International Journal Business, Management and Innovation Review

E-ISSN: 3046-5605
P-ISSN: 3046-6423

Research Article

The Role of Impulsiveness: Affective, Cognitive, and Financial Literacy on Financial Behavior In Generation Z Student

Kholida Arfaletha [1*], Dian Prawitasari [2], Ana Kadarningsih [3], and Vicky Oktavia [4]

1 Universitas Dian Nuswantoro, Semarang, Indonesia: kholidaarfaletha@gmail.com
2 Universitas Dian Nuswantoro, Semarang, Indonesia: sari.dianprawita@dsn.dinus.ac.id
3 Universitas Dian Nuswantoro, Semarang, Indonesia: ana.kadarningsih@dsn.dinus.ac.id
4 Universitas Dian Nuswantoro, Semarang, Indonesia: vicky.oktavia@dsn.dinus.ac.id
* Corresponding Author : Kholida Arfaletha

Abstract: Generation Z refers to the population group born between 1997 and 2012. Generation Z, as digital natives, are skilled in using technology, the internet, and mobile systems, making it easy for them to shop online and increasing their tendency to be consumptive in daily activities. To reduce consumptive behavior, it is important to get used to good financial management. Of course, several factors can affect financial behavior itself. The purpose of this study is to analyze whether impulsiveness: affective and cognitive, and financial literacy, have a significant effect on the financial behavior of Generation Z students. The sampling technique is done by distributing questionnaires online through Google Forms. SEM-PLS was selected to process the data obtained. The results of this study state that affective impulsiveness doesn't have a significant negative influence on financial behavior. Meanwhile, cognitive impulsiveness has a significantly negative impact on financial behavior in Generation Z Students.

Keywords: Affective Impulsiveness; Cognitive Impulsiveness; Financial Literacy; Financial Behavior

1. Introduction

Human are always connected to unlimited needs and desires, ultimately influencing their financial behavior. Managing financial behavior in daily life must be planned carefully to achieve a stable financial life. Financial behavior is any human behavior that is related to money management, starting from planning, budgeting, controlling, obtaining, and saving daily financial funds. [1]

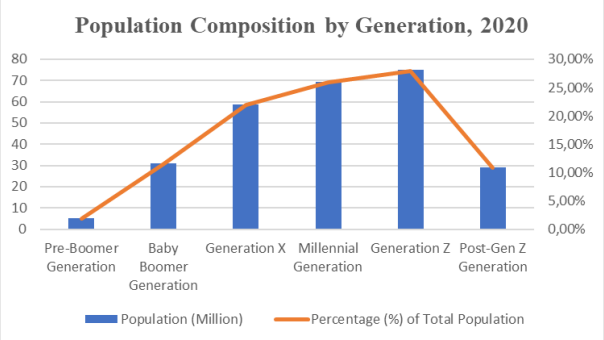

Figure 1. Generation Population

Financial behavior in everyday life has quite an important role in survival, which must be understood by individuals, including Generation Z. According to the Central Statistics Agency, the population of Generation Z in the 2020 census population reached 74.93 million

Received: March 15, 2025
Revised: April 30, 2025
Accepted: May 28, 2025
Published: May 21, 2025
Curr. Ver.: May 21, 2025

people, or the equivalent of 27.94% of the total population of Indonesia. The population born in 1997 – 2010 or aged between 15 – 28 years in 2025 can be called as Generation Z. Teenagers or Generation Z, who were born as true digital natives, have skills in using technology, the internet, and various mobile systems [2].

The rapid growth of technology has made Generation Z more capable of adjusting and staying current with emerging tech trends. These tendencies are also influenced by enhanced living facilities, broader e-commerce reach, the proliferation of shopping hubs, better transport infrastructure, and the accessibility of mass media, ensuring faster delivery of information [3]. In addition, generation Z has enormous potential in the consumer industry [4]. This consumer behavior will also cause Generation Z to tend to make impulse buying [5]. Consumers often make impulse purchases driven by convenience, time savings, and minimal shipping effort. In addition to utilitarian reasons, they also shop for pleasure, emotional release, or self-expression, which drives impulsive behavior accompanied by emotional drives such as desire or satisfaction [6].

Mastering financial literacy in young people is predicted to enable them to manage their finances so that later they will not be used to fulfill their desires only. The concept of financial literacy refers to a person's ability to acquire, understand, and evaluate information essential to decision-making by understanding the resulting financial consequences [7]. Nevertheless, limited understanding of financial attitudes hinders young people in managing their money effectively.

In the research [8], affective impulsiveness does not mediate the relationship between materialism and financial behavior, but cognitive impulsiveness mediates the relationship. In a study on [9], papers said that financial behavior is significantly influenced by financial literacy. This research aims to offer perspective into the importance of the influence or effect of affective and cognitive impulsiveness and financial literacy on financial behavior in Generation Z, especially students at Semarang City University.

2. Literature Review

Financial Behavior

The Theory of Planned Behavior (TPB), drafted by Icek Ajzen in 1985, individuals consider and evaluate information carefully before they carry out certain behaviors. This flexible framework has been widely applied in several fields, including the study and prediction of financial behavior. The theory propose that an individual's behavior is shaped by their motive, these are the three key components: subjective norms, attitudes, and perceived behavioral control [10].

The definition of financial behavior refers to any actions related to money management and planning, such as saving, borrowing, spending, investing, and insuring [11]. The way individuals manage their finances, which reflects their financial behavior, is tied to their ability to make decisions focused on their general qality of life, including cash management, savings, credit use, and consumption control [8]. These four financial behavior items were selected based on previous research on financial behavior and the selection of these items has been stated to be aligned with the TPB by previous research. the four items: saving behavior, shopping behavior, long-term planning, and short-term planning [10], [12], [13].

Affective and Cognitive Impulisiveness

Impulsive buying refers to the sudden urge to make a purchase driven by desire, where consumers are typically motivated by immediate gratification rather than long-term considerations. As a result, impulsive buying is often linked to a lack of planning and minimal deliberation. During the purchasing process, both affective and cognitive aspects play a role in decision-making. The affective aspect is influenced by emotions such as fear, excitement, and satisfaction, while the cognitive side involves deliberation and planning [8], [14]. From previous research by [8] affective impulsiveness does not mediate among materialism and financial behavior, but cognitive impulsiveness mediates among materialism and financial behavior.

H1: Affective impulsiveness has a significant negative effect on financial behavior in Generation Z.

H2: Cognitive impulsiveness has a significant negative effect on financial behavior in Generation Z.

Financial Literacy

Financial literacy refers to a people knowledge and comprehension of fundamental financial principles, such as savings, investment, debt management, and retirement planning [15]. Financial literacy is a set of procedures or actions aimed at increasing the knowledge, skills, and confidence of customers and the general public so they can better manage their finances [16]. A person with financial literacy will find it easy to manage finances in a planned manner and is expected to be able to achieve the expected happiness in life even with limited financial resources [17]. The items for this variabel are selected by previous reaserch [15] there are general personal finance knowledge, Saving, Insurance, Investment. According to [16], [18], on there reaserch financial literacy has a significant influence to financial behavior.
H3: Financial literacy has a significant positive effect on financial behavior in generation Z.

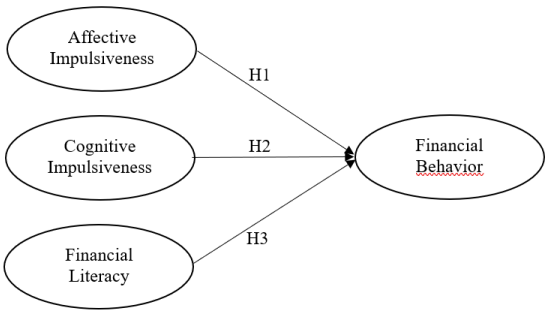

Figure 2. Conceptual fremework

3. Reaserch Method

The independent variables in this study are Affective Impulsiveness, Cognitive Impulsiveness, and Financial Literacy. Meanwhile, the financial behavior is the dependent variable. This study employs a quantitative research, the primary data collected by online questioneres via Google Form. The measurement use a Likert scale with points 1 – 5 on each indicator statements. The population of this research consists of Generation Z students, while the sample includes students studying Faculty of Economics and Business at universities in Semarang. Based on [19], The sample size in PLS-SEM can be estimated using the 10-times rule, which recommends of 10 times the highest number of indicators in a construct. Since this study uses 16 statements see Appendix 1, the minimum sample size required is 160 respondents.

4. Results

The research was conducted using a questionnaire via Google Form and gathered 183 responses. After applying the inclusion criteria, only 179 respondents were considered valid. Four respondents were excluded because they were not studying in the Faculty of Economics and Business, and among them, two were also not students from any university in Semarang. The following section presents the descriptive data of the valid respondents to provide an overview of their characteristics and conditions.

Table 1. Respondent Characteristics

Respondent Characteristics	Frequency	Presentase (%)
Gender		
Female	132	73.74
Male	41	26.26
Age		
<17	-	-
17 - 22	150	83.80
23 - 28	29	16.20
>28	-	-
University Name		
Dian Nuswantoro University	51	28.49
Diponegoro University	29	16.20

State University of Semarang	21	11.73
Sultan Agung Islamic University of Semarang	12	6.70
Muhammadiyah University of Semarang	11	6.15
Stikubank University	11	6.15
Wahid Hasyim University	10	5.59
17 August University of Semarang	9	5.03
University of Semarang	6	3.35
PGRI University of Semarang	7	3.91
Ngudi Waluyo University	6	3.35
Soegijapranata Catholic University	4	2.23
Semarang State Polytechnic	1	0.56
Bina Nusantara University	1	0.56

Source: Data Collected

Meansurment Model Test (outer Model)

Initial evaluation in PLS-SEM focuses on the reflective measurement model by examining the indicator loading values. Loading with a value above 0.7 is recommended. The convergence test aims to measure the extent to which the construct is able to explain the correlation of items to its indicators, with the criteria of loading factor value > 0.7 for confirmatory research and between 0.6 to 0.7 for exploratory research [20]. This is the Structural model diagram before values less than 0.7 are removed. The values that will be removed are AI2 from the affective impulsiveness variable because the value is 0.643 or below 0.7. The other value is FB2 from the financial behavior variable because the value is 0.692 or below 0.7. Figure 3 is the Structural model diagram before values less than 0.7 are removed.

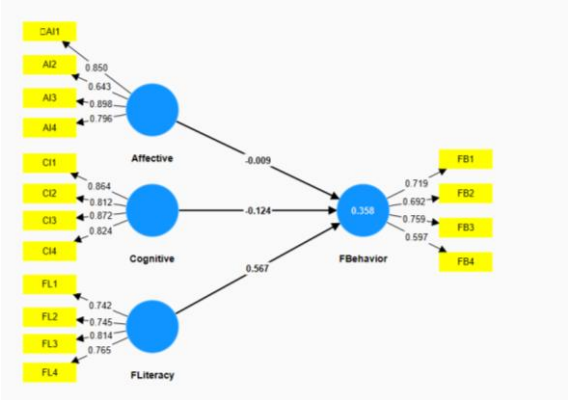

Figure 3

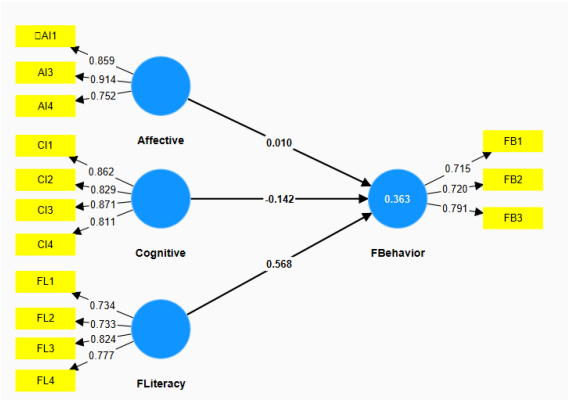

Figure 4

Figure 4 is the Structural model diagram when the loading factor indicator < 0.6 has been removed, and it is said that the loading factor results are valid.

Table 2. Meansurment Model Test

Variable	Item	Loading Factor	AVE	Composite Reliability (rho_c)
Affective Impulsiveness	AI1	0,859		0,881 (reliable)
	AI3	0,914	0,713	
	AI4	0,752		
Cognitive Impulsiveness	CI1	0,862	0,711	0,908 (reliable)
	CI2	0,829		
	CI3	0,871		
	CI4	0,811		
Financial Literacy	FL1	0,734	0,589	0,851 (reliable)
	FL2	0,733		
	FL3	0,824		
	FL4	0,777		
Financial Behavior	FB1	0,715	0,552	0,787 (reliable)
	FB2	0,720		
	FB3	0,791		

Source: Proceseed Data

The AVE value used to emphasize the convergence test, the AVE value received is 0.50 or higher, this shows that the construct accounts for a minimum of 50 percent of the item's variance. [21], in this study had an AVE score that was accepted or had a value of not less than 0.5. On the composite reliability value according to [20] higher composite reliability values typically reflect a greater degree of reliability. Reliability of 0.60–0.70 is considered "acceptable" for exploratory research, 0.70–0.90 is considered "satisfactory to good," while ≥0.95 indicates item redundancy that can reduce the validity of the construct, in this study the composite reliability value is reliable with a value more than 0.7.

Structural Model Test (inner model)

Multicoloniality Test

The Variance Inflation Factor (VIF) value can be used to measure the collinearity between independent variables in a model. Theoretically, the VIF value is expected to be around 3 or less. If the VIF value is greater than 5, it typically points to a collinearity problem between the predictor constructs; however, collinearity may still be present when VIF values range between 3 and 5 (Hair et al., 2019).

Table 3

	VIF
Affective Impulsiveness -> Financial Behavior	1,805
Cognitive Impulsiveness -> Financial Behavior	1,830
Financial Literacy -> Financial Behavior	1,021

Souce: Proceseed Data

In Table 2, all VIF values are below the general tolerance limit (5) or are said to be good because they are around 1-2. This shows that the multilinear test of each variable has been fulfilled and has passed.

R-Square Test

The R^2 test is used to measure how much variance in endogenous variables (objectives) can be clarified by exogenous variables (causes) in the model. R2 ranges from 0 to 1, with higher values indicating greater explanatory power. R2 values of 0.75 indicating substantial, 0.50 moderate, and 0.25 can be interpreted as indicating weak associations, respectively (Hair et al., 2019).

Table 4

	R-square	R-square adjusted
Financial Behavior	0.363	0.352

Souce: Proceseed Data

This study shows that Affective Impulsivenes, Cognitive Impulsiveness, and Financial Literacy together contribute 36.3% in explaining the variability of Financial Behavior, and the leftover 63.4% affected by other factors outside the model. These results indicate that these three variables have an important role in influencing individual financial behavior, although there is still room to explore other relevant factors.

Hypothesis Test

Hypothesis testing uses the bootstrapping method, which is a nonparametric procedure used to test statistical significance. In this approach, significance is determined by the P-value (<0.05), T-Statistic (>1.96), and the regression coefficient in the original sample (o), which reflects the positive or negative direction of the influence.

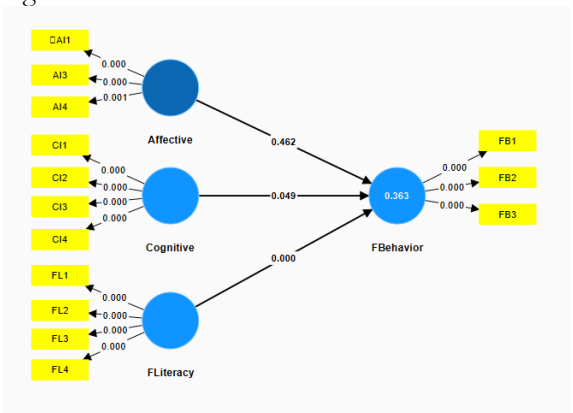

Figure 5

Table 5

	Original sample (O)	T statistics (|O/STDEV|)	P values	Finding
Affective Impulsiveness -> Financial Behavior	0,010	0,096	0,462	Rejected
Cognitive Impulsiveness -> Financial Behavior	-0,142	1,654	0,049	Accepted
Financial Literacy -> Financial Behavior	0,568	8,892	0,000	Accepted

Source: Proceseed Data

Affective Impulsiveness: The path coefficient for the affective impulsiveness variable toward financial behavior is 0.010 with a p-value of 0.462. because the p-value is greater than 0.05, this result is not statistically significant. Therefore, the hypothesis 1 or affective impulsiveness dimension does not have a significant influence on financial behavior.

Cognitive Impulsiveness: The path coefficient from cognitive impulsiveness to financial behavior is -0.142, with a p-value of 0.049. This value is less than 0.05, indicating a significant negative effect of cognitive factors on financial behavior. Although the t-statistic (1.654) is slightly below the typical threshold of 1.96, the hypothesis 2 or cognitive impulsiveness is still considered statistically accepted based on the p-value on financial behavior.

Financial Literacy: The path coefficient from financial literacy to financial behavior is 0.568 with a p-value of 0.000, which is well below the 0.05 threshold. This result is highly significant, indicating that hyposthesis 3 or financial literacy has a strong and positive influence on financial behavior.

5. Discussion

Affective Impulsiveness

Based on the results of the study, affective impulsiveness does not have a significant influence on financial behavior. Affective impulsiveness is related to emotional impulses such as fear, excitement, and satisfaction when faced with a purchase decision. In this study, the most dominant characteristics of affective impulsiveness among respondents were the tendency to not be able to resist the urge to buy something, buy things because they like it rather than out of necessity, and difficulty leaving interesting items they see in stores. Although these emotional urges appear in everyday shopping behaviors, they are not strong enough to significantly change the overall pattern of student financial management.

Cognitive Impulsiveness

Cognitive impulsiveness was found to have a significant negative influence on financial behavior. Cognitive impulsiveness is related to a lack of deliberation and planning when dealing with purchasing decisions. In this study, all the characteristics of cognitive impulsiveness tested had an influence among the respondents, namely the tendency to often buy things without thinking, making most purchases without planning, buying things that are not really needed, and rarely considering their real needs before buying something. This condition shows that purchasing decisions made in a hurry and without careful evaluation have great potential to disrupt students' financial stability, so cognitive impulsiveness is an important factor that needs to be considered in efforts to improve responsible financial behavior.

Financial Literacy

Financial literacy was found to have a significant positive influence on financial behavior. Financial literacy is related to an individual's understanding of basic financial concepts such as savings management, investments, insurance, and personal financial planning. In this study, the most dominant financial literacy characteristics among the respondents were a good understanding of basic financial concepts such as interest rates, inflation, and risk management, awareness of the importance of saving for an emergency fund, knowledge of the concept and types of insurance, and a basic understanding of investing in financial instruments such as stocks, bonds, and mutual funds. This good level of financial literacy supports students in making more rational financial decisions, such as planning expenses, managing savings regularly, and avoiding excessive consumptive behavior. Thus, financial literacy plays an important role in shaping responsible financial behavior and increasing financial resilience in the future.

6. Conclusions

Based on the research findings, it can be concluded that financial literacy has the strongest and most significant positive influence on financial behavior, indicating that a higher level of financial knowledge enables students to better plan, manage, and control their finances. Cognitive impulsiveness has a significant negative effect on financial behavior, where a lack of planning and consideration leads to poorer financial management and impulsive spending. Meanwhile, affective impulsiveness, which relates to emotional urges such as excitement and pleasure during purchases, does not have a significant influence on financial behavior. This suggests that emotional impulses alone are not sufficient to disrupt students' overall financial management practices, likely due to their baseline financial awareness and rational financial decision-making skills.

Suggestions

The main limitation of this study lies in the composition of the sample, which consisted solely of university students from the Faculty of Economics and Business in Semarang. This group may possess a higher level of awareness and understanding of financial behavior and literacy compared to students from other disciplines or the general youth population. Therefore, future research is recommended to broaden the scope of participants by including students from various academic backgrounds, as well as non-student young adults, such as full-time workers or entrepreneurs, to gain a more comprehensive understanding of financial behavior in Generation Z. Additionally, this study was geographically limited to universities located in Semarang, Indonesia. Future studies are encouraged to expand the investigation across different cities and region.

References

[1] A. P. Nobriyani and N. A. Haryono, "Factors That Affect Financial Management Behavior In Migrant Workers Families In Ponorogo Regency.," 2019.

[2] K. Ma and B. Fang, "Exploring Generation Z's expectations at future work: the impact of digital technology on job searching," *Eur. J. Train. Dev.*, vol. 48, no. 9, pp. 933–953, Nov. 2024, doi: 10.1108/EJTD-05-2023-0076.

[3] M. F. Ayuningtyas and A. Irawan, "THE INFLUENCE OF FINANCIAL LITERACY ON BANDUNG GENERATION Z CONSUMERS IMPULSIVE BUYING BEHAVIOR WITH SELF-CONTROL AS MEDIATING VARIABLE," *Adv. Int. J. Business, Entrep. SMEs*, vol. 3, no. 9, pp. 155–171, Sep. 2021, doi: 10.35631/AIJBES.39012.

[4] G. Nurmalia, Mutiasari Nur Wulan, and Zathu Restie Utamie, "Gaya Hidup Berbasis Digital Dan Perilaku Konsumtif Pada Gen Z Di Bandar Lampung: Keputusan Pembelian Melalui Marketplace Shopee," *J. Rekoginisi Ekon. Islam*, vol. 3, no. 01, pp. 22–32, Feb. 2024, doi: 10.34001/jrei.v3i01.846.

[5] Y. S. S. Taqwa and I. Mukhlis, "Factors Influencing Consumer Behavior In Generation Z," *E-Jurnal Ekon. dan Bisnis Univ. Udayana*, vol. 11, no. 07, p. 831, Jul. 2022, doi: 10.24843/EEB.2022.v11.i07.p08.

[6] M. A. Sarwar, J. Nasir, B. Sarwar, M. Hussain, and A. Abbas, "An investigation of precursors of online impulse buying and its effects on purchase regret: role of consumer innovation," *Int. J. Innov. Sci.*, 2023, doi: 10.1108/IJIS-12-2022-0244.

[7] R. Hasan, M. Ashfaq, T. Parveen, and A. Gunardi, "Financial inclusion – does digital financial literacy matter for women entrepreneurs?," *Int. J. Soc. Econ.*, vol. 50, no. 8, pp. 1085–1104, Aug. 2023, doi: 10.1108/IJSE-04-2022-0277.

[8] A. Lučić, M. Uzelac, and A. Previšić, "The power of materialism among young adults: exploring the effects of values on impulsiveness and responsible financial behavior," *Young Consum.*, vol. 22, no. 2, pp. 254–271, Jul. 2021, doi: 10.1108/YC-09-2020-1213.

[9] Y. M. V. Kenale Sada, "Pengaruh Literasi Keuangan, Gaya Hidup dan Lingkungan Sosial Terhadap Perilaku Keuangan Mahasiswa," *J. Literasi Akunt.*, vol. 2, no. 2, pp. 86–99, May 2022, doi: 10.55587/jla.v2i2.35.

[10] W. Abdallah, F. Tfaily, and A. Harraf, "The impact of digital financial literacy on financial behavior: customers' perspective," *Compet. Rev. An Int. Bus. J.*, vol. 35, no. 2, pp. 347–370, Feb. 2025, doi: 10.1108/CR-11-2023-0297.

[11] P. S. Kasoga and A. G. Tegambwage, "Psychological traits and investment decisions: the mediation mechanism of financial management behavior – evidence from the Tanzanian stock market," *J. Money Bus.*, vol. 2, no. 2, pp. 213–227, Nov. 2022, doi: 10.1108/JMB-05-2022-0028.

[12] R. Rahayu, S. Ali, A. Aulia, and R. Hidayah, "The Current Digital Financial Literacy and Financial Behavior in Indonesian Millennial Generation," *J. Account. Invest.*, vol. 23, no. 1, pp. 78–94, Jan. 2022, doi: 10.18196/jai.v23i1.13205.

[13] A. F. Firdaus and A. Kadarningsih, "The Role of Financial Socialization, Financial Self-Efficiancy and Financial Knowledge on Financial Managenet Behavior Generation Z," *J. Akuntansi, Ekon. dan Manaj. Bisnis*, vol. 3, no. 3, pp. 415–425, Nov. 2023, doi: 10.55606/jaemb.v3i3.2285.

[14] B. Verplanken and A. Herabadi, "Individual differences in impulse buying tendency: Feeling and no thinking," *Eur. J. Pers.*, vol. 15, no. 1 SUPPL., 2001, doi: 10.1002/per.423.

[15] A. I. Hafizha and Z. Arifin, "What Drives Generation Z's Financial Behaviors? The Influence of Financial Literacy, Financial Socialization, and Self-Control," *J. Enterp. Dev.*, vol. 7, no. 1, 2025.

[16] N. J. Al Maalouf, J. Elia, and C. Sawaya, "The Effect of Financial Literacy on Financial Behavior and its Impact on Financial Decisions – The Case of Lebanese University Students," *Int. J. Membr. Sci. Technol.*, vol. 10, no. 3, pp. 841–859, Aug. 2023, doi: 10.15379/ijmst.v10i3.1604.

[17] N. A. Mutiara and Widiyanto, "The Influence of Financial Literacy And Social Environment on The Financial Behavior of Students of The Faculty of Economics," 2020. [Online]. Available: http://journal.unnes.ac.id/sju/index.php/baej

[18] F. S. A. Rohmanto, "INFLUENCE OF FINANCIAL LITERACY, HEDONIST LIFESTYLE,AND PERSONAL FINANCIAL ATTITUDES TOWARDSSTUDENT FINANCIAL BEHAVIOR," *J. Ekon. Bisnis dan Manaj.*, vol. 8, no. 1, pp. 40–48, 2021.

[19] G. A. Marcoulides, *Modern Methods for Business Research*. Psychology Press, 1998. doi: 10.4324/9781410604385.

[20] J. F. Hair, J. J. Risher, M. Sarstedt, and C. M. Ringle, "When to use and how to report the results of PLS-SEM," *Eur. Bus. Rev.*, vol. 31, no. 1, pp. 2–24, Jan. 2019, doi: 10.1108/EBR-11-2018-0203.

[21] A. Purwanto and Y. Sudargini, "Partial Least Squares Structural Squation Modeling (PLS-SEM) Analysis for Social and Management Research : A Literature Review," *J. Ind. Eng. Manag. Res.*, vol. 2, no. 4, doi: https://doi.org/10.7777/jiemar.v2i4.

Appendix 1

NO	Variables	Indicators	Code	Steatments
Independent Variables				
1.	Affective Impulsiveness (Lučić et al., 2021)	Feeling of pleasure	AI1	I sometimes buy things because I like buy things, rather than because I need them.
		Excitement	AI2	I can become very excited if I see something, I would like to buy.
		Compulsion	AI3	I sometimes cannot suppress the feeling of wanting to buy something.
		Lack of control	AI4	I find it difficult to leave the interesting items I see in the store.
2.	Cognitive Impulsiveness (Lučić et al., 2021)	Lack of planning	CI1	I often buy things without thinking.
			CI2	Most of my purchases are unplanned.

		Lack of deliberation	CI3	I often buy things that I don't really need.
			CI4	Before buying something, I rarely consider whether I really need it.
3.	Financial Literacy (Hafizha & Arifin, 2025)	General personal financial knowledge	FL1	I have a good understanding of basic financial concepts such as interest rates, inflation, financial planning, and risk management.
		Saving	FL2	I understand the importance of saving for an emergency fund in the future.
		Insurance	FL3	I have knowledge about the concept and types of insurance.
		Investment	FL4	I have basic knowledge of investing in financial instruments such as stocks, bonds and mutual funds.
Dependent Variable				
4.	Financial Behavior (Abdallah et al., 2024)	Shopping behavior	FB1	I always compare prices before deciding to buy.
		Long term planning	FB2	I plan how I will spend my money in the next 1 - 2 years.
		Saving behavior	FB3	I always set aside part of my income regularly to save (daily, weekly, monthly
		Short term planning	FB4	Having funds set aside for the next 1-2 months feels like a relief.