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Exploring the Mediating Effect of Financial Literacy on the Relationship between Financial Attitude, Financial Knowledge, and Financial Management Behavior: Evidence from Millennials in Malang City, Indonesia

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ABSTRACT
This study aims to analyze the influence of financial attitude and financial knowledge on the financial management behavior of the millennial generation mediated by financial literacy. The study was conducted among 100 millennial respondents in Malang City using a quantitative approach and Path analysis via SPSS software. The results indicate that financial attitude has a significant direct effect on financial management behavior and financial literacy; however, it does not exhibit a significant indirect effect through the mediation of financial literacy. In contrast, financial knowledge exerts a significant direct influence on financial management behavior and financial literacy and demonstrates a significant indirect effect via financial literacy. This suggests that the financial knowledge millennials possess more effectively shapes financial management behavior when supported by a high level of financial literacy. These findings underscore the critical role of financial literacy in enhancing the impact of financial knowledge on millennials' financial decision-making. Consequently, financial education initiatives should prioritize improving financial literacy to maximize the benefits derived from financial knowledge.

Keywords: Financial Attitude, Financial Knowledge, Financial Literacy, Financial Management Behavior.
JEL Code:

I. Introduction

Millennials represent a generation that has undergone significant shifts in both economic and social life. Growing up in the digital era, they have easy access to the internet and various financial technologies, such as investment and loan applications, which simplify financial management without complex procedures. However, this convenience also brings potential negative consequences, including doom spending. Doom spending is a habit of uncontrollable consumption, where individuals tend to overspend without considering their long-term financial capacity. This behavior is often triggered by economic stress or uncertainty. Doom

spending can disrupt financial stability, reduce the ability to save or invest for the future, and may even lead to debt accumulation. This issue is supported by data from a financial behavior survey conducted by the Katadata Insight Center, which reveals that millennials tend to prioritize spending on short-term or immediate needs over long-term financial goals. The following data shows this statement:

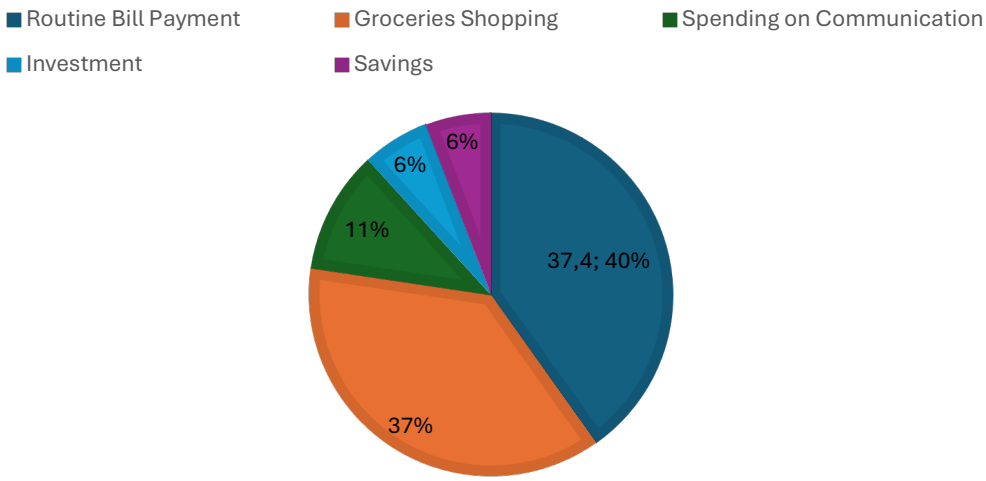

Figure 1 Millennial Needs Fund Allocation

According to a survey conducted by the (K. I. Center, 2021)In Indonesia, which involved 5,204 millennial respondents, most millennials allocate approximately 37.4% of their budget to routine bill payments. This situation is further exacerbated by the high cost of living and educational debt, contributing to increased consumption and reliance on credit. Additionally, 34.6% of their expenses go toward groceries, reflecting millennials' tendency toward social spending and consumption. Communication expenses accounted for 10.1% of millennials' spending, while allocations for long-term financial goals were significantly lower, with only 5.6% directed toward investment and 5.4% toward savings. These figures suggest that saving and investing are not primary considerations for millennials when making financial decisions. This study focuses on the millennial generation in Malang City, who exhibit a high tendency toward doom spending, as reflected in their excessive consumption patterns. Doom spending can disrupt financial stability by encouraging impulsive and short-sighted financial decisions. To prevent such behaviors and promote sound financial choices, financial literacy plays a vital role in shaping individuals' ability to manage money wisely. Many millennials allocate their financial resources without sufficient financial knowledge, particularly in investment-related decisions. This condition has contributed to their vulnerability to fraudulent investment schemes, indicating a low level of financial literacy. According to data from OJK Malang (2016)Over 41,000 new young investors enter the capital market each year. Despite this increasing participation, the overall financial literacy among these investors remains insufficient, highlighting the need for more comprehensive financial education.

Financial literacy gives millennials the knowledge and ability to understand financial risks, motivations, and decision-making processes. By understanding financial concepts sufficiently, millennials can create informed and rational financial decisions, positively influencing their financial management behavior. (Subaida, 2023). Financial literacy, encompassing knowledge, attitudes, and behaviors, is essential in encouraging responsible financial decision-making and shaping wise financial behavior in millennials. Financial attitude helps individuals learn and understand financial concepts more easily, while financial knowledge equips them to avoid fraud and make sound investment decisions (Marheni, 2020). Numerous studies have shown that financial attitude and knowledge influence responsible financial behavior development, including investment practices and daily money management. Consequently, developing financial literacy, comprising attitudes, knowledge, and skills, is essential to enable millennials to manage their finances wisely and sustainably. This study offers a novelty by examining the mediating role of financial

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literacy in the relationship between financial attitude and financial knowledge on the financial management behavior of investing millennials. Unlike previous studies by Caroline et al (2016), this study only tested direct effects; it uses path analysis methodology to explore indirect effects through financial literacy as a link. The urgency of this study lies in the millennial generation's growing interest in investment as a means to achieve financial freedom. However, despite this enthusiasm, many millennials still lack sufficient financial literacy, particularly in understanding financial risks and the fundamentals of financial management. Therefore, it is essential to investigate how financial attitude and knowledge influence their financial behavior, and to what extent financial literacy functions as a mediating factor that strengthens these relationships. A deeper understanding of this interaction can help promote more innovative and sustainable financial and investment decisions among the younger generation.

II. Literature Review and Hypothesis Development

2.1 Financial Management Behavior

Financial management behavior encompasses a range of actions related to how individuals plan, manage, allocate, and monitor their financial resources effectively. According to Asandimitra & Kautsar (2019)This behavior includes an individual's capability to organize financial planning, construct budgets, manage expenses, and allocate funds wisely. This pattern of behavior demonstrates not only one's technical competence but also psychological readiness and self-discipline in decision-making. Further elaborated by Sulisyarini (2019), financial management behavior is not merely operational but also shaped by psychological factors and habitual tendencies. These include attitudes toward money, personal values, and confidence in one's financial capacity (self-efficacy). This viewpoint aligns with the multidimensional approach endorsed by OECD (2020), which defines sound financial behavior as prioritizing needs, planning expenditures, and maintaining financial obligations within rational limits. Building upon previous findings, this study emphasizes that financial attitude, financial knowledge, and financial literacy influence financial management behavior. Unlike earlier studies that treated these variables independently, our framework introduces financial literacy as a mediating factor that bridges cognitive understanding (knowledge) and behavioral execution. For instance, while Budiono (2020) recognized financial attitude as a direct driver of responsible financial decisions, our findings indicate that without sufficient financial literacy, the influence of positive attitudes may not translate into consistent behavioral outcomes, particularly in digital financial ecosystems where understanding risk, product complexity, and digital access is essential. The present study differentiates itself by integrating critical insights from the methodological approaches of prior works. For example, while Caroline et al (2016)Employed a descriptive survey method to explore basic budgeting skills, our approach incorporates path analysis to assess complex mediating relationships among psychological and knowledge-based constructs. This methodological expansion enables a more nuanced understanding of how attitudes, knowledge, and literacy collectively affect financial behavior. In conclusion, financial management behavior should be viewed as an outcome of multiple interacting elements, each shaped by internal psychological readiness and external digital environments. Through this integrative lens, our study contributes a contemporary perspective to existing theoretical models and offers practical implications for financial education and behavioral interventions tailored to the millennial cohort.

2.1 Financial Attitude

Financial attitude refers to an individual's mental and emotional disposition toward personal finance, encompassing beliefs, values, and a consistent tendency to behave in a financially responsible manner. (Sulisyarini, 2019). A positive financial attitude is generally associated with prudent budgeting, disciplined saving habits, and effective debt management strategies. According to Budiono (2020), financial attitudes significantly influence behaviors such as expenditure control, investment planning, and debt repayment. The

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present study adopts a multidimensional perspective by incorporating components such as future orientation, emotional regulation, and perceptions of creditworthiness. These dimensions are especially relevant for digital-native millennials who interact with financial systems through mobile banking, digital wallets, and fintech platforms. Rachmawati and Lestari (2022) highlight that financial attitudes among these demographics are often shaped by peer influence, financial content on social media, and self-directed learning in digital environments. However, as Lusardi & Tufano (2015) note, A positive financial attitude alone does not necessarily lead to effective financial behavior. Without adequate financial literacy, the capacity to critically understand and apply financial knowledge, the influence of attitude may remain superficial or inconsistent. Therefore, this study positions financial literacy as a key mediating variable in the relationship between financial attitude and actual behavior. In conclusion, financial attitude constitutes a fundamental psychological element in financial decision-making processes. Nonetheless, its impact is most effective when integrated with cognitive understanding (financial knowledge) and functional capabilities (financial literacy). This integrative approach contributes to refining theoretical frameworks and offers practical implications for designing behavioral interventions tailored to digitally engaged millennial populations.

2.2 Financial Knowledge

Financial knowledge refers to an individual's comprehension of financial systems, including budgeting, debt management, and the effective use of financial tools (Caroline et al., 2016; Febiastini et al., 2025). It is fundamental in supporting sound financial decision-making across short-term and long-term time horizons. In today's digital economy, financial knowledge encompasses not only traditional concepts but also elements of digital financial literacy, such as the ability to navigate online payment systems, understand fintech platforms, and evaluate algorithm-driven investment options. (Turnip & Krisnandi, 2023). This expanded view positions financial knowledge as a cognitive foundation that shapes financial attitudes and behaviors in increasingly digital environments. Consistent with prior theoretical models, financial knowledge is conceptualized as a precursor to financial literacy, which in turn involves the practical application of knowledge in context-specific decision-making scenarios (Lusardi & Mitchell, 2017). This study extends previous frameworks by modeling financial literacy as a mediating variable between financial knowledge and financial behavior—particularly among urban millennials, a demographic exposed to unique financial challenges influenced by digital technologies and increasing financial autonomy (Humaira & Sagoro, 2018). Moreover, this study highlights the interactive relationship between financial knowledge, attitude, and literacy. While knowledge contributes to awareness, attitude influences behavioral intention, and literacy enables functional execution. This triadic interaction is especially relevant in fast-evolving digital financial ecosystems. Accordingly, we hypothesize an indirect pathway from financial knowledge to financial behavior, mediated by financial literacy.

2.3 Financial Literacy

Financial literacy encompasses a conceptual grasp of financial principles and the ability to implement them practically (Lusardi & Mitchell, 2014) through informed attitudes and behaviors. According to Chairunisa and Widhiastuti (2023), financial literacy reflects an individual's capability to apply financial management skills, including acquiring and critically evaluating relevant information to support sound financial decision-making. They emphasize that financial literacy awareness significantly contributes to long-term financial stability, resilience, and personal well-being. Supporting this perspective, Afifah et al (2025) define financial literacy as an integrated construct comprising knowledge, skills, and beliefs that influence individual attitudes and behaviors in managing finances to achieve financial well-being. This multidimensional definition highlights cognitive competence (knowledge), affective factors (attitudes), and behavioral components, particularly within the dynamic context of contemporary financial life. Individuals with high financial literacy can make informed financial decisions, avoid detrimental financial practices, and manage risks more

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effectively, especially in today's digital era marked by increased access to online lending, digital investment platforms, and personal finance applications.

Consistent with this, Lusardi & Mitchell (2014) Found that financially literate individuals tend to avoid high-interest debt, demonstrate stronger financial planning for long-term goals, and exhibit prudent financial behaviors. Their findings reinforce the importance of financial literacy as a behavioral determinant in achieving financial security. Theoretically, this study positions financial literacy as a mediating variable bridging the influence of financial knowledge and attitude on financial management behavior. Rather than treating financial literacy as a standalone construct, this approach conceptualizes it as a transformative mechanism that converts foundational knowledge and personal disposition into effective financial practices. This framework offers a theoretical contribution extending prior models, which often examined financial literacy as an independent predictor without considering its intermediary role.

III. Research Method and Materials

3.1 Research Type

This study employs a quantitative approach as its research methodology. A quantitative method is a research strategy that utilizes numerical data to perform statistical analyses systematically and objectively. (Sugiyono, 2019). The selection of this approach is based on the research objective, which is to examine and test cause-and-effect relationships between variables using measurable data. Structured instruments such as questionnaires are used for data collection, allowing statistical inference. Furthermore, this research adopts an explanatory research design, which aims to clarify the position of each variable and analyze the causal influence between independent and dependent variables, including the potential mediating effects. Explanatory research is commonly used to determine how certain independent variables affect other variables under specific conditions. (Sugiyono, 2019)Combining a quantitative approach and explanatory research design enables this study to identify statistically significant relationships between variables. Consequently, the findings can be generalized to a broader population, enhancing the study's external validity and contribution to theoretical development (Nurdin, 2019).

3.1 Population and Sample

A population is a generalization region consisting of individuals or objects with specific characteristics defined by researchers to be studied and from which conclusions can be drawn. Based on data from the Central Statistics Agency (BPS, 2024) The total population of Malang City is approximately 885,271 individuals. Although the number of individuals meeting these criteria is unavailable due to the lack of segmented demographic data by age and employment status, the population remains conceptually well-defined. This preserves the clarity and validity of the population scope for the study. To collect representative data, the study applied a non-probability sampling technique, specifically purposive sampling. This method was chosen because the researcher identified predefined criteria for selecting respondents expected to provide relevant and meaningful information. Although purposive sampling offers advantages in targeting specific respondent characteristics, it also introduces potential bias due to the non-random nature of sample selection. This may limit the generalizability of the findings and introduce selection bias. To mitigate this, strict inclusion criteria were applied consistently, and respondents were selected based on their relevance to the study objectives. The Lemeshow formula determined that the sample size was suitable for unknown populations. Based on this approach, a sample of 100 respondents was selected.
The inclusion criteria for respondents are as follows:

1. Millennials aged 28–44 years who reside in Malang City;
2. Have permanent employment and earn a minimum monthly income of IDR 3,000,000;

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3. Have prior experience in making financial investments.

By establishing these criteria, the sampling process becomes more targeted and aligned with the research objectives, which aim to examine causal relationships among predefined variables systematically and measurably.

3.2 Data Collection Technique

The data collection technique in this study employed a survey method through the direct (offline) distribution of questionnaires to millennial respondents residing in Malang City who met the predetermined sampling criteria. The questionnaire was developed based on indicators adapted from established theories and prior empirical studies, particularly those related to investment behavior among the millennial generation. All items were structured using a five-point Likert scale, designed to measure the respondents' level of agreement with each statement. Before the main data collection, the instrument underwent a pilot testing process involving 30 respondents who shared similar demographic characteristics with the target population. The purpose of the pilot test was to assess the validity and reliability of the questionnaire. The results showed that all constructs achieved Cronbach's Alpha values greater than 0.7, indicating satisfactory internal consistency reliability. During the data collection phase, the response rate was monitored daily by recording the number of questionnaires returned. In cases where respondents had not returned the questionnaire within the allotted time frame, follow-up efforts were made through direct re-approach to encourage participation. This procedure was implemented to ensure that the minimum required sample size of 100 respondents, as determined by the sample size calculation, could be achieved.

3.3 Data Analysis Technique

This study's data analysis involves descriptive and inferential statistical methods using SPSS and additional mediation analysis tools. Descriptive statistics summarize respondents' demographic profiles and behavioral tendencies (Sugiyono, 2019). Prior to hypothesis testing, several classical assumption tests are performed to ensure the validity of inferential analysis:

a. Validity and reliability tests to confirm the consistency and accuracy of the instrument.
b. Normality test to verify the distribution of residuals.
c. Multicollinearity test to ensure the absence of strong intercorrelations among independent variables.
d. A heteroscedasticity test is used to check for homogeneity of variance in the residuals.

For hypothesis testing, the following methods are applied:

a. Partial test (t-test) is used to determine the individual effect of independent variables on the dependent variable.
b. Path analysis examines direct and indirect causal relationships among variables using the explanatory research framework.
c. The Sobel test is applied to evaluate the significance of mediation effects.
d. Coefficient of determination (R^2) assesses the model's explanatory power.

These tests were chosen because they align with the research objectives to explore direct effects and mediating relationships among variables in a causal framework. Assumptions underlying each statistical test are evaluated and reported to ensure accurate interpretation. Corrective actions or alternative tests will be considered if any assumption is violated. The analysis results will be presented in a structured manner using

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tables, statistical summaries, and visual aids such as path diagrams and bar charts, to enhance clarity and understanding of the findings.

IV. Results and Discussion

4.1 Research Results

4.1.1 Validity Test

According to Sugiyono (2019)Validity refers to the extent to which an instrument accurately measures the data relevant to the studied object. A validity test determines whether the research instrument is appropriate for measuring the intended variables. An instrument is considered valid if the Pearson correlation coefficient (*r*-calculated) exceeds the critical value from the *r*-table, which in this study is 0.196. Conversely, the instrument is deemed invalid if the r-calculated is less than 0.196.

Table 1. Validity Test Results

No	Variable	Item	Person Correlate	Rtable	Description
1.	Financial Attitude (X1)	X1.1	0,387	1,986	Valid
		X1.2	0,582		
		X1.3	0,565		
		X1.4	0,639		
		X1.5	0,600		
		X1.6	0,645		
		X1.7	0,627		
		X1.8	0,565		
2.	Financial Knowledge (X2)	X2.1	0,563		
		X2.2	0,575		
		X2.3	0,707		
		X2.4	0,556		
		X2.5	0,623		
		X2.6	0,606		
		X2.7	0,587		
		X2.8	0,741		
		X2.9	0,569		
3.	Financial Literacy (Z)	Z1	0,692		
		Z2	0,765		
		Z3	0,674		
		Z4	0,656		
		Z5	0,678		
4.	Financial Management Behavior (Y)	Y1	0,488		
		Y2	0,641		
		Y3	0,515		
		Y4	0,678		
		Y5	0.699		
		Y6	0.677		
		Y7	0.487		
		Y8	0.387		

Based on the results in Table 1, all items demonstrate *r*-calculated values exceeding the *r*-table threshold of 0.196. This indicates that every item in the instrument meets the criteria for validity and can be considered statistically valid for further analysis.

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4.1.2 Reliability Test

Sugiyono (2019) states that a reliability test is conducted to evaluate an instrument's stability and internal consistency over time. This study assessed reliability using the Cronbach's Alpha coefficient, where a 0.70 or higher indicates that the instrument is considered statistically reliable.

Table 2. Reliability Test Results

No	Variable	Cronbach's Alpha	Description
1.	Financial Attitude (X1)	0,714	Reliable
2.	Financial Knowledge (X2)	0,793	Reliable
3.	Financial Literacy (Z)	0,730	Reliable
4.	Financial Management Behavior (Y)	0,700	Reliable

The data presented in Table 1 indicate that all items across the measured variables are reliable, as the Cronbach's Alpha coefficients for each construct exceed the minimum threshold of 0.70, confirming internal consistency.

4.1.3 Normality Test

A normality test was conducted to assess whether the data for both independent and dependent variables followed a normal distribution. This study employed the Kolmogorov–Smirnov test, in which a significance value ($p > 0.05$) indicates that the data are typically distributed.

Table 3. Normality Test Results

No	Variable Independent	Variable Dependent	Asymp. Sig (2-tailed)
1.	Financial Attitude (X1) and Financial Knowledge (X2)	Financial Literacy (Z)	0,200
2.	Financial Knowledge (X2), Financial Attitude (X1), Financial Knowledge (X2), and Financial Literacy (Z)	Financial Management Behavior (Y)	0,200

The table shows that the normality test results using the Kolmogorov–Smirnov method indicate that both models yielded a significance (p-value) of 0.200. Since this value exceeds the 0.05 threshold, the data are considered to be normally distributed for both the independent and dependent variables.

4.1.4 Multicollinearity Test

The multicollinearity test assesses whether there is a high correlation between independent variables in a regression model, which can distort the estimation of regression coefficients. This test is evaluated using the Variance Inflation Factor (VIF) and tolerance values. A VIF value below 10 and a tolerance above 0.10 indicate the absence of multicollinearity. Conversely, values exceeding these thresholds suggest the presence of multicollinearity.

Table 4. Multicollinearity Test Results Model

No.	Variabel	Collinearity Statistic	
		Tolerance	VIF
1.	Financial Attitude (X1)	.630	1.586
2.	Financial Knowledge (X2)	.630	1.586

As presented in Table 4, the multicollinearity test results for Model I show that all independent variables have VIF values below 10, with a VIF of 1,586, and a tolerance value of 0.10 for Financial Attitude X1 (0,630) and Financial Knowledge X2. These results indicate no multicollinearity among the independent variables in this study.

Table 5. Multicollinearity Test Results Model II

No.	Variabel	Collinearity Statistic	
		Tolerance	VIF
1.	Financial Attitude (X1)	.599	1.668
2.	Financial Knowledge (X2)	.488	2.047
3.	Financial Literacy (Z)	.562	1.779

As presented in table 5, the multicollinearity test results for Model II show that all independent variables have VIF values below 10 for Financial Attitude X1 (1,668), Financial Knowledge X2 (2,047), Financial Literacy Z (1,779) and then tolerance values above 0.10 for Financial Attitude X1 (0,599), Financial Knowledge X2 (0,488), Financial Literacy Z (0,562). These results indicate no multicollinearity among the independent variables in this study.

4.1.5 Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is a variance inequality in the residuals across observations within a regression model. One standard method for detecting heteroscedasticity in multiple linear regression is through a scatter plot that displays the standardized residuals against the predicted values. If the residuals are randomly dispersed without a systematic pattern, it can be concluded that heteroscedasticity is not present.

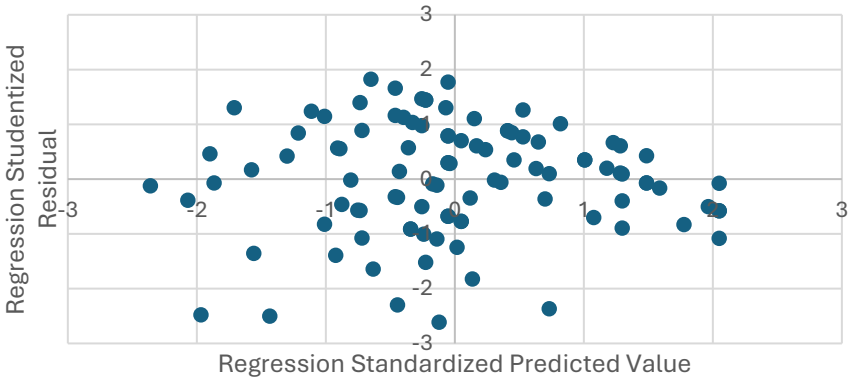

Figure 2: Heteroscedasticity Test Result Model-1

Based on the scatter plot output for Model I, the residuals appear to be randomly distributed above and below the zero axis without forming a specific pattern. This suggests that there is no indication of heteroscedasticity in the regression model.

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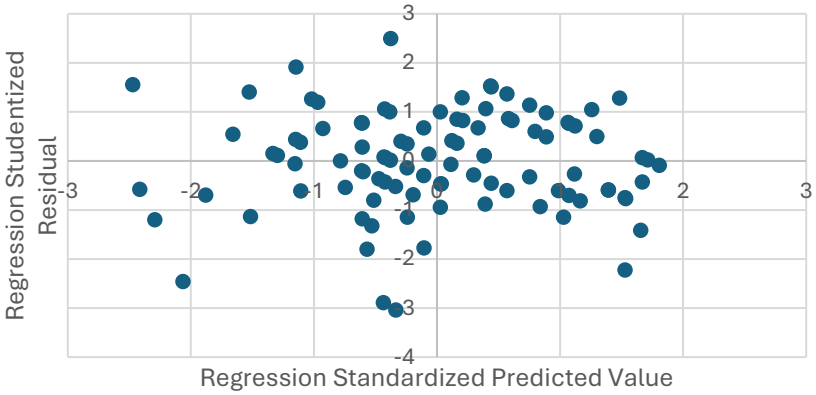

Figure 3: Heteroscedasticity Test Result Model-2

Based on the scatter plot output for Model II, the residuals appear to be randomly distributed above and below the zero axis without forming a specific pattern. This suggests that there is no indication of heteroscedasticity in the regression model.

4.1.6 T-Test Results

The *t*-test examines the partial effect of each independent variable on the dependent variable. This statistical test evaluates whether an individual predictor contributes significantly to the regression model. A variable is considered to have a statistically significant influence if the *t*-count exceeds the critical *t* value from the *t*-distribution table and the associated significance level (*p*-value) is less than 0.05. In such cases, the null hypothesis (H_0) is rejected, indicating that the independent variable exerts a meaningful effect on the dependent variable. Conversely, suppose the t-count is lower than the critical value and the p-value exceeds 0.05. The null hypothesis is accepted, suggesting that the variable has no statistically significant effect.

Table 8. Hypothesis Test Results

Independent Variable	Dependent Variable	Tcount	Ttable	Sig.
Financial Attitude (X1)	Financial Literacy (Z)	2,239	1,985	0,027
Financial Knowledge (X2)	Financial Literacy (Z)	5,310	1,985	0,000
Financial Attitude (X1)	Financial Management Behavior (Y)	3,814	1,985	0,000
Financial Knowledge (X2)	Financial Management Behavior (Y)	3,030	1,985	0,003
Financial Literacy (Z)	Financial Management Behavior (Y)	3,172	1,985	0,002

Based on the results presented in Table 8, the variables Financial Attitude (X1) and Financial Knowledge (X2) show significance values of 0.027 and 0.000, respectively, below the standard significance level of 0.05. In addition, the respective t-count for Financial Attitude X1 (5.310) and Financial Knowledge X2 (3.814) exceeds the critical t-table of 1.985. These results indicate that Financial Attitude and Financial Knowledge have a positive and statistically significant effect on Financial Literacy (Z). Furthermore, the variables Financial Attitude (X1), Financial Knowledge (X2), and Financial Literacy (Z) also yield significance values of 0.000, 0.003, and 0.002, all of which are below the 0.05 threshold. Their corresponding t-count are 3.814, 3.030, and 3.172, each exceeding the critical t-table of 1.985. These findings suggest that Financial Attitude, Financial Knowledge, and Financial Literacy positively and significantly influence Financial Management Behavior (Y).

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4.1.7 Results of Path Analysis Test

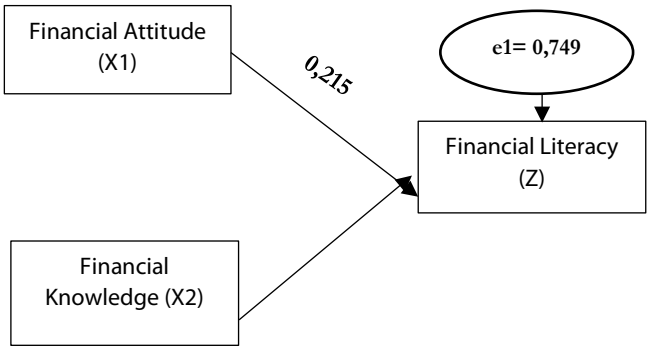

Figure 4: Model 1 Path Analysis Test Results

Table 9. Path Analysis Test Results Substructural Model-1

Cofficients[a]			
	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
(Constant)	2,185	2,262	
Financial Attitude X1	0,183	0,082	0,215
Financial Knowledge (X2)	0,338	0,064	0,509

a. First Sub-Structural Path Equation

Z = PZX1 + PZX2 + e1
= 0,215 + 0,509 + 0,749

The first Structural Path Equation above shows:

1. The beta coefficient value of Financial Attitude (X1) is 0.215. If the value of the Financial Attitude variable increases by 1% and other variables are considered constant, then Financial Literacy will increase by 21.5%.
2. The beta coefficient value of Financial Knowledge (X2) is 0.509; if the value of the Financial Knowledge variable increases by 1% and other variables are considered constant, then Financial Literacy will increase by 50.9%.
3. Based on the SPSS 27 output, the R-Square value for the joint effect of the Financial Attitude and Financial Knowledge variables on Financial Literacy is 0.438. This indicates that 43.8% of the variance in Financial Literacy can be explained jointly by Financial Attitude and Financial Knowledge. In comparison, the remaining 56.2% is influenced by other variables not included in the model.
4. The value of e1 can be determined by the formula e1 = √(1 - 0.438) = 0.749

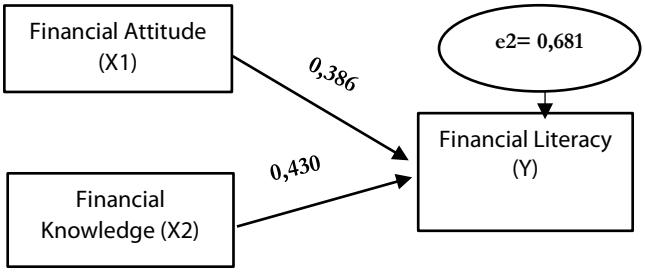

Figure 5: Model 2 Path Analysis Test Results

Table 10. Path Analysis Test Results Substructural Model-2

Cofficients[a]			
	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
(Constant)	4,259	2,382	
Financial Attitude X1	0,382	0,086	0,386
Financial Knowledge (X2)	0,330	0,067	0,430

b. Second Sub-Structural Path Equation

$$Y = PYX1 + PYX2 + e2$$
$$= 0,386 + 0,430 + 0,681$$

The second Structural Path Equation above shows:

1. The beta coefficient value of Financial Attitude (X1) is 0.386. If the value of the Financial Attitude variable increases by 1% and other variables are considered constant, then Financial Management Behavior will increase by 38.6%.
2. The beta coefficient value of Financial Knowledge (X2) is 0.430. If the value of the Financial Knowledge variable increases by 1% and other variables are considered constant, then Financial Management Behavior will increase by 43%.
3. The value of e2 can be determined by the formula e2 = √(1 - 0.535) = 0.681

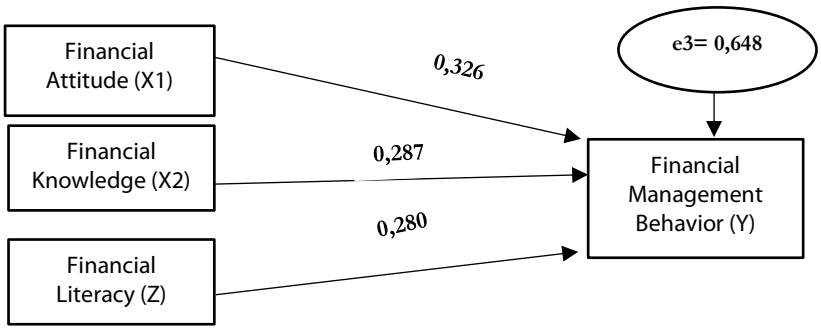

Figure 6: Model 3 Path Analysis Test Results

Table 11. Path Analysis Test Results Substructural Model 3

Cofficients[a]			
	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
(Constant)	3,550	2,289	
Financial Attitude X1	0,322	0,085	0,326
Financial Knowledge (X2)	0,220	0,073	0,287
Financial Literacy (Z)	0,324	0,102	0,280

c. Third Sub-Structural Path Equation

$$Y = PYX1 + PYX2 + PYZ + e3$$
$$= 0,326 + 0,287 + 0,280 + 0,648$$

The third Structural Path Equation above shows:

1. The beta coefficient value of Financial Attitude (X1) is 0.326. If the value of the Financial Attitude variable increases by 1% and other variables are considered constant, then Financial Management Behavior will increase by 32.6%.
2. The beta coefficient value of Financial Knowledge (X2) is 0.287. If the value of the Financial Knowledge variable increases by 1% and other variables are considered constant, then Financial Management Behavior will increase by 28.7%.
3. The beta coefficient value of Financial Literacy (Z) is 0.280. If the value of the Financial Literacy variable increases by 1% and other variables are considered constant, then Financial Management Behavior will increase by 28%.
4. Based on the SPSS 27 output, the R-Square value for the combined influence of Financial Attitude, Financial Knowledge, and Financial Literacy on Financial Management Behavior is 0.579. This indicates that these three variables explain 57.9% of the variance in Financial Management Behavior. In comparison, the remaining 42.1% is influenced by other factors not included in the model.
5. The value of e3 can be determined by the formula e1 = √(1 - 0.579) = 0.648

4.1.8 Sobel Test

Table 12. Sobel Test Results Test 1

Variable	Zcount	Ztable	Sig.
Financial Attitude (X1)	1,826	1,960	0,06

Table 12 shows that the Z-count value of 1.826 is less than the Z-table value of 1.960 (Z-count 1.826 < Z-table 1.960). In addition, the significance value (p-value) of 0.06 is greater than the threshold of 0.05 (0.06 > 0.05). Therefore, it can be concluded that financial literacy does not significantly mediate the relationship between financial attitude and financial management behavior.

Table 13. Sobel Test Results Test 2

Variable	Zcount	Ztable	Sig.
Financial Attitude (X1)	2,772	1,960	0,006

Table 13 shows that the Z-count value of 2.772 is greater than the Z-table value of 1.960 (Z-count 2.772 > Z-table 1.960). In addition, the significance value (p-value) of 0.006 is less than the threshold of 0.05 (0.006 < 0.05). Therefore, it can be concluded that financial literacy significantly mediates the effect of financial knowledge on financial management behavior.

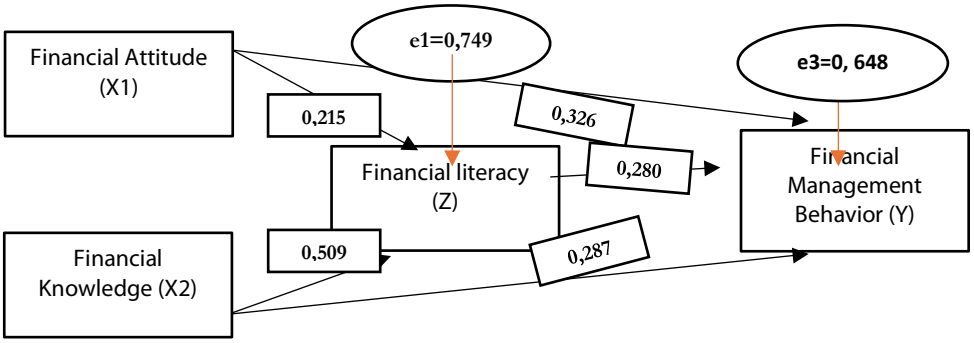

Figure 7: All Hypothesis Test Results

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4.2 Research Discussion

4.2.1 The Influence of Financial Attitude on Financial Literacy

Financial attitude serves as a fundamental driver in the development of financial literacy. Financial literacy tends to grow rapidly due to the critical role of financial attitude, which reflects an individual's positive mindset and perception toward financial management—such as the importance of budgeting, investing, and making prudent financial decisions. Millennials with such attitudes are more likely to seek financial information actively, understand various financial instruments, and assess associated risks, thereby laying a strong foundation for financial literacy. Data from OJK & BPS (2025), indicate that an increasing number of individuals recognize the importance of budgeting, saving regularly, and selecting legal financial institutions in alignment with responsible fund management behavior and monthly financial planning. This study suggests that a positive financial attitude among millennials may contribute to a stronger awareness of the importance of financial literacy in managing their finances. This finding indicates that a positive financial attitude can encourage individuals to develop and enhance their financial literacy, as stated by (Lauriady & Wiyanto, 2022). Thus, it is evident that financial attitude has a positive and significant influence on the financial literacy of the millennial generation.

4.2.2 The Influence of Financial Knowledge on Financial Literacy

Financial knowledge in this study encompasses understanding the fundamentals of personal financial management, including income management, fund allocation, investment risks, and diversification principles. A significant portion of millennials consider investment as an effective means of optimizing their assets. According to a survey conducted by the Center (2021) Katadata Insight Center, in collaboration with Zigi.id (2021), 72.5% of millennials invest for future needs such as education and marriage, 62.7% to manage idle funds, and 51.6% as preparation for retirement. Research by Baveja & Verma (2024) Confirms that financial knowledge enhances confidence in investment decisions and stock market participation. In essence, financial knowledge serves as a fundamental pillar in strengthening millennials' financial literacy. Individuals with a high level of financial knowledge are generally more capable of understanding investment products, planning for long-term financial goals, and accurately calculating funding needs. This highlights the critical role of financial knowledge as the primary foundation in building strong financial literacy, enabling millennials to understand financial concepts and implement them effectively in real-world financial practices. To enhance the external validity of the model, future research is encouraged to include respondents from different generational cohorts and geographical regions in examining the relationship between financial knowledge and financial literacy.

4.2.3 The Influence of Financial Attitude on Financial Management Behavior

A good financial attitude is reflected through careful and responsible behavior in managing personal finances. Millennials who possess a positive view of the importance of saving and investing tend to be more disciplined in budgeting, avoid impulsive or unplanned spending, and allocate a portion of their income for future financial needs. The above statement is supported by data from the Center (2024), which reveals that 38% of millennials routinely prepare and adhere to a monthly financial budget. In addition, 32% of them allocate a portion of their revenue to savings and investments, indicating disciplined financial management. This behavior reflects the presence of a strong financial attitude. This finding also aligns with the study by Yudha & Martanti (2022), which suggests that individuals with a positive financial attitude tend to be more disciplined in managing their finances. Thus, a consistent attitude toward money and its management fosters positive and controlled daily financial habits. Although financial attitudes influence financial management behavior positively, the interpretation of these results should consider the affective and behavioral

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characteristics of millennials, who tend to be more adaptive, optimistic, and receptive to innovation. Their attitudes may be shaped by prevailing social norms, exposure to digital financial platforms, and media-driven narratives. Consequently, the direct relationship between financial attitudes and behavior may not be generalizable to demographic groups with more traditional financial orientations or risk-averse tendencies.

4.2.4 The Effect of Financial Knowledge on Financial Management Behavior

Millennials with a sturdy comprehension of finance tend to exhibit healthy financial behaviors, such as budgeting, saving, and investing. Damayanti et al. (2022) found that financial knowledge, skills, and attitudes positively impact sound financial behavior. These individuals know the importance of preparing investment funds, understanding minimum investment thresholds, and selecting financial instruments that align with long-term purposes. As a result, they are more cautious in making financial decisions, including controlling impulsive spending and evaluating potential returns before investing. However, this finding contrasts with the study by Chairunisa & Widhiastuti (2023), which highlights the importance of mediating variables such as digital literacy and peer influence in shaping financial behavior. This divergence may be attributed to the characteristics of millennials who are highly familiar with digital technologies and frequently access financial content online, allowing them to translate knowledge more readily into financial decisions. According to Iconomics (2025), financial knowledge encompasses understanding financial instruments and planning fund allocation based on long-term goals. Therefore, financial knowledge is a fundamental part of fostering prudent financial management behavior among the millennial generation in Malang City. The current results indicate that financial knowledge significantly influences financial management behavior. Nonetheless, this conclusion should be interpreted within the scope of the study's sample characteristics, which consist of millennials with relatively high levels of education and digital access. These factors may enhance their financial comprehension and decision-making capabilities. As a result, similar outcomes may not be observable in other populations, such as older adults, adolescents, or individuals with limited exposure to financial information sources.

4.2.5 The Effect of Financial Literacy on Financial Management Behavior

Millennials' financial literacy is reflected in their ability to understand investment objectives, interpret product information, and manage income and expenses effectively, forming a solid foundation for sound financial decision-making. Individuals with a firm grasp of financial products and associated risks are likelier to develop disciplined financial habits, such as budgeting, avoiding consumptive debt, and regularly monitoring investment returns. Good financial literacy can contribute positively to the financial management behavior of millennials by enabling more informed decision-making. The Financial Services Authority OJK & BPS (2025), emphasized that improving financial literacy is important for consumer safety and a primary foundation in addressing information asymmetry and irresponsible investment behavior. This is supported by research from Lusardi & Mitchell (2014), which indicates that individuals with strong financial literacy are more capable of making informed investment decisions that align with their financial goals. However, as noted by Atkinson & Messy (2012)High financial literacy alone does not necessarily lead to behavioral change unless supported by adequate access to financial services, internal motivation, and environmental reinforcement.. They are also better at managing risk and avoiding unsuitable financial products. Therefore, sound financial literacy significantly influences millennials' financial management behavior.

4.2.6 The Influence of Financial Attitude on Financial Management Behavior Mediated by Financial Literacy

Millennials with positive financial attitudes tend to immediately adopt healthy money management practices, such as budgeting, saving, and planning for investments, even when their financial literacy is not yet comprehensive. According to Kompas.id (2022)Although interest in investing among young people is

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relatively high, many still lack the knowledge and skills necessary for sound investment decisions. Research by (2022) shows that a positive attitude toward finance can be a key inspiration for choosing appropriate financial behavior, even without needing prior improvement in financial literacy. This finding confirms that, even though technical knowledge still needs to be developed, a positive attitude toward money alone can be the primary driver of sound financial management behavior among millennials. Therefore, in this study, financial literacy did not strengthen the relationship between financial attitude and financial behavior. This phenomenon may be attributed to the strong affective component of financial attitudes, which can influence behavior independently of cognitive factors such as financial literacy. Therefore, while this study offers a preliminary contribution to understanding millennial financial behavior, it also highlights several directions for future inquiry. Further research is encouraged to examine alternative mediating variables, such as digital literacy, self-control, or peer influence, that may better explain the mechanisms underlying financial decision-making among millennials.

4.2.7 The Influence of Financial Knowledge on Financial Management Behavior Mediated by Financial Literacy

Financial literacy aims to transform knowledge into actual behavior. This highlights that literacy is crucial in shaping financial behavior as a primary factor driving change, particularly when individuals already possess a strong foundation in financial knowledge. According to OJK & BPS (2025)Financial literacy is measured by knowledge and financial skills, confidence, attitudes, and behavior when utilizing financial services and making long-term investment decisions. The results of Hutabarat & Wijaya (2020) Indicate that financial literacy enhances understanding and encourages the habitual application of this knowledge in making sound financial decisions. Financial literacy plays a critical role in shaping individuals' interest in investing. Those with a solid grasp of financial concepts are likelier to engage in investment activities. (Huda & Susanti, 2024). Therefore, financial literacy effectively bridges knowledge and action, strengthening the influence of financial knowledge on financial behavior, particularly among millennials. It has thus been proven that financial literacy positively and significantly mediates the relationship between financial knowledge and financial management behavior. This study found that financial literacy mediates the relationship between financial knowledge and financial management behavior, but not the relationship with financial attitudes. However, these findings should not be generalized beyond the millennial population examined. The unique digital competencies of this generation, such as familiarity with financial technology applications and access to online educational resources, may enhance the mediating role of financial literacy. In populations with limited technological access or lower digital literacy, the effectiveness of financial literacy as a mediator may be substantially diminished.

V. Conclusion

This study concludes that financial attitude and knowledge significantly influence financial literacy and financial management behavior among millennials. In particular, financial literacy mediates the relationship between financial knowledge and financial management behavior, but not between financial attitude and behavior. This highlights the cognitive foundation to translate financial understanding into effective financial practices. From a practical standpoint, these findings suggest that enhancing financial knowledge through targeted education, digital platforms, or workplace programs may be a key strategy to foster better financial behavior among millennials. Institutions such as universities, fintech companies, and policymakers should consider integrating financial literacy modules aligned with this demographic's technological tendencies and behavioral patterns.

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