

Not Just Privilege: Evaluating How Financial Knowledge Moderates the Impact of Locus of Control and Parental Income on the Financial Management of Youths

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ABSTRACT

This study examined personal financial management behavior of Generation Z within the digital economic landscape, specifically analyzing how it is driven by their internal Locus of Control and the level of parental income and the moderating role of Financial Knowledge. Using a quantitative approach with Structural Equation Modeling (SEM) through SmartPLS, data were gathered through an online survey of 231 Generation Z respondents in Mataram City. The results showed a significant positive impact on financial management behavior from both parental income and locus of control, these indicated that both psychological self-regulation and family economic background play important roles in shaping responsible financial habits, while Financial Knowledge did not significantly moderate these relationships. Additionally, Locus of Control was found to mediate the relationship between Parental Income and Financial Management Behavior, highlighting the importance of internal motivation in financial decision-making. Overall, the findings suggest that improving financial management among Generation Z requires not only strengthening financial literacy but also fostering personal responsibility and supportive socio-economic environments, providing useful implications for educators, policymakers, and families in developing more comprehensive financial education strategies in the digital era.

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1. INTRODUCTION

Financial Management Behavior (FMB) among Generation Z (Gen Z) is becoming an increasingly relevant topic in today's digital economy (Elkhalifa et al., 2024). Generation Z, which grew up amid technological advances and easy access to digital platforms, faces major challenges in managing their finances (Koskelainen et al., 2023). Increased digital consumption, easy access to online credit, and pressure to follow digital consumerism trends increase the potential for poor financial behavior, such as consumer debt, impulsive spending, and unplanned spending (Koskelainen et al., 2023). On the other hand, the importance of adequate financial knowledge is crucial, especially in guiding the younger generation to manage their finances more wisely, responsibly, and with greater long-term orientation (Unnikrishnan et al., 2022).

This study delves into the phenomenon of financial management behavior in Mataram City, West Nusa Tenggara (NTB), which is undergoing social and economic transformation due to rapid digitalization. Mataram City, like many emerging cities across Southeast Asia and other parts of the developing world, is facing significant digital and economic transitions. These transformations reflect broader global trends, where increasing digital consumption and growing access to online financial services and credit are reshaping financial behaviors among youth. In this respect, Mataram City represents a relevant local setting because young people are increasingly exposed to digital marketplaces, technology-driven consumption patterns, and more flexible financial access, all of which can intensify both financial opportunities and financial risks. As a group with easy access to technology and information, Generation Z in Mataram is often faced with the temptation of consumerism, which has the potential to disrupt the balance of their financial management. Accordingly, Mataram City is not merely a convenient research site, but a substantively relevant context for examining youth financial management because it reflects the intersection of digital exposure, emerging financial access, and changing consumption behavior at the local level. Therefore, financial knowledge becomes especially vital in this context, as it may help youths

evaluate financial choices more critically and respond to a rapidly changing consumption environment in a more responsible manner. This includes reducing impulsive buying and encouraging more planned financial behaviors (Yeo et al., 2024).

In financial theory, internal locus of control (LoC), which reflects individuals' belief in their ability to control financial outcomes through personal effort, has been shown to be positively related to discipline in financial management (Kaur & Singh, 2024). Individuals with a stronger internal LoC are generally more likely to plan spending, control unnecessary expenses, and take responsibility for their financial decisions (Qualter, 2024). However, the literature also highlights that high internal LoC does not guarantee responsible financial behavior, especially in contexts where socio-economic privilege (such as Parental Income) may undermine such efforts. This highlights the empirical ambiguity that needs further exploration (Bankins et al., 2024). The role of cognitive factors, such as Financial Knowledge (FK), in optimizing the potential of both LoC and PI is central to this study's aim of bridging this gap.

To address this gap, this study proposes Financial Knowledge (FK) as a crucial moderating variable. FK, which describes the level of proficiency an individual possesses regarding financial tools and fundamental economic ideas, is hypothesized to strengthen the relationship between LoC and PI on FMB. FK acts as a catalyst that ensures that motivation derived from internal LoC can be translated into smarter and more responsible financial management actions. More specifically, individuals with higher financial knowledge are better equipped to convert self-control and personal responsibility into concrete behaviors such as budgeting, saving, prioritizing essential spending, and planning for future financial needs. FK also allows individuals to act on their knowledge more effectively, improving their capacity to make informed decisions, which might otherwise be hindered by impulsive consumption. In addition, FK also acts as a filter for PI, directing the use of resources obtained through PI to be managed efficiently and wisely, not just for consumption alone (Bankins et al., 2024). For youth from higher-income families, FK helps distinguish between needs and wants, thereby reducing impulsive buying and encouraging resource allocation toward productive purposes like saving, investment, and emergency preparation.

While exploring the interaction effect of FK, this study further delves into the primary influences that Parental Income and Locus of Control exert on the financial management practices of Gen Z. Furthermore, the study is designed to assess whether LoC acts as an intermediary variable through which PI influences FMB, considering that LoC can act as an intermediary linking PI with FMB. This mediating relationship is theoretically plausible because parental income may shape not only material access, but also the developmental environment in which youths build confidence, autonomy, and a sense of personal agency. Greater family resources may provide broader opportunities for learning, decision-making, and controlled financial experience, which in turn can strengthen internal locus of control, enhancing both financial self-discipline and decision-making.

Although LoC, PI, and FK have been extensively studied in previous literature, there is still a significant gap regarding the relationship between PI, LoC, and FMB through the moderating lens of Financial Knowledge. Most prior research has explored FK as an independent or mediating variable, while very few studies have examined how FK might act as a catalyst that strengthens the linkages between LoC, PI, and FMB. Furthermore, studies on how FK might filter the influence of socio-economic privilege into responsible financial management are rare. This gap is particularly evident in emerging economies, where digital and economic transitions create unique challenges for financial behaviors among the youth. In Mataram City, the intersection of these factors provides a rich context to explore how digital transformations and access to resources might interact with cognitive abilities (like FK) to influence financial management behaviors (Fernández-López et al., 2024; Zhang, 2023).

Based on this background, the primary objective of this research is to assess several interconnected pathways: (1) the direct impact of PI and LoC on FMB within the Generation Z demographic in Mataram City; (2) the role of LoC as a mediating mechanism in the link between PI and FMB; and (3) the capacity of FK to moderate the interaction between LoC, PI, and their subsequent effect on FMB. Theoretically, this study seeks to enrich financial behavior models by emphasizing the cognitive role of FK as an activating condition that strengthens the effects of both dispositional (LoC) and socio-economic (PI) factors. Practically, this study aims to inform policy recommendations for developing inclusive, technology-based financial education interventions that address the needs of diverse socioeconomic groups, including those with financial privilege, to foster responsible and sustainable financial behavior.

Literature Review and Hypotheses Development

Theory Of Planned Behavior (TPB)

Financial Management Behavior (FMB) is a form of planned behavior that can be effectively analyzed using a psychological theory framework (Yeo et al., 2024). The Theory of Planned Behavior (TPB), developed by Icek Ajzen (1991), is one of the most widely used theoretical foundations for predicting individual intentions and behaviors. TPB proposes that behavior is primarily shaped by intention, which in turn is influenced by three key antecedents: Attitude Toward the Behavior, Subjective Norm, and Perceived Behavioral Control (PBC) (Ashaduzzaman et al., 2022). In the context of FMB, behaviors such as saving, budgeting, controlling expenses,

and making prudent financial decisions can be understood as outcomes of intentions that are supported by favorable attitudes, social influences, and a strong sense of behavioral control.

In this study, TPB is used not merely as a general behavioral theory, but as the main framework for explaining how psychological, socioeconomic, and cognitive factors jointly shape Financial Management Behavior. More specifically, TPB helps explain why youths are more likely to engage in responsible financial behavior when they feel personally capable of controlling financial outcomes, are influenced by supportive family conditions, and possess adequate knowledge to translate intention into action. Thus, TPB provides a relevant theoretical basis for linking Locus of Control, Parental Income, and Financial Knowledge to FMB within one integrated model.

TPB offers a powerful lens for integrating the psychological and socioeconomic factors underlying FMB. Psychological factors, such as Locus of Control (LoC), are closely related to PBC; individuals who feel they have internal control tend to have high PBC, believing that their financial outcomes are largely determined by their own efforts and decisions (Furrebøe & Nyhus, 2022). This perceived sense of control is important because individuals who believe that they can influence their financial outcomes are more likely to plan their spending, manage resources carefully, and persist in carrying out financially responsible behavior. In this sense, internal LoC can be theoretically positioned as a psychological condition that strengthens perceived behavioral control and supports the emergence of better FMB (Fan et al., 2021).

In contrast, Parental Income (PI) is not treated in this study as a behavioral belief by itself, but as a family socioeconomic context that may shape the social and material conditions surrounding financial behavior. Within the logic of TPB, family socioeconomic conditions may influence Subjective Norms by forming expectations, financial habits, and standards of money management within the household. At the same time, parental income may also affect the extent to which young people have access to financial resources, learning opportunities, and experiences that shape their confidence in managing money. Therefore, PI is theoretically relevant because it may influence FMB both through family-based normative influences and through the developmental environment in which personal control is formed.

Although TPB focuses on the immediate antecedents of intention and behavior, Ajzen's framework also allows background factors to influence behavior indirectly by shaping beliefs, perceptions of control, and normative expectations (Yeo et al., 2024). This broader interpretation is important for the present study because Financial Knowledge (FK) can be understood as a cognitive resource that helps individuals implement financially responsible behavior more effectively. In other words, FK does not simply add information; it may strengthen the extent to which perceived control and available resources are translated into actual financial action. For youths with stronger internal LoC, adequate FK may improve their ability to turn self-discipline into concrete practices such as budgeting, saving, and spending prioritization. Likewise, for youths with greater parental financial resources, FK may help ensure that such resources are used prudently rather than consumed impulsively.

Accordingly, TPB supports not only the direct relationships in this study, but also the more complex mechanisms proposed in the research model. First, TPB helps explain the direct influence of LoC on FMB through perceived behavioral control. Second, it provides a basis for understanding how family socioeconomic conditions, represented by PI, may shape both financial behavior and the development of personal control. Third, it supports the possibility that LoC mediates the relationship between PI and FMB, because the family environment may contribute to the formation of internal control, which then affects behavior. Finally, TPB is also consistent with the moderating role of FK, as financial knowledge may strengthen or weaken the extent to which psychological control and socioeconomic resources are converted into responsible financial management behavior. Therefore, TPB provides a coherent and comprehensive theoretical foundation for the direct, mediating, and moderating relationships tested in this study.

Direct Relationship between Locus of Control, Parental Income, and Financial Management Behavior

LoC represents a psychological framework reflecting a person's conviction regarding the source of life's outcomes, distinguishing between those who attribute success or failure to their own actions (internal) and those who credit outside influences like destiny or chance (external) (Carton et al., 2021). In the context of financial management, internal LoC is often considered an important dispositional factor because it shapes self-confidence and initiative.

Theoretically, individuals with internal LoC are more aligned with the principles of Perceived Behavioral Control (PBC) in TPB (Lim & Weissmann, 2023). The belief that their financial outcomes are the result of hard work and personal planning encourages them to take proactive measures, such as budgeting, saving regularly, and avoiding unnecessary debt. Conversely, external LoC tends to result in passive and fatalistic attitudes toward financial problems, as individuals believe that their efforts will not change predetermined outcomes.

Many empirical studies support this hypothesis, showing that internal LoC correlates positively and significantly with effective FMB, including saving, investing, and budgeting (Goyal et al., 2021). Therefore, the motivation and sense of responsibility generated by internal LoC become the psychological foundation for healthy financial behavior. Based on this argument, the following hypothesis is formulated:

H1: Internal locus of control (LoC) exerts a constructive and statistically meaningful impact on FMB on financial management behavior (FMB).

Parental Income (PI) serves as a representation of the socio-economic conditions of the family and environment (Qualter, 2024). PI provides the availability of resources and social privilege that can influence children's FMB through socialization theory and subjective norms (Choudhary & Jain, 2023). Children who grow up in families with high PI tend to have earlier access to financial instruments, see more complex examples of wealth management, and have their basic needs met, allowing them to allocate personal resources for long-term goals, such as savings or investments.

Theoretically, high PI forms a Subjective Norm that leads to financial stability (Yeo et al., 2024). This environment implicitly teaches children about the importance of maintaining economic status, managing available resources, and planning for future financial security. At the same time, however, the literature also suggests an important empirical ambiguity. High parental income may not always foster prudent financial behavior, as abundant financial resources can reduce perceived financial constraints and encourage excessive consumption, impulsive spending, or what is often described as “affluenza” (Fitouchi et al., 2023). In such cases, financial privilege may be associated with comfort and purchasing power, but not necessarily with discipline, self-regulation, or responsible money management.

This indicates that parental income can produce two contrasting tendencies. On the one hand, it may support better financial behavior by providing stability, financial exposure, and access to learning opportunities. On the other hand, without adequate control or financial understanding, it may also increase the likelihood of consumptive and short-term financial behavior. Empirical evidence shows that parental income does have a significant relationship, at least directly, with children's financial behavior (LeBaron & Kelley, 2021).

Although PI provides capacity, there is empirical ambiguity in that financial privilege does not always translate into prudent behavior (Nelson et al., 2021). Nevertheless, this study proposes a positive direct relationship because, in general, higher parental income is more likely to expand access to financial resources, improve financial security, and expose children to structured financial practices that support better financial management behavior. However, based on greater initial resource availability and the strong influence of subjective norms, a direct positive relationship is hypothesized:

H2: Parental Income (PI) has a positive and Pivotal effect on Financial Management Behavior (FMB).

An individual's LoC is significantly contingent upon their family's financial background, highlighting the influential capacity of PI, because a family's socio-economic background provides greater access to resources such as education and training that can build a sense of self-control (Kassaw & Demareva, 2023). Individuals from families with high PI often have more opportunities to develop an internal LoC, which is the belief that they can control the outcomes of their lives, including financial management (Salmony & Kanbach, 2022). Conversely, individuals with low PI backgrounds tend to have external LoC, where they feel more influenced by external factors such as economic conditions and limited opportunities, which reduces their sense of control over their lives and finances.

Research shows that a better socioeconomic background is associated with the development of internal locus of control, which increases individuals' confidence in managing resources, including their finances (Jabeen et al., 2022). However, other factors such as education and personal experience can also influence this relationship, given that parenting styles and family norms also exert an influence in shaping individuals' perceptions of control in their lives (Rodriguez et al., 2023).

H3: PI exerts a marked positive influence on the LoC framework, suggesting that financial security in the family environment promotes a greater sense of personal agency

The Role of Locus of Control Mediation

Locus of Control (LoC) plays an important role as a mediating variable in the relationship between dispositional factors such as Parental Income (PI) and Financial Management Behavior (FMB) (Luoto & Varella, 2021). In this context, LoC serves to explain how external factors such as PI can influence an individual's financial behavior (Zhao et al., 2023). Internal LoC, which reflects the belief that individuals can control their financial outcomes through personal effort, allows individuals to be more disciplined and planned in managing their finances. Conversely, individuals with external LoC, who feel that fate or external factors are more influential, may lack the initiative to manage their finances effectively (Mahat-Shamir et al., 2023).

Research shows that individuals with a high PI background tend to have stronger internal LoC, which then contributes to better financial management. In this case, LoC acts as a mediator connecting PI with FMB,

where internal LoC improves individuals' ability to apply their financial knowledge and use available resources more effectively. Therefore, LoC not only functions as a direct factor influencing financial behavior, but also as a link that explains how PI can indirectly influence FMB.

H4: Locus of Control (LoC) mediates the relationship between Parental Income (PI) and Financial Management Behavior (FMB).

The Role of Financial Knowledge (FK) Moderation

Financial Knowledge (FK), defined as an individual's understanding and awareness of financial concepts, products, and risks, is an important cognitive asset (Choudhary & Jain, 2023). In this study, FK is conceptualized as objective financial knowledge, referring to an individual's actual understanding of financial concepts and ability to correctly comprehend financial products, risks, and decision principles, rather than merely perceived or self-assessed knowledge. In this research model, FK does not only operate directly, but also as a moderating variable that determines the strength of the relationship between LoC and PI on FMB (Lee et al., 2025). FK functions as a boundary condition that activates the effectiveness of psychological and economic capital.

First, FK is hypothesized to moderate the relationship between Internal LoC and FMB. Internal LoC provides motivation and encouragement to control finances (PBC), but without FK, this motivation can be misdirected, for example, saving without a strategy or investing in high-risk products due to ignorance. FK complements psychological motivation with strategies and technical skills, ensuring that Internal LoC is transformed into optimal FMB. In other words, the relationship between good intentions (LoC) and actual behavior (FMB) will be stronger when individuals have a roadmap (FK). This distinction is important because objective knowledge captures the actual cognitive capacity needed to execute financial decisions effectively, making it more appropriate as a moderator of behavioral implementation than subjective financial confidence alone.

Second, FK moderates the relationship between PI and FMB. PI provides resources, but FK ensures that these privileges do not lead to excessive consumption. For the younger generation, FK is a filter that allows them to utilize PI productively by allocating funds for investment and risk diversification rather than simply spending it (resource management theory). Therefore, FK will strengthen the positive impact of PI on FMB, transforming privilege into performance. By treating FK as objective knowledge, the model emphasizes that the productive use of parental financial resources depends not only on perceived confidence, but also on actual financial understanding that can guide prudent and skill-based financial action.

Based on the role of FK as the key to activating and filtering these resources, two moderation hypotheses were formulated:

H5: Financial Knowledge (FK) positively moderates the relationship between Internal Locus of Control (LoC) and Financial Management Behavior (FMB).

H6: FK functions as a synergistic moderator that amplifies the positive impact of PI on an individual's FMB

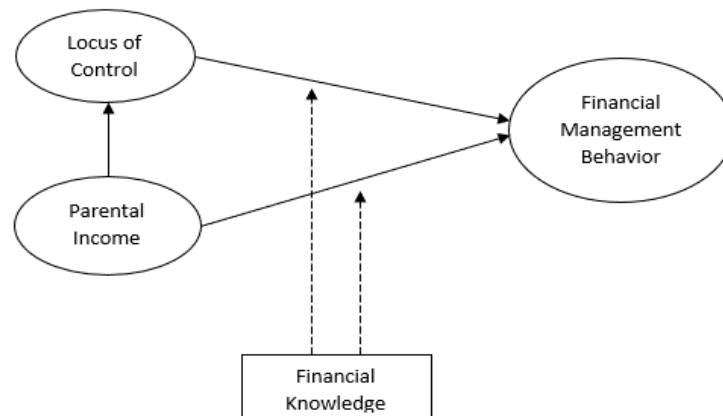


Figure 1. Conceptual Framework

2. METHOD

This research leverages quantitative analysis to probe the empirical linkages involving PI and LoC as predictors, with FK serving as a moderating variable toward FMB among Generation Z in Mataram City, NTB. The quantitative approach was chosen because the objective was to test the established hypotheses and examine the relationships among the proposed variables in a systematic and measurable way (Gaoue et al., 2021). The positivist perspective was used to scrutinize the linkages among variables and test the developed model, rather

than to claim full population representativeness, as well as to enable the application of the findings as empirical insights within the defined research context (Cheung et al., 2024).

Primary data were acquired in 2025 through the distribution of structured questionnaires distributed online using the Google Forms platform. These questionnaires were designed to collect valid data from respondents who were involved in basic personal financial decision-making, taking into account the psychological and socio-economic factors that influence their financial behavior. A total of 231 respondents participated in the questionnaire, consisting of individuals in Mataram City aged between 18 and 26 years. To ensure that the data obtained was relevant, the questionnaire began with preliminary questions to ascertain the respondents' willingness to voluntarily complete the questionnaire, as well as their status as Generation Z residents of Mataram City and their involvement in routine financial activities, such as managing personal spending, saving, or using available financial resources. No restriction was imposed requiring respondents to already possess advanced or "sufficient" financial management experience, so as to avoid bias toward only financially capable individuals.

The sampling procedure used was purposive sampling, which was chosen because there was no sampling frame available and to ensure that the sample taken was relevant to the research objectives. The inclusion criteria were limited to respondents who matched the unit of analysis of the study, namely Generation Z individuals in Mataram City who had at least some involvement in personal financial decision-making. The selected respondents were individuals with diverse PI backgrounds, who could provide information about the relationship between socio-economic and psychological factors and their financial management. This purposive sampling technique allowed researchers to select respondents with characteristics that matched the research objectives, without restricting participation only to those who were already financially experienced or highly skilled in managing finances. However, because the questionnaire was distributed online and participation was voluntary, the study acknowledges the possibility of self-selection bias, and therefore the findings should be interpreted as reflecting the relationships observed in the sample rather than as fully generalizable to all Generation Z individuals in Mataram City.

Survey Instrument

The data collection instrument used a questionnaire developed based on relevant previous studies, such as measurements of LoC (Rodriguez et al., 2023), PI (Su et al., 2023), FK (Koskelainen et al., 2023), and Financial Management Behavior (FMB) (Goyal et al., 2021). Participant responses were collected through a two-part instrument. Segment one addressed demographic variables, whereas segment two measured the psychological and economic determinants of FMB, namely LoC, PI, and FK. The measurement utilized a 5-point Likert format, allowing respondents to express their level of agreement from 1 strongly disagree; 2: disagree; 3: neutral; 4: agree; and 5: strongly agree.

Sample Characteristics

The demographic composition of the 231 participants was structured to align with the core research goals. Gender distribution showed a higher participation of females (n=156) compared to males (n=75). To capture a diverse perspective within Generation Z, the age groups were stratified into three brackets: 18-20, 21-23, and 24-26 years. Furthermore, educational attainment was classified into four levels—ranging from junior high school to postgraduate degrees—to analyze how academic backgrounds shape FK and FMB. The occupational landscape of the respondents was also documented (part-time, full-time, or unemployed) to assess the impact of professional status on financial conduct. Lastly, family economic standing was captured through PI categories, divided into thresholds of below IDR 2,000,000, IDR 2,000,000 – 5,000,000, and exceeding IDR 5,000,000.

Table 1. Respondent Characteristics

Characteristics	Total
Gender	
Male	75
Women	156
Age	
18-20	176
21-23	43
24-26	12
Highest Level of Education	
High School/Vocational School	131
Bachelor's Degree/Diploma 3	96
S2	4
Job Status	

Characteristics	Total
Part-time	22
Full-time	10
Not Working	199
Parents' income/month	
< Rp. 2.000.000	142
Rp 2.000.000 – Rp. 5.000.000	71
> Rp. 5.000.000	18

Table 2. Outer Loading Results for Stage 1

Variabel	Code	Item	Loading	AVE	CR	CA	VIF
Parental Income	PI1	Access to Financial Resources	0.726	0.621	0.893	0.877	1.715
	PI2	Family Financial Stability	0.884				2.996
	PI3	Financial Education	0.765				1.771
	PI4	Emergency Fund	0.867				3.104
	PI5	Financial Objectives	0.769				2.332
	PI6	Additional Financial Support	0.697				1.715
Locus of Control	LOC1	Financial Decision Making	0.830	0.400	0.833	0.746	2.035
	LOC2	Feelings in Life	0.264				1.617
	LOC3	Changing Lives	0.795				1.797
	LOC4	Realizing Ideas	0.349				1.520
	LOC5	Belief in the Future	0.787				1.764
	LOC6	Solving Financial Problems	0.788				1.730
	LOC7	Daily Financial Control	0.211				1.522
Financial Knowledge	FK1	Personal Finance Management	0.679	0.429	0.764	0.716	1.467
	FK2	Debt and Credit Management	0.717				1.492
	FK3	Basic Investment	0.735				1.632
	FK4	Basic Insurance	0.793				1.675
	FK5	Digital Finance	0.200				1.129
	FK6	Understanding Financial Priorities	0.623				1.292
Financial Management Behavior	FMB1	Managing Expenses	0.810	0.461	0.813	0.734	1.759
	FMB2	Setting aside for savings	0.789				1.826
	FMB3	Overcoming Financial Problems	0.823				1.938
	FMB4	Managing Debt	0.734				1.528
	FMB5	Financial Planning	0.217				1.065
	FMB6	Initiatives to Increase Revenue	0.474				1.142

Source: SmartPLS 4

Based on the results of the convergent validity and reliability assessment, several indicators did not meet the minimum outer loading threshold of 0.60, namely LOC2 (0.264), LOC4 (0.349), and LOC7 (0.211) for the Locus of Control construct, FK5 (0.200) for the Financial Knowledge construct, and FMB5 (0.217) and FMB6 (0.474) for the Financial Management Behavior construct. These values indicate that the indicators did not adequately reflect their respective latent constructs (Hair & Sarstedt, 2021; Sabol et al., 2023). However, the decision to remove these indicators was not based solely on statistical criteria, but also on a conceptual re-evaluation of whether the retained items still represented the core meaning of each construct. Therefore, the six indicators were removed and a second-stage assessment of convergent validity and reliability was conducted. This re-evaluation was necessary because the elimination of indicators with low outer loadings can improve statistical

adequacy, but it may also reduce the conceptual breadth of a construct. The deletion of FK5 and FMB5, in particular, reduced the empirical coverage of the Financial Knowledge and Financial Management Behavior constructs, as these indicators represented conceptually important dimensions related to digital finance and financial planning. Similarly, the removal of LOC2, LOC4, and LOC7 narrowed the operational representation of Locus of Control, meaning that the revised construct more strongly captured its core internal-control dimension than its broader original formulation. Accordingly, while the revised measurement model demonstrated better statistical adequacy, the retained indicators should be interpreted as representing a more limited operational scope of the original constructs. Thus, the refined model was considered acceptable for hypothesis testing, but the interpretation of findings was made more cautiously in light of this reduced content coverage. Table 3 presents the results of the second-stage outer loading assessment.

Table 3. Outer Loading Results for Stage 2

Variabel	Code	Item	Loading	AVE	CR	CA	VIF
Parental Income	PI1	Access to Financial Resources	0.726	0.621	0.893	0.877	1.715
	PI2	Family Financial Stability	0.884				2.996
	PI3	Financial Education	0.765				1.771
	PI4	Emergency Fund	0.867				3.104
	PI5	Financial Objectives	0.770				2.332
	PI6	Additional Financial Support	0.697				1.539
Locus of Control	LOC1	Financial Decision Making	0.837	0.658	0.834	0.827	1.990
	LOC3	Changing Lives	0.796				1.776
	LOC5	Belief in the Future	0.793				1.743
	LOC6	Solving Financial Problems	0.818				1.694
Financial Knowledge	FK1	Personal Finance Management	0.672	0.506	0.762	0.756	1.417
	FK2	Debt and Credit Management	0.712				1.492
	FK3	Basic Investment	0.729				1.575
	FK4	Basic Insurance	0.799				1.675
	FK6	Understanding Financial Priorities	0.635				1.250
Financial Management Behavior	FMB1	Managing Expenses	0.814	0.647	0.824	0.818	1.672
	FMB2	Setting aside for savings	0.807				1.821
	FMB3	Overcoming Financial Problems	0.835				1.849
	FMB4	Managing Debt	0.758				1.523

Source: SmartPLS 4

The statistical analysis utilized SEM-PLS via SmartPLS version 4, encompassing both measurement and structural evaluations. Construct verification was initiated by examining AVE and CR scores to establish validity and reliability. In line with established scholarly thresholds, an AVE ≥ 0.5 was employed as the cut-off point to validate the convergent properties of each research variable (Hair & Sarstedt, 2021), and the CR value must be ≥ 0.6 (Ab Hamid et al., 2017). After the refinement of the measurement model through the removal of indicators with unsatisfactory outer loadings, all retained constructs achieved AVE coefficients ranging from 0.50 to 0.65, while the remaining outer loadings exceeded the 0.6 benchmark. Specifically, PI and LoC demonstrated superior psychometric robustness, evidenced by AVE scores between 0.621 and 0.658 and CR values oscillating within the 0.834–0.893 range. For the Locus of Control construct in particular, the AVE increased from 0.400 in the initial stage to 0.658 after the removal of LOC2, LOC4, and LOC7. This improvement, however, was not interpreted merely as a statistical enhancement, but was also considered in light of conceptual representation. The retained LOC indicators were considered to still reflect the core orientation of internal locus of control, especially in terms of personal agency, self-directed decision-making, future-oriented belief, and confidence in handling financial problems. Nevertheless, the refined LOC construct should be understood as a narrower operational representation rather than as a full reflection of its original multidimensional breadth. In a similar vein, both FK and FMB surpassed the requisite 0.5 threshold for both validity and reliability, aligning with the minimum accepted methodological criteria in the final measurement model.

Table 4. Fornell-Larcker Criterion

	FK	FMB	LOC	PI
FK	0.712			
FMB	0.645	0.804		
LoC	0.698	0.619	0.811	
PI	0.529	0.638	0.467	0.788

Source: SmartPLS 4

Table 5. HTMT

	HTMTT
FMB <-> FK	0.803
LoC <-> FK	0.878
LoC <-> FMB	0.735
PI <-> FK	0.639
PI <-> FMB	0.737
PI <-> LoC	0.521

Source: SmartPLS 4

The assessment of discriminant validity was conducted using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT). According to the Fornell–Larcker criterion, the square root of the Average Variance Extracted (AVE) for each construct should exceed its correlations with other constructs in the model. As presented in Table 4, the square root of AVE values for FK (0.712), FMB (0.804), LOC (0.811), and PI (0.788) were all greater than the inter-construct correlations associated with each respective construct. These results indicate that each construct shares more variance with its own indicators than with other constructs, thereby confirming adequate discriminant validity.

This finding is further supported by the HTMT results shown in Table 5. The HTMT values for the relationships among constructs were 0.803 for FMB–FK, 0.878 for LOC–FK, 0.735 for LOC–FMB, 0.639 for PI–FK, 0.737 for PI–FMB, and 0.521 for PI–LOC. All values were below the commonly accepted threshold of 0.90, indicating that discriminant validity was established across all constructs. Although the HTMT value between LOC and FK (0.878) was relatively high compared to the other construct pairs, it still remained within the acceptable range.

Overall, the results of both the Fornell–Larcker criterion and HTMT analysis demonstrate that all constructs in the model possess satisfactory discriminant validity. This suggests that each latent variable represents a distinct concept and is empirically distinguishable from the others. Having satisfied the measurement model requirements, the analysis then proceeded to the structural model evaluation in order to test the proposed hypotheses, including direct, mediating, and moderating relationships among the constructs. This step was intended to provide a more comprehensive understanding of how Parental Income (PI) influences Financial Management Behavior (FMB) through the roles of Locus of Control (LOC) and Financial Knowledge (FK) among Generation Z.

3. RESULT AND DISCUSSION

Table 6. F square

	f²	Description
FK to FMB	0.078	Small Effect
LoC to FMB	0.079	Small Effect
PI to FMB	0.234	Medium Effect
PI to LoC	0.279	Medium Effect
FK x PI to FMB	0.002	Negligible Effect
FK x LoC to FMB	0.000	No Effect

Source: SmartPLS 4

Based on Table 6, the f^2 results show that Financial Knowledge (FK) and Locus of Control (LoC) have small effect sizes on Financial Management Behavior (FMB), with values of 0.078 and 0.079, respectively. In contrast, Parental Income (PI) has a medium effect on FMB ($f^2=0.234$), indicating that PI makes a more substantive contribution to explaining financial management behavior than FK and LoC. In addition, PI also has

a medium effect on LoC ($f^2=0.279$), suggesting that parental income contributes meaningfully to the formation of youths' locus of control. Meanwhile, the interaction effects of $FK \times PI$ ($f^2=0.002$) and $FK \times LoC$ ($f^2=0.000$) on FMB are negligible, indicating that financial knowledge does not provide any meaningful moderating contribution in the structural model. Overall, these findings confirm that Parental Income has the strongest substantive contribution, whereas the moderating role of Financial Knowledge is practically absent.

Table 7. R square and Adjusted R square

	R2	R2Adjusted	Description
Financial Management Behavior	0.573	0.563	Moderate
Locus of Control	0.218	0.214	Weak

Source: SmartPLS 4

Based on Table 7, the R^2 value for Financial Management Behavior is 0.573, with an adjusted R^2 of 0.563, indicating that the model has moderate explanatory power in predicting financial management behavior. This means that 57.3% of the variance in Financial Management Behavior is explained by the predictors included in the model, while the remaining 42.7% is explained by factors outside the model. Meanwhile, the R^2 value for Locus of Control is 0.218, with an adjusted R^2 of 0.214, indicating weak explanatory power. This suggests that the model explains 21.8% of the variance in Locus of Control, whereas the remaining 78.2% is influenced by other variables not included in this study. Overall, these results show that the structural model is more effective in explaining Financial Management Behavior than Locus of Control.

Table 8. Q square

	Q2	Description
Financial Management Behavior	0.495	Strong
Locus of Control	0.204	Moderate

Source: SmartPLS 4

Based on Table 8, both endogenous constructs have Q^2 values greater than zero, indicating that the model has predictive relevance for the constructs examined. Financial Management Behavior shows a Q^2 value of 0.495, which indicates strong predictive relevance, meaning that the model is relatively good at predicting the financial management behavior of Generation Z in this study. Meanwhile, Locus of Control has a Q^2 value of 0.204, indicating moderate predictive relevance, which suggests that the model is able to predict locus of control adequately, although not as strongly as Financial Management Behavior. In the context of this study, these results imply that the proposed model is more effective in explaining and predicting youths' financial management behavior than their locus of control.

Table 9. Fit Model

	Estimated Model	Parameter	Description
SRMR	0,077	< 0,10	Fit

Source: SmartPLS 4

Based on Table 9, the model fit assessment suggests that the proposed model is acceptable. The SRMR value of 0.077 is below the recommended threshold of 0.10, indicating a good model fit. Overall, these results suggest that the structural model is sufficiently fit to support further hypothesis testing.

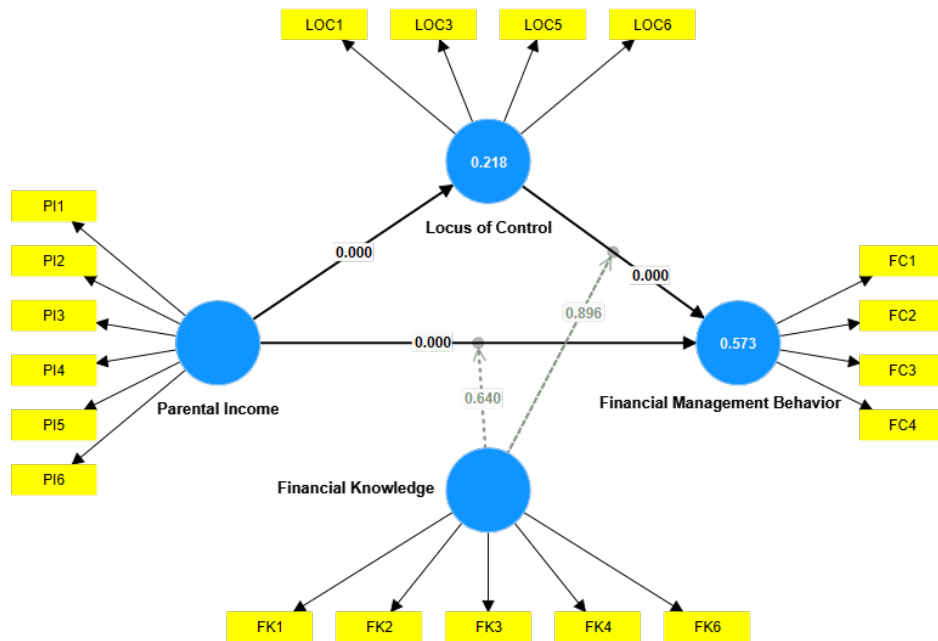


Figure 2. Bootstrapping Results

The conceptual framework was rigorously assessed via SEM-PLS using the SmartPLS 4 platform, processing data derived from 231 participants. Detailed outcomes of the path analysis—specifically those examining direct relationships—are documented in Table 8. The structural model's performance, evidenced by the generated T-statistics and P-values, provides strong empirical support for the hypothesized linkages established in this study.

The first finding shows that Locus of Control (LoC) demonstrates a positive and substantial influence toward Financial Management Behavior (FMB) with path coefficients = 0.265, T-statistics = 3.650, and P-value = 0.000, which is less than 0.05. Thus, hypothesis H1, which proposes that LoC shows a marked and constructive relationship with FMB, is proven. This shows that individuals with internal LoC who believe that they can control their financial outcomes are more likely to have better and more planned financial management behavior. This positive effect shows that individuals who feel responsible for managing their finances will be more disciplined in making financial decisions, such as planning savings, investments, and efficient spending. These findings support the theory that internal LoC is associated with better financial management, as found in previous research by [Putra et al. \(2022\)](#), which shows that individuals with internal LoC tend to be more skilled at managing their resources.

The second finding shows that Parental Income (PI) has a positive and substantial effect on FMB with path coefficients = 0.381, T-statistics = 6.558, and P-value = 0.000, which is much smaller than 0.05. Therefore, hypothesis H2, which proposes that PI has a positive and significant effect on FMB, is also proven. The data indicates a positive correlation where individuals from affluent households exhibit a superior capacity for overseeing their financial affairs. This may be due to greater access to financial education, opportunities to learn about money management from an early age, and more resources to manage finances efficiently. The findings of this study resonate with the earlier work of [Khan et al. \(2022\)](#), which highlights that PI plays a pivotal role in financial stability and money management, as it provides individuals with access to learn financial skills and make wiser decisions.

The third finding shows that Parental Income (PI) has a positive and significant effect on Locus of Control (LoC) with path coefficients = 0.467, T-statistics = 7.691, and P-value = 0.000, which is less than 0.05. Therefore, hypothesis H3, which proposes that PI has a positive and significant effect on LoC, is proven. These results indicate that individuals from families with high PI are more likely to develop internal LoC, which in turn has a positive impact on their financial management. PI provides individuals with access to resources that improve their education and skills, which can increase their confidence and belief that they can control the outcomes of their lives, including in financial aspects. These findings support the argument that families with greater resources tend to instill in their children the belief that they have control over their future ([Dickinson et al., 2023](#)).

Table 10. Structural Model

Path Coefficient	Original Sample	T statistics	P values	Description
LoC to FMB	0.265	3.650	0.000	Proven
PI to FMB	0.381	6.558	0.000	Proven
PI to LoC	0.467	7.691	0.000	Proven

Source: SmartPLS 4

The mediation analysis indicates that Locus of Control (LoC) significantly mediates the relationship between Parental Income (PI) and Financial Management Behavior (FMB). As shown in Table 9, the indirect effect of $PI \rightarrow LoC \rightarrow FMB$ is statistically significant. Therefore, H4 is supported.

However, because the direct effect of PI on FMB also remains significant ($\beta=0.381$, $t=6.558$, $p=0.000$), the mediating role of LoC should be interpreted as partial mediation rather than full mediation. This result indicates that Parental Income influences Financial Management Behavior both directly and indirectly through Locus of Control. In other words, higher parental income contributes not only to better financial management behavior itself, but also to stronger locus of control, which in turn enhances financial management behavior. These findings suggest that LoC explains part of the effect of PI on FMB, while PI remains a strong direct predictor of FMB.

Table 11. Mediation

Path Coefficient	Original Sample	T statistics	P values	Description
PI to LoC to FMB	0.124	3.173	0.002	Proven

Source: SmartPLS 4

The moderating role of Financial Knowledge (FK) was examined in two relationships: the relationship between Locus of Control (LoC) and Financial Management Behavior (FMB), and the relationship between Parental Income (PI) and FMB. The results indicate that both moderating effects are not statistically significant.

The first moderation result shows that the interaction term $FK \times LoC \rightarrow FMB$ is not significant ($\beta=0.007$, $t=0.130$, $p=0.896$). Therefore, H5 is not supported. This finding indicates that Financial Knowledge does not moderate the relationship between Locus of Control and Financial Management Behavior. In addition, the corresponding effect size is 0.000, indicating no substantive moderating effect in the model.

The second moderation result shows that the interaction term $FK \times PI \rightarrow FMB$ is also not significant ($\beta=0.029$, $t=0.468$, $p=0.640$). Thus, H6 is not supported. This indicates that Financial Knowledge does not moderate the relationship between Parental Income and Financial Management Behavior. The effect size for this interaction is 0.002, which indicates a negligible moderating effect.

Overall, these findings demonstrate that Financial Knowledge does not function as a significant moderator in the structural model. Both interaction effects are statistically insignificant and substantively trivial, indicating that FK does not strengthen or weaken the effects of Locus of Control and Parental Income on Financial Management Behavior in this study context. These results further suggest that Parental Income remains a more dominant predictor of Financial Management Behavior than Financial Knowledge as a moderating variable.

Table 12. Moderation

Path Coefficient	Original Sample	T statistics	P values	Description
$FK \times LoC$ to FMB	0.007	0.130	0.896	Unproven
$FK \times PI$ to FMB	0.029	0.468	0.640	Unproven

Source: SmartPLS 4

Finally, this study aims to examine the moderating effect of financial knowledge on the relationship between locus of control and financial management behavior, as well as parental income and financial management behavior. The results show that financial knowledge does not significantly moderate the relationship between these two variables. Although financial knowledge can improve individuals' financial management skills, this training is not effective enough to strengthen or weaken the relationship between locus of control (LoC) and FMB, or between parental income (PI) and FMB. This indicates that although financial knowledge can help individuals be better prepared to manage their finances, other factors, such as a more profound locus of control (LoC) or parental income (PI), which is directly related to access to resources, may play a greater role in moderating these relationships. Thus, Financial Knowledge alone is not sufficient to increase or decrease Financial Management Behavior, which is influenced by other internal and external factors, indicating the need for a more comprehensive approach in addressing financial management issues. Other psychological and socio-economic factors may need to be considered to optimize financial management and effectively improve FMB.

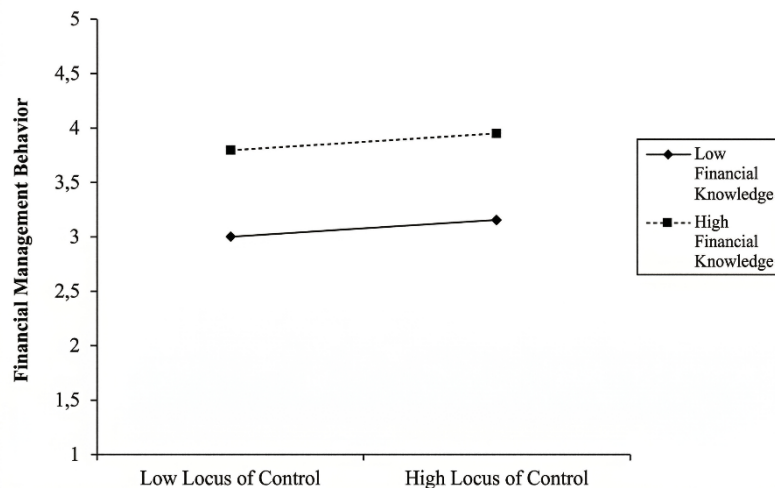


Figure 3. Locus of Control Variable Area Plot

The interaction graph visually confirms that Financial Knowledge (FK) does not moderate the positive relationship between Locus of Control (LoC) and Financial Management Behavior (FMB). The lines representing the low and high Financial Knowledge groups show an almost parallel pattern, indicating that the increase in FMB from low LoC to high LoC occurs at a similar rate across both groups. This visual pattern suggests that FK does not alter the strength or direction of the relationship between LoC and FMB. Instead, FK appears to operate only as a main effect, reflected in the consistently higher level of FMB among individuals with higher financial knowledge across both levels of LoC. In other words, while higher FK is associated with a generally higher level of financial management behavior, it does not change how LoC influences FMB. This visual interpretation is consistent with the statistical results, which show that the interaction effect of $FK \times LoC$ on FMB is not significant.

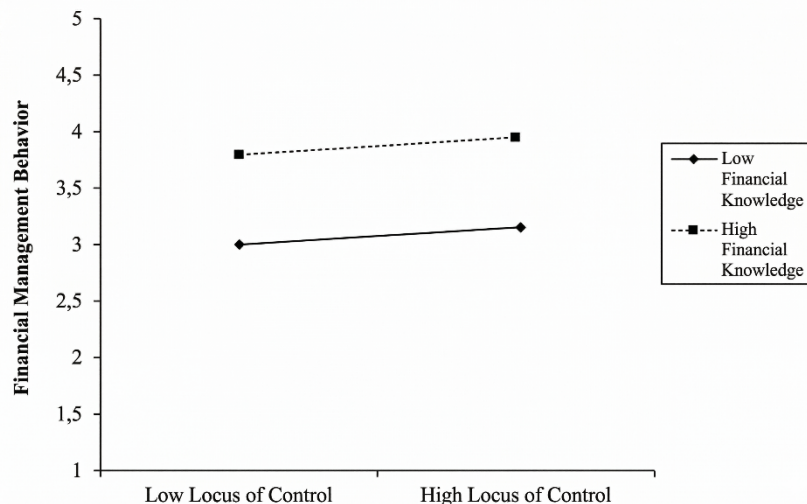


Figure 4. Parental Income Variable Area Plot

The interaction graph visually confirms that Financial Knowledge (FK) does not moderate the positive relationship between Parental Income (PI) and Financial Management Behavior (FMB). The lines representing the low and high Financial Knowledge groups are nearly parallel, indicating that the increase in FMB from low parental income to high parental income occurs at a similar rate across both groups. This pattern suggests that FK does not alter the strength or direction of the relationship between PI and FMB. Instead, FK appears to operate only as a main effect, reflected in the slightly higher level of FMB among individuals with higher financial knowledge across both levels of parental income. In other words, although higher FK is associated with a generally higher level of financial management behavior, it does not change how parental income influences FMB. This

visual interpretation is consistent with the statistical results, which show that the interaction effect of $FK \times PI$ on FMB is not significant.

Discussion

This study was conducted to examine the determinants of Financial Management Behavior (FMB) by integrating psychological factors (Locus of Control/LoC), socioeconomic factors (Parental Income/PI), and Financial Knowledge (FK) as a moderating variable. The findings indicate that both LoC and PI significantly influence FMB, while FK does not significantly moderate the relationships between LoC and FMB or between PI and FMB. These findings suggest that financial behavior among youths is shaped not only by internal beliefs and knowledge, but also by the extent to which individuals possess actual financial resources and autonomy to act on what they know. In this regard, the Theory of Planned Behavior (TPB) provides a useful framework, particularly because financial behavior is not merely a product of knowledge or intention, but also of perceived and actual control over behavior. More importantly, the present findings contribute to the literature by showing that psychological and socioeconomic factors do not operate with equal strength: in this sample, family-based economic resources remain more influential than financial knowledge as a conditional factor.

The positive and significant effect of Locus of Control on Financial Management Behavior indicates that youths with a stronger internal belief in personal control tend to demonstrate better financial behavior. This finding is consistent with the behavioral logic of TPB, in which individuals who believe that outcomes are influenced by their own actions are more likely to regulate, plan, and monitor their behavior. In financial terms, such individuals are more likely to engage in budgeting, saving, and more disciplined spending. Thus, LoC functions as an important internal psychological resource that supports more responsible financial management. This result is also in line with previous studies that identify internal locus of control as an important antecedent of prudent financial behavior, including budgeting, saving, and resource discipline (Goyal et al., 2021; Kaur & Singh, 2024). In that sense, the present study reinforces earlier evidence that internal agency matters in youth financial management, particularly because individuals who perceive greater control over outcomes are more likely to behave proactively rather than passively in dealing with financial matters.

At the same time, the findings show that Parental Income has a significant positive effect on both FMB and LoC, and remains the strongest direct predictor in the structural model. This result highlights that financial behavior among youths is still strongly embedded in family socioeconomic conditions. Higher parental income may provide greater access to material resources, a more secure financial environment, and more opportunities for exposure to constructive financial practices. In this sense, the study suggests that financial management is not shaped solely by internal discipline or knowledge, but also by the privileges and constraints associated with family background. This is particularly important because it indicates that youths from economically stronger households may be better positioned not only to manage money, but also to develop the confidence and personal control beliefs needed to do so effectively. This finding is broadly consistent with earlier literature showing that family financial background plays an important role in financial socialization and in shaping how young people learn money-related habits and decisions (LeBaron & Kelley, 2021). At the same time, the present result adds nuance to that literature: while parental income may support better financial behavior through stability and exposure, its strong direct effect in this study also suggests that financial privilege itself remains a powerful behavioral advantage. In other words, the data indicate that access to resources is not merely a background condition, but a central determinant of what youths are actually able to do financially.

The most critical finding in this study concerns the failure of Financial Knowledge to function as a moderator. Although FK was hypothesized to strengthen the effects of LoC and PI on FMB, the moderation results were not significant. This implies that FK did not operate as a catalyst capable of changing the strength of those relationships. A key explanation is that the FK construct in this study may capture financial literacy at the level of cognitive understanding, rather than financial capability at the level of practical enactment. In other words, respondents may know financial concepts such as budgeting, saving, or responsible spending, but this knowledge alone may not be sufficient to alter financial behavior when the structural and personal conditions necessary for implementation are weak. Under such circumstances, FK may function only as background knowledge or a general attribute, rather than as a transformative factor that changes how psychological and socioeconomic influences operate.

This interpretation becomes stronger when the respondent profile is considered. The majority of respondents were 18–20 years old, had an educational background at the senior high school/vocational school level, and were not yet employed. More importantly, 142 out of 231 respondents came from families with parental income below IDR 2,000,000. This demographic profile is not a minor descriptive detail; rather, it is central to understanding the results. If most respondents do not yet earn independent income and remain financially dependent on their families, then their room for autonomous financial management is naturally limited. Under these conditions, the meaning of Financial Management Behavior must be interpreted carefully, because what is being captured may be basic financial attitudes and minor day-to-day money management practices, rather than

full financial management in the sense of managing substantial and self-controlled financial resources. This demographic reality also helps explain why Parental Income remained dominant and why Financial Knowledge failed to act as a meaningful moderator. Compared with studies that examine more financially independent populations, the present sample represents a group whose financial behavior is still heavily conditioned by dependence on family support. This helps explain why the role of FK in this study is weaker than what might be expected from more general financial literacy literature.

From the standpoint of TPB, the most relevant explanation lies in actual behavioral control. Knowledge can only influence behavior when individuals have a realistic opportunity to apply it. In this study, many respondents lacked employment, stable personal income, and full discretion over financial decisions. Therefore, even when they possessed relatively higher financial knowledge, their actual control over financial action was likely limited. This means that they may have understood what constitutes good financial management, yet they may not have had sufficient autonomy to translate that understanding into behavior strong enough to change the effects of LoC or PI on FMB. In other words, FK failed to moderate not necessarily because knowledge is irrelevant, but because the respondents had limited opportunity, authority, and resources to act on that knowledge. This point strengthens the TPB-based interpretation of the findings: perceived control may encourage intention, but actual control determines whether intention can be enacted consistently. In the context of this study, limited financial autonomy appears to have weakened the practical force of financial knowledge.

The failure of moderation may also be understood within the broader context of youth life. For many young people, especially those who remain financially dependent on their families, financial decisions are shaped by more than individual understanding. Household restrictions, parental authority, limited cash flow, and the transitional nature of early adulthood may reduce the behavioral power of knowledge. In such a context, knowledge may increase awareness without necessarily producing differentiated behavior. This is particularly relevant in the case of youths who are still in the process of developing financial habits and who have not yet reached full financial independence. Therefore, the non-significant moderation effect should be interpreted as evidence that knowledge alone is insufficient when the material and behavioral conditions required for action are weak.

This also helps clarify the apparent contradiction identified by the reviewer. The dominance of Parental Income should not be seen merely as a statistical outcome, but as a reflection of the respondents' socioeconomic dependence. When youths have limited independent income, family resources naturally become the most influential determinant of what can and cannot be done financially. Under such conditions, privilege is not simply an abstract concept; it operates directly through access, opportunity, and control. As a result, youths from lower-income families may face constraints that cannot be easily overcome by knowledge alone. This is precisely why FK does not appear as a great equalizer in this sample. Rather than bridging the socioeconomic gap, FK appears constrained by the respondents' dependence on family resources and by their limited financial autonomy.

At the same time, the significant role of LoC suggests that internal psychological factors still matter. However, the mediation results indicate that LoC only partially mediates the relationship between PI and FMB, meaning that internal control explains only part of the pathway through which parental income affects financial behavior. The direct effect of PI remains substantial, indicating that socioeconomic advantage continues to dominate behavioral outcomes even after the psychological pathway is taken into account. This finding strengthens the conclusion that internal agency is important, but it does not fully offset structural inequality. In this sample, privilege still provides the stronger behavioral foundation. This partial mediation result is theoretically meaningful because it suggests that parental income influences financial behavior both by shaping the material environment directly and by contributing to the development of personal agency indirectly. In this respect, the present study extends earlier arguments that family socioeconomic conditions help shape young people's sense of control, which then affects later behavior (Zhao et al., 2023). However, because the direct path from PI to FMB remains stronger than the indirect path through LoC, the results also show that internal agency cannot fully compensate for unequal access to financial resources.

Overall, the findings suggest that financial behavior among youths cannot be explained by knowledge alone. Financial knowledge may be necessary, but it is not sufficient when respondents lack financial autonomy, personal income, and practical opportunities to apply what they know. In this study, Parental Income remains the dominant determinant, while Locus of Control contributes positively but only partially mediates that influence. Financial Knowledge, meanwhile, does not bridge the gap between psychological and socioeconomic influences because the respondents' actual behavioral control is limited. Therefore, efforts to improve youth financial management should move beyond narrowly cognitive financial education. In practical terms, the findings imply that financial education for youths should be combined with opportunities for real financial practice, such as guided budgeting experience, savings participation, structured financial simulations, or youth-oriented programs that gradually build financial autonomy. More effective interventions should combine financial education with opportunities for real financial practice, stronger personal agency, and supportive socioeconomic conditions that

enable young people to act on what they know. This also means that policies aimed at improving youth financial management should not focus only on increasing knowledge, but also on creating enabling conditions in which knowledge can actually be applied.

4. CONCLUSION

The findings of this study show that Locus of Control (LoC) and Parental Income (PI) both have significant positive effects on Financial Management Behavior (FMB), but Parental Income remains the most dominant determinant. In addition, PI also significantly influences LoC, indicating that socioeconomic background shapes financial behavior both directly and indirectly. However, the mediating role of LoC should be understood as partial mediation, not full mediation, because the direct effect of PI on FMB remains substantially stronger than the indirect effect through LoC. The study also finds that Financial Knowledge (FK) does not significantly moderate the relationships between LoC and FMB or between PI and FMB. This suggests that, in the context of Gen Z in Mataram, cognitive financial knowledge is not strong enough to alter the influence of either internal psychological control or socioeconomic background on financial behavior. In other words, the findings indicate that financial management behavior in this context is still shaped more strongly by socioeconomic privilege than by financial knowledge. Overall, this study shows that while internal psychological factors such as LoC do matter, they do not outweigh the stronger direct role of Parental Income. Thus, for youths in Mataram, financial behavior appears to be influenced primarily by the material and socioeconomic conditions in which they are situated, while financial knowledge alone is insufficient to bridge that gap. Practically, these findings imply that financial education for youths should not focus only on improving financial knowledge, but also on providing opportunities for real financial practice and stronger support from families and educational institutions to foster more responsible financial management behavior.

Limitations and Future Research

This study has several limitations that should be considered when interpreting the findings. First, the study used a cross-sectional design, so the relationships among Parental Income, Locus of Control, Financial Knowledge, and Financial Management Behavior should be interpreted as associative rather than strictly causal. Second, the use of purposive sampling and online questionnaire distribution may have introduced self-selection bias and limited the generalizability of the findings beyond the sampled Generation Z population in Mataram City. Third, the removal of several measurement indicators due to low outer loadings improved statistical adequacy but reduced the empirical coverage of some constructs, particularly Financial Knowledge and Financial Management Behavior. As a result, the final model should be understood as reflecting a narrower operational representation of the original constructs.

Future research is therefore encouraged to address these limitations in several ways. Longitudinal or mixed-method designs would be useful for examining how financial behavior develops over time and for capturing more deeply the mechanisms through which family background, personal agency, and financial knowledge interact. Future studies should also involve more diverse and financially independent respondents, including young adults with stable personal income, in order to better assess whether Financial Knowledge becomes more influential when individuals have greater financial autonomy. In addition, researchers may refine the measurement of Financial Knowledge and Financial Management Behavior by including broader and more context-sensitive indicators, especially those related to digital finance, financial planning, and actual financial capability. Expanding the study to other cities or regional contexts would also help determine whether the present findings are specific to Mataram City or reflect a broader pattern among youths in emerging economies.

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