

# The Effect of Financial Literacy, Financial Well-Being, Financial Inclusion, and Individual Modernity on Students' Consumptive Behavior

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## Abstract

*This study aims to investigate the impact of financial literacy, financial well-being, financial inclusion, and individual modernity on the consumer behavior of college students. This research is a cross-sectional study. The data collection used a questionnaire. The study population consisted of active undergraduate students at the National Development University "Veteran" in Yogyakarta, with a total of 100 respondents. The data analysis technique used multiple regression analysis. The study concluded that financial well-being had a significant negative effect on student consumptive behavior, while financial literacy, financial inclusion, and individual modernity did not affect student consumptive behavior.*

**Keywords:** Financial Literacy, Financial Well-being, Financial Inclusion, Individual Modernity, Consumptive Behavior

## Introduction

Technological advances enable users to communicate and access information from various sources, as well as providing convenience in fulfilling needs, including needs that arise due to a strong desire to consume or own an item. A person's behavior changes along with changes in lifestyle patterns, which can be influenced by the environment, daily activities, friends, and parents. A person's persistent desires can create a pattern of consumer behavior. This behavior is characterized by spending solely to satisfy desires and to gain self-respect through inappropriate means. This behavior arises because a person's tendency to consume or buy goods unplanned, which is more controlled by desires that are not based on a priority of needs, thus causing waste.

For students, complex financial problems arise because they cannot yet distinguish between wants and needs. Often, the allowance parents provide for basic needs is insufficient due to poor financial management and a consumerist lifestyle. Consumptive behavior in students can be influenced by 4 factors, namely: financial literacy (Djajadiningrat, 2023), financial well-being (Sajid et.al, 2024), financial inclusion (Dewi and Furqon, 2025), and individual modernity (Hesti, Wahyono, and Suharsono, 2025).

Financial literacy is a system that encompasses knowledge, skills, and attitudes essential for maintaining the financial security of oneself and one's family in society (Dvarakova, 2009, as cited in Tomaskova et al., 2011). A person with good financial

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literacy can manage money matters and family and personal budgets, including managing financial assets and debts to change lives. According to the Organisation for Economic Co-operation and Development (OECD) (2020), literacy has an important position as a core component of individual financial empowerment and resilience, as well as the stability of the financial system as a whole. Students with a high level of financial literacy will be more selective and wise in their consumption. They know what to prioritize and put aside the desire to face the possibilities that will occur, such as unexpected expenses. On the other hand, students with low literacy levels are very vulnerable to engaging in consumer behavior because they do not plan and take into account the priorities they need.

The second factor influencing student consumer behavior is financial well-being. The Financial Services Authority (2017) states that financial well-being can be achieved when people are able to manage their finances well, have the ability to invest, and have financial resilience. A person will feel happier if they are financially protected. When finances are secure, financial well-being can be achieved. Those who have achieved financial well-being will be able to meet all their needs, still have money left over, and can control their finances now and in the future. However, some students still tend to behave in a consumptive manner without considering future finances because they feel they have achieved financial well-being. The situation causes financial well-being to worsen in the long term.

According to Bank Indonesia (2014), financial inclusion is all efforts to increase public access to various financial services by eliminating various forms of barriers, both price and non-price. If used wisely, financial inclusion can foster positive habits such as increasing interest in saving and investing, and allow students to have savings and emergency funds. However, along with the development of the internet, Bank / non-bank financial institutions provide financial facilities and expand services to the public. Ease of access to financial services can make a lifestyle that tends toward consumerism. Increasing needs, desires, and the use of various financial services to facilitate transactions can put pressure on consumer behavior patterns. Pressure on consumption behavior causes uncontrolled spending, which ultimately leads to a lack of funds to meet daily needs.

The fourth factor is individual modernization. Changes in a person's lifestyle, which tend to follow changing times, are a characteristic of individual modernization. In modern times, the use of social media has become a daily activity for students and has become a primary requirement aimed at maintaining an image and supporting their appearance so that they always look up-to-date. These demands cause their consumption goods. The consumer behavior of students in purchasing goods that ignore the main function shows the influence of modernization. In addition, the use of various financial products such as ATMs, e-money, internet banking, and SMS-banking is also a sign of individual modernity. Using these financial products allows students to make payments easily whenever and wherever they want. This ease of payment has led to students becoming increasingly consumerist.

## **Literature Review**

### ***Consumer Behavior***

Consumptive behavior is the behavior of individuals or groups who spend their money to consume or purchase goods or services excessively, with unreasonable consideration. This behavior causes waste because it ignores the benefits of the goods

and only fulfills desires and gets status symbols or recognition from the surrounding environment. Sumartono (2002) states that aspects of consumptive attitudes are indicators of consumptive behavior, namely impulsive buying, irrational buying, and waste (wasteful buying). Several factors that influence consumer behavior, according to Kotler & Keller (2012), are: cultural, social, personal, and psychological.

### ***Financial Literacy***

The Organization for Economic Co-operation and Development (OECD, 2020) defines financial literacy as a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and ultimately achieve individual financial well-being. Individuals with high levels of financial literacy are proficient in financial knowledge. This proficiency is reflected in their financial attitudes, decisions, and behavior. This implies that there is a correlation between financial literacy and consumer behavior. Dilasari et al. (2021), Merliyana and Syakinah (2024), and Julita and Wardhana (2025) found that financial literacy has a significant positive effect on student consumer behavior. Financial literacy is closely related to financial management, where the higher a person's level of financial literacy, the better their financial management.

### ***Financial Well-being***

Netemeyer et al. (2018) define financial well-being as a sense of security in the future through effective money management in the present. Financial well-being plays a crucial role in one's finances, including avoiding stress and learning to manage wealth, not relying on debt, focusing on the future, saving, being able to pay expenses, and being able to make retirement decisions when desired.

Bruggen et al. (2017) classify several factors that influence social well-being, namely: contextual factors (economic, political, social, cultural, and technological stability), financial education and counseling, financial behavior, and personal factors (demographics, values, attitudes, motivations, behaviors, knowledge, and skills). With good financial well-being, individuals will have control over their daily financial management and a good understanding of how each individual's characteristics can increase personal awareness and responsibility regarding their financial prospects.

### ***Financial Inclusion***

Financial inclusion is the availability of access to financial institution products and services tailored to the needs and capabilities of the community to improve their standard of living (OJK, 2017). Financial inclusion makes it easier for people to save, seek loans, and start investing to meet daily needs and improve their standard of living in the future. Financial inclusion plays a crucial role in improving consumer behavior by providing broader access to financial services, increasing financial literacy, and empowering consumers with more options for financial transactions. The availability of digital banking and mobile payments allows consumers to engage more actively in financial activities, influencing their purchasing decisions and financial habits.

For students, this access can have negative consequences if not managed wisely. One of the most vulnerable factors is uncontrolled consumer behavior, which involves excessive spending. If this continues, it can disrupt personal financial management

and impact future plans. Research by Ritonga et. al (2021) and Dewi and Furqon (2025) proves that financial inclusion has a positive effect on consumer behavior.

### ***Individual Modernity***

According to Solekhah et al (2024), modernity can be defined as a change in thinking and behavior that is more rational, efficient, individual, and pragmatic in order to achieve systematically planned goals. Modernity shows a person's attitudes and behavior that reflect the lifestyle of a modern society with high rationality, accompanied by the use of information and communication technology objectively, effectively, and efficiently, as well as being more open and creative in accepting new elements of progress.

In the modern era and the rapid development of technology, students still often make decisions emotionally rather than rationally, such as buying products with attractive shapes/packaging and trying various newly opened stores/shopping centers. Students often choose to meet current needs rather than future needs, preferring to fulfill desires rather than save, and replacing existing items because they look bad even though they still function well. Research by Jumantini (2017) and Pramudita and Misidawati (2024) proves that individual modernity has a positive influence on consumptive behavior, where a person consumes not because the product is needed, but because they want to follow trends. This consumerist behavior is influenced not only by modern developments but also by the individual's psychological condition.

### ***Hypothesis***

- H1: Financial literacy has a positive effect on students' consumer behavior.
- H2: Financial well-being has a positive effect on students' consumer behavior
- H3: Financial inclusion has a positive effect on students' consumer behavior.
- H4: Individual modernity has a positive influence on student consumer behavior.

## **Methods**

### ***Sampling and Procedures***

The population used in this study was active undergraduate students at the National Development University "Veteran" Yogyakarta. The sampling technique uses simple random sampling because the selection is done randomly, and each population has an equal opportunity to be sampled. Determining the sample size is done using the Slovin formula with an error of 10%. The number of samples taken from the population was 99.26 (rounded to 100 people).

### ***Measures***

#### **Consumptive behavior**

Consumptive behavior is behavior that is often found among teenagers, which arises because of a person's desire to buy goods or services only to fulfill personal

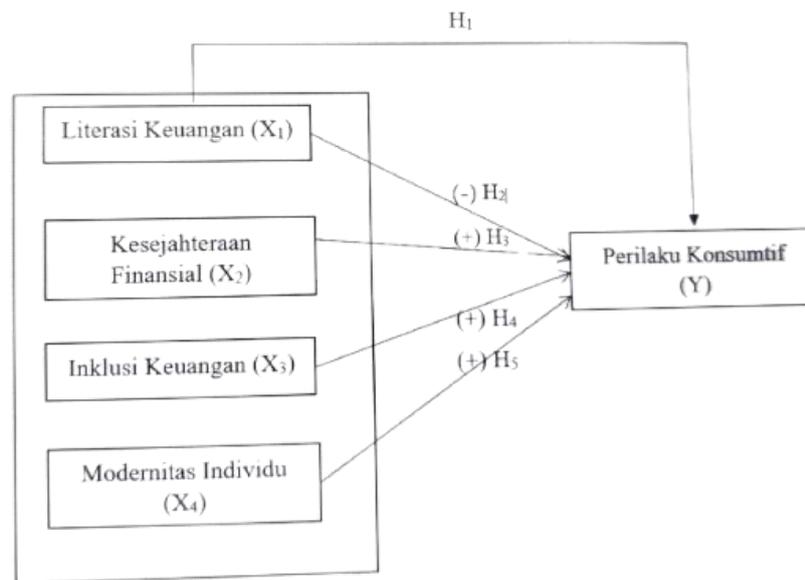


Figure 1. Framework

satisfaction and does not see the benefits or urgency of the goods or services (Mujahidah, 2020). Consumptive behavior is measured using seven indicators, namely: 1) buying goods because of free gifts, 2) buying goods because of packaging, 3) always following trends to stay up to date; 4) shopping for products that are on promotion and discount; 5) a high sense of prestige; 6) wanting to be admired by others, 7) poor financial management (Fattah, Indriayu & Sunarto, 2018),

### Financial Literacy

Financial literacy is an individual's ability to understand, analyze, manage, and make decisions about their finances. Students with a high level of financial literacy are more selective in their consumption, as they can prioritize purchasing what they need and set aside what they want, as they understand the possibilities of what might happen in the future (Dikria & Sri, 2016). Financial literacy is measured using five indicators: general financial knowledge, financial management knowledge, savings and investment knowledge, risk knowledge, and beliefs regarding financial institutions and their products and services (Lusardi, Mitchell, and Vurto, 2010)

### Financial well-being

Financial well-being is a condition in which an individual feels comfortable living because all their needs are met and they do not experience financial problems. Financial well-being is measured using five indicators: financial stress, financial satisfaction, financial comfort, financial worry, and financial capability (Pratwiz et.al, 2006)

### Financial Inclusion

Financial inclusion is the ownership and utilization of financial products and services by individuals offered by formal banking and non-banking financial institutions. Financial inclusion is measured by four indicators: ease of access to financial

products and services, availability of financial products and services, use of financial products and services, and quality (Nasution, Sari, & Dwilita, 2013).

### **Individual Modernity**

Individual modernity is a change in individual behavior as a whole along with the development of the times, which impacts individual values, attitudes, and behavioral patterns. Individual modernity is measured by 8 indicators, namely: openness to new things, readiness to accept social change, participation and belief that education and knowledge are needed, ability to give opinions on a problem, future-oriented, confident in one's own abilities, optimistic and persistent, and the ability to utilize electronic media (Rahayu, 2017).

### **Data Analysis**

Validity and reliability tests were used to test the research instrument. The results of the validity test showed that all questions had a significance of  $\leq 0.05$ , so it can be concluded that the questions were declared valid. The results of the reliability test showed that all question items for the consumer behavior variable had an Alpha value of 0.882; an Alpha value for the financial literacy variable of 0.717; an Alpha value for the financial well-being variable of 0.743; an Alpha value for the financial inclusion variable of 0.791, and an Alpha value for the individual modernity variable of 0.882. The Alpha value for all instruments was more than 0.67, so it was concluded that all variables were declared reliable.

The data analysis technique used in this study is multiple linear regression analysis with the equation:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$

Hypothesis testing was conducted using the F-test and the t-test. The F test was used to test the feasibility of the model, and the t test was used to test the partial influence of the independent variable (X) on the dependent variable (Y) using a significance level of 0.05 ( $\alpha = 5\%$ ).

## **Result and Discussion**

### **Result**

The results of the descriptive analysis to describe each research variable are presented in Table 1.

Table 1. Descriptive Analysis

<b>Variables</b>	<b>Rate</b>	<b>Standard Deviation</b>	<b>Category</b>
Consumptive behavior	2,18	1,14	Low
Financial Literacy	4,14	0,87	High
Financial well-being	4,16	0,86	High
Financial Inclusion	4,44	0,72	Very high
Individual modernity	4,32	0,72	Very high

Based on the results of the descriptive analysis in table 1, it is shown that the respondents' consumer behavior falls into the very low category, which means that individuals consume or purchase goods according to their needs, not just because of desires alone which causes waste; financial literacy is in the high category or it is said that respondents have a good level of literacy, the respondents' financial well-being is in the very high category or they live a sufficient life, the respondents' financial inclusion is in the very high category, and the individuals' modernity is in the very high category.

The results of the F test show a calculated F value of 5.234 with a significance level of 0.001 (less than 5%), indicating that the regression model is fit and hypothesis testing can be continued. The results of testing the influence of financial literacy, financial well-being, financial inclusion, and individual modernity partially on student consumptive behavior are shown in Table 2, with the result that financial literacy has a regression coefficient value of -0.053 with a significance level greater than 5% (0.137), which means that financial literacy does not affect student consumptive behavior. Financial well-being has a regression coefficient value of -1.130 with a significance level of 0.002, indicating that financial well-being has a significant negative impact on student consumptive behavior. Financial inclusion has a regression coefficient value of -0.137 with a significance level of 0.751, indicating that financial inclusion does not significantly affect student consumptive behavior. Meanwhile, individual modernity has a regression coefficient value of 0.480 with a significance of 0.127, indicating that individual modernity does not influence student consumer behavior.

## Discussion

The results of the study indicate that the welfare variable has a significant negative effect on student consumer behavior, while financial literacy, financial inclusion, and modernity have no effect on student consumer behavior. The lack of effect of financial literacy on student consumer behavior indicates that although students have a high level of financial literacy, this does not sufficiently influence their consumer behavior. Students' understanding of financial management, savings, and spending control is

Table 2. Regression Analysis Results

Model	Unstandardized Coefficients	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	44.850	8.714		5.147	.000
Literacy	-.553	.369	-.182	-1.499	.137
Welfare	-1.130	.356	-.411	-3.178	.002
Inclusion	-.137	.430	-.033	-.318	.751
Modernity	.480	.312	.209	1.540	.127
R = 0.425 R <sup>2</sup> = 0.181 F = 5.234					.001

not reflected in daily consumer behavior. Consumer behavior may be more influenced by external factors such as social pressure, trends, and the need to appear on social media, which are more dominant than rational considerations. In addition, students' spending factors, which are still dependent on pocket money from their parents, mean that the risks of their consumer behavior are not directly felt (Rahmayani et al, 2025). This research is in line with research by Chairiah and Siregar (2022) and Akbar, Amelia, and Fitriana (2023), which proves that financial literacy does not influence student consumer behavior.

Financial well-being has a significant negative effect on consumer behavior. This indicates that the higher a person's financial well-being, the lower their consumer behavior. Students with good financial well-being generally have strong control over their financial management. They tend to think more rationally about their consumption spending because they feel economically secure, can distinguish between needs and wants, and are better able to resist social pressures and consumerist lifestyles, thus leading to more controlled consumption behavior (Karyatun, 2023). This research aligns with Correa et al (2019) and Karyatun (2023), who stated that when someone feels they are in a state of high financial well-being at a certain time, they will show self-control behavior in consumer behavior.

Financial inclusion does not affect students' consumer behavior. Financial inclusion, especially with the support of financial technology, can increase consumption due to ease of access. However, the use of financial technology without the ability and willingness to use these services wisely can lead to students being unable to control their consumer behavior. Therefore, high financial inclusion does not automatically influence consumer behavior. According to Haerunisa et al. (2025), Access to financial services is insufficient without a lifestyle that encourages wise financial decisions. On the other hand, a financially stable lifestyle also requires the support of an appropriate financial system.

Individual modernity does not influence consumer behavior. In general, increasing individual modernity in students will impact their increasingly modern lifestyles, resulting in increased needs and desires due to the desire to keep up with the times. However, the more modern students are, the more rational their thinking becomes, enabling them to apply rationality in their daily lives. This research aligns with research by Safira, Riani, and Sanjaya (2025), which proves that individual modernity does not influence consumer behavior.

## **Conclusion**

The results of the study showed that financial well-being had a significant negative effect on student consumer behavior, while financial literacy, financial inclusion, and individual modernity did not affect student consumer behavior. These results indicate that increasing financial knowledge alone is not sufficient to control consumer behavior. Other approaches, such as attitude formation, self-control, and applicable financial behavior education, are needed so that financial knowledge can have a real impact on student consumer behavior. Good financial management, including financial planning and control, is crucial for students to maintain and improve their financial well-being and control consumer behavior to avoid financial problems in the future.

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