial systems to provide easier, faster, and more flexible services. According to Nalurita et al. (2026), fintech facilitates access to various financial services, including digital transactions, investment services,

financing, and financial management. However, the benefits of fintech largely depend on how individuals understand and utilize these services in their daily lives.

The ability to manage finances effectively serves as an important factor that connects financial knowledge and financial technology utilization with the achievement of better financial conditions. Financial management behavior includes financial planning, expense control, budgeting activities, saving habits, and responsible financial decision-making (Ameera & Yuniningsih, 2025). Individuals with good financial management behavior tend to have better control over their financial conditions, thereby reducing the risk of future financial problems.

Financial management behavior is also closely related to individual financial satisfaction. Financial satisfaction refers to a condition in which individuals feel satisfied with their financial situation based on their ability to fulfill needs, manage financial resources, and achieve financial security (Fachrudin, 2024). Individuals who are able to manage their finances effectively tend to experience higher levels of financial satisfaction because they have greater control over their economic conditions (Azizeh et al., 2022).

The relationship between financial literacy, financial technology, financial management behavior, and financial satisfaction has received considerable attention in previous studies. Adelaide and Siahaan (2024) explain that financial literacy plays an important role in shaping better financial behavior, which can subsequently improve individuals' financial conditions. Furthermore, the appropriate utilization of financial technology can also support more effective financial management practices. Fong and Tao (2025) demonstrate that financial behavior can act as a connecting mechanism between financial knowledge and financial satisfaction because financial management capabilities determine how individuals apply financial knowledge in real-life situations.

Although previous studies have extensively examined financial literacy, financial technology, and financial satisfaction, limited studies have simultaneously investigated the role of financial management behavior as a mediating variable in the relationship between financial

literacy and financial technology toward financial satisfaction, particularly among Generation Z. Considering the characteristics of Generation Z, who have high levels of engagement with digital technology, this group possesses both opportunities and risks in managing their financial activities.

Madiun City is one of the regions experiencing economic digitalization development and increasing adoption of digital financial services. This development has made Generation Z in Madiun City increasingly engaged with various financial technology services in their daily activities. However, increased access to financial technology does not necessarily indicate that individuals have developed good financial management behavior or achieved optimal levels of financial satisfaction.

Based on these phenomena and research gaps, this study aims to analyze the effect of financial literacy and financial technology on financial satisfaction with financial management behavior as a mediating variable among Generation Z in Madiun City. This study is expected to provide theoretical contributions to the development of digital financial behavior studies and practical implications for young individuals in improving their financial management capabilities in the era of digital transformation.

B. METHOD

This study employed a quantitative approach aimed at analyzing the effect of financial literacy and financial technology on financial satisfaction, with financial management behavior as a mediating variable among Generation Z in Madiun City. A quantitative approach was applied because this study examined the relationships among variables based on numerical data obtained through research instruments and analyzed using statistical methods. This study investigated the structural relationships between independent variables, mediating variables, and dependent variables within the proposed research model.

The population of this study consisted of Generation Z who reside or conduct activities in Madiun City. The sampling technique used was purposive sampling with the following criteria:

respondents belonged to the Generation Z group aged 22–29 years, utilized financial technology services, and resided or conducted activities in Madiun City. Based on these criteria, the total sample used in this study consisted of 384 respondents.

Data were collected through an online questionnaire distributed using Google Forms. The research instrument was developed based on the indicators of each research variable, including financial literacy, financial technology, financial management behavior, and financial satisfaction. Each indicator was measured using a Likert scale to determine the respondents' level of agreement with the given statements.

The collected data were analyzed using Structural Equation Modeling based on Partial Least Square (SEM-PLS) with the assistance of SmartPLS software. SEM-PLS analysis was employed because this study involved complex relationships among variables and examined both direct and indirect effects through the mediating variable. The analysis stages consisted of evaluating the measurement model (outer model) to assess construct validity and reliability, as well as evaluating the structural model (inner model) to examine relationships among research variables. Hypothesis testing was conducted by examining path coefficients, t-statistics, and significance values, while mediation analysis was performed to determine the role of financial management behavior in mediating the effects of financial literacy and financial technology on financial satisfaction.

C. RESULTS AND DISCUSSIONS

1. Respondent Characteristics

This study involved 384 respondents from Generation Z in Madiun City who met the research criteria, namely individuals aged 22–29 years, users of financial technology services, and residents or individuals conducting activities in Madiun City. The characteristics of respondents were analyzed to provide an overview of the research objects before conducting structural model testing.

The respondents represented a group with high involvement in digital technology utilization, particularly in the use of technology-based financial services. This condition reflects the characteristics of Generation Z as a generation that grew up alongside digital technology development and tends to utilize digital platforms in daily financial activities.

2. Structural Model Evaluation

The structural model evaluation was conducted to determine the ability of independent variables to explain dependent variables within the proposed research model. The inner model evaluation was performed using the coefficient of determination (R-Square/R²). The R² value indicates the contribution of exogenous variables in explaining endogenous variables.

Table 1. R-Square (R²) Value

Variable	R-Square	Adjusted R-Square
Financial Management Behavior (Z)	0.579	0.577
Financial Satisfaction (Y)	0.709	0.707

Source: Processed Data (2026).

Based on Table 1, the R-Square value of Financial Management Behavior is 0.579, indicating that Financial Literacy and Financial Technology explain 57.9% of the variance in Financial Management Behavior. Meanwhile, the R-Square value of Financial Satisfaction is 0.709, indicating that Financial Literacy, Financial Technology, and Financial Management Behavior explain 70.9% of the variance in Financial Satisfaction.

These findings indicate that the proposed research model has a strong explanatory capability in describing the relationship among variables. Financial Management Behavior plays an important role in explaining how financial knowledge and financial technology utilization contribute to improving financial satisfaction.

3. Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS by examining the original sample values, t-statistics, and p-values. A hypothesis is accepted when the t-statistics value is greater than 1.96 and the p-value is less than 0.05.

Table 2. Hypothesis Testing Results

Hypothesis	Relationship	Original Sample	T- Statistics	P- Values	Result
H1	Financial Literacy → Financial Satisfaction	0.327	7.428	0.000	Accepted
H2	Financial Technology → Financial Satisfaction	0.269	7.741	0.000	Accepted
H3	Financial Literacy → Financial Management Behavior	0.482	11.806	0.000	Accepted
H4	Financial Technology → Financial Management Behavior	0.413	11.761	0.000	Accepted
H5	Financial Management Behavior → Financial Satisfaction	0.389	7.754	0.000	Accepted

Source: Processed Data (2026)

Based on Table 2, all proposed hypotheses were accepted because all relationships between variables showed positive and significant effects.

The H1 testing results indicate that Financial Literacy has a positive and significant effect on Financial Satisfaction. The original sample value of 0.327 indicates that higher financial literacy contributes to higher financial satisfaction among Generation Z in Madiun City. This finding

suggests that individuals with better financial understanding are more capable of making appropriate financial decisions, which contributes to improved financial conditions.

The H2 testing results show that Financial Technology has a positive and significant effect on Financial Satisfaction, with an original sample value of 0.269. This finding indicates that appropriate utilization of financial technology services can improve convenience, accessibility, and efficiency in financial activities, thereby increasing individuals' perceptions of their financial conditions.

The H3 testing results show that Financial Literacy has a positive and significant effect on Financial Management Behavior, with an original sample value of 0.482. This finding indicates that individuals with higher financial literacy tend to demonstrate better financial management behavior, including financial planning, expenditure control, and rational financial decision-making.

The H4 testing results indicate that Financial Technology has a positive and significant effect on Financial Management Behavior, with an original sample value of 0.413. This result demonstrates that financial technology utilization can support individuals in managing financial transactions and activities more effectively.

The H5 testing results indicate that Financial Management Behavior has a positive and significant effect on Financial Satisfaction, with an original sample value of 0.389. This finding confirms that individuals who manage their finances effectively are more likely to achieve higher levels of financial satisfaction because they are able to control their financial conditions and plan their future financial needs.

4. Mediation Test

The mediation test was conducted to examine the role of Financial Management Behavior in mediating the relationship between Financial Literacy and Financial Technology toward

Financial Satisfaction. The mediation analysis was performed using the specific indirect effect through the bootstrapping procedure in SmartPLS.

Table 3. **Mediation Testing Results**

Hypothesis	Relationship	Original Sample	T- Statistics	P- Values	Result
H6	Financial Literacy → Financial Management Behavior → Financial Satisfaction	0.188	6.813	0.000	Accepted
H7	Financial Technology → Financial Management Behavior → Financial Satisfaction	0.161	6.311	0.000	Accepted

Source: Processed Data (2026)

Based on Table 3, Financial Management Behavior was proven to mediate the relationship between Financial Literacy and Financial Technology toward Financial Satisfaction. The H6 results indicate that Financial Management Behavior mediates the effect of Financial Literacy on Financial Satisfaction, with an original sample value of 0.188, a t-statistics value of 6.813, and a p-value of 0.000.

Furthermore, H7 results indicate that Financial Management Behavior mediates the effect of Financial Technology on Financial Satisfaction, with an original sample value of 0.161, a t-statistics value of 6.311, and a p-value of 0.000.

These findings demonstrate that Financial Literacy and Financial Technology do not only directly influence Financial Satisfaction but also operate through financial management practices. Therefore, Financial Management Behavior serves as an important mechanism that transforms financial knowledge and financial technology utilization into improved financial satisfaction among Generation Z in Madiun City

D. CONCLUSIONS

This study examined the effect of Financial Literacy and Financial Technology on Financial Satisfaction with Financial Management Behavior as a mediating variable among Generation Z in Madiun City. Based on the results of the analysis using Structural Equation Modeling–Partial Least Square (SEM-PLS), several conclusions can be drawn.

The results indicate that Financial Literacy has a positive and significant effect on Financial Satisfaction. This finding demonstrates that individuals with better financial knowledge and understanding tend to have greater ability to make appropriate financial decisions, which contributes to achieving higher financial satisfaction. Furthermore, Financial Technology also has a positive and significant effect on Financial Satisfaction, indicating that effective utilization of digital financial services can support individuals in managing financial activities more conveniently and efficiently.

The study also confirms that Financial Literacy and Financial Technology have positive and significant effects on Financial Management Behavior. This finding indicates that financial knowledge and the utilization of financial technology encourage individuals to implement better financial management practices, including planning, controlling expenses, and making responsible financial decisions. In addition, Financial Management Behavior has a positive and significant effect on Financial Satisfaction, showing that effective financial management plays an important role in improving individuals' perceptions of their financial conditions.

Furthermore, the mediation analysis confirms that Financial Management Behavior mediates the relationship between Financial Literacy and Financial Technology toward Financial Satisfaction. This finding indicates that financial knowledge and technological access alone are not sufficient to improve financial satisfaction; rather, these factors need to be supported by appropriate financial management practices. Therefore, Financial Management Behavior serves as an important mechanism that transforms financial literacy and financial technology utilization into improved financial satisfaction.

Overall, this study highlights the importance of strengthening financial literacy, optimizing the use of financial technology, and developing responsible financial management behavior among Generation Z. The findings contribute to the understanding of digital financial behavior by demonstrating the mediating role of Financial Management Behavior in achieving better financial satisfaction.

E. SUGGESTIONS

Based on the findings of this study, several suggestions can be provided. For Generation Z, improving financial literacy should become an important priority because better financial understanding can support more responsible financial decision-making and encourage effective financial management behavior. Generation Z is also encouraged to utilize financial technology services wisely by considering their financial needs and maintaining control over digital financial activities to avoid excessive consumption behavior.

For financial service providers and related institutions, the findings of this study highlight the importance of developing financial technology services that not only provide convenience but also support users in managing their finances effectively. Digital financial platforms can be enhanced by providing features related to financial planning, transaction monitoring, and financial education to encourage responsible financial behavior among young users.

For educational institutions and policymakers, financial literacy programs should continue to be developed, particularly for younger generations who actively use digital financial services. Financial education that integrates knowledge of financial concepts with practical financial management skills can help individuals utilize financial technology more effectively and achieve better financial satisfaction.

For future researchers, further studies are recommended to expand the research model by considering other factors that may influence financial satisfaction, such as income level, financial attitude, financial experience, or psychological factors. Future research may also involve broader

populations and different geographical areas to obtain more comprehensive findings regarding digital financial behavior among young generations.

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