

THE INFLUENCE OF FINANCIAL LITERACY ON CONSUMPTIVE BEHAVIOR AMONG MANAGEMENT STUDENTS IN BANDUNG

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Abstract

The prevalence of consumptive behavior among university students has been on the rise, driven by rapid technological developments and increasingly accessible financial services. This research investigates the effect of financial literacy on the spending patterns of management students in Bandung. Employing a quantitative research design with a survey-based methodology, data were gathered from 90 respondents through structured questionnaires utilizing a Likert-scale format to assess both financial literacy and consumptive tendencies. Findings from the simple linear regression analysis reveal a significant positive relationship between financial literacy and consumptive behavior, as indicated by a regression coefficient of 0.514. Despite having a moderate to high level of financial knowledge, students still exhibit strong consumptive tendencies. This suggests that enhanced financial literacy may not suppress consumption levels but instead encourage more deliberate and strategic spending behavior. Accordingly, the study recommends the development of customized financial literacy initiatives that align with student demographics and socioeconomic contexts, aiming to promote better financial planning and long-term financial well-being.

Keywords: Bandung students, Consumptive behavior, Financial literacy, Financial well-being, Regression analysis

Introduction

Advancements in digital technology have greatly influenced the spending habits of the younger population, especially among students in higher education. The ease of access to e-commerce platforms, PayLater services, and digital wallets has contributed to increased consumptive tendencies among students. This trend is further supported by research findings showing that students who lack adequate financial knowledge tend to display more pronounced consumptive tendencies.

Financial literacy encompasses a person's capacity to comprehend and handle different elements of personal financial management, including planning a budget, saving, investing, and handling debt. Possessing strong financial literacy equips individuals to make informed choices regarding their finances and helps prevent excessive spending habits. A study conducted by Syafrudin et al. (2023) highlights that financial literacy plays a crucial role in shaping students' financial behavior, with increased literacy fostering more thoughtful and logical financial decisions.

This condition directly impacts students' financial well-being. As reported by the OECD (2024), more than two-thirds of students regularly engage with financial tools and services, yet their understanding of financial concepts is still limited. This lack of financial knowledge often results in unwise financial choices and adversely impacts their overall financial stability.

A similar trend is observed in Indonesia. Research by Mubarakah et al. (2024) shows that digital financial literacy positively influences saving behavior among Generation Z, who make up a large proportion of today's student population. Nonetheless, many students still lack sufficient understanding of basic financial concepts, which can affect their consumptive behavior.

Bandung, as one of Indonesia's major education hubs, hosts a large and diverse student population. Krisnawati et al. (2023) revealed that in the city of Bandung, both financial literacy and psychological biases play a significant role in shaping consumptive tendencies among individuals of productive age. These findings emphasize the critical need to improve financial literacy in order to mitigate students' tendencies toward excessive spending.

Considering these circumstances, this research seeks to examine how financial literacy impacts the consumptive behavior of management students in Bandung. The results of this study are anticipated to support

the formulation of more targeted and impactful financial education programs within universities, ultimately enhancing students' financial resilience and equipping them to face future economic demands more effectively.

Methods

This research utilizes a quantitative methodology with a survey approach to explore the impact of financial literacy on the consumptive behavior of management students in Bandung. Data were gathered by distributing questionnaires to 90 active management students from various universities in Bandung. The instruments used to measure the two main variables were: financial literacy, assessed through 8 statements, and consumptive behavior, evaluated with 10 items. A five-point Likert scale was used for all items, ranging from 1 (strongly disagree) to 5 (strongly agree).

The hypothesis was tested using simple linear regression analysis with SPSS Statistics version 26 to assess the influence of financial literacy on consumptive behavior. Before conducting the regression analysis, descriptive statistics were performed to summarize the data from the respondents for both variables. In addition, classical assumption test were carried out to ensure the accuracy and reliability of the regression model.

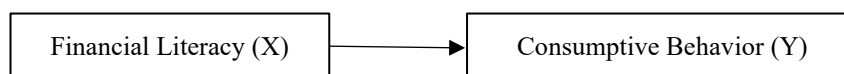


Figure 1
Diagram of Inter-variable Relationships

Results and Discussions

Descriptive Analysis

Descriptive analysis was conducted to provide an overview of the levels of financial literacy and consumptive behavior among management students in Bandung.

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	90	22	40	31.91	3.80
Consumptive Behavior	90	30	50	39.38	4.74

Source : Data Processing Result, 2025

The findings indicate that the mean score for financial literacy among the 90 participants was 31.91, with a standard deviation of 3.80. The lowest and highest scores recorded were 22.00 and 40.00, respectively. These findings suggest that, in general, students possess a moderate to high level of financial literacy, with relatively moderate variation across respondents. Meanwhile, the mean score for consumptive behavior was 39.38, with a standard deviation of 4.74. The minimum and maximum scores were 30.00 and 50.00, indicating a relatively high level of consumptive behavior among students. The higher standard deviation for consumptive behavior suggests greater variability in student consumption patterns. Overall, these findings indicate that although students generally demonstrate a good level of financial literacy, there remains a high tendency toward consumptive behavior. This underscores the importance of further examining the relationship between these two variables to determine whether financial literacy effectively mitigates consumptive tendencies among students.

Classical Assumption Tests

Normality Test

Normality was tested using the One-Sample Kolmogorov-Smirnov Test on unstandardized residuals.

Table 2 Result of Normality Test

Residual	Sig.
Kolmogorov Smirnov Test	0.200

Source : Data Processing Result, 2025

The significance value is 0.200, which exceeds the 0.05 threshold. Therefore, it can be inferred that the residuals follow a normal distribution. This indicates that the regression model meets the normality assumption, a crucial requirement for ensuring the validity of inferential results in simple linear regression analysis.

Heteroscedasticity Test

To detect heteroscedasticity using the Glejser method., a regression analysis was performed by examining the significance of the independent variable on the absolute residuals

Table 3 Result of Heteroscedasticity Test

Model		t	Sig.
1	(Constant)	0.576	0.566
	Financial Literacy	0.916	0.362

Source : Data Processing Result, 2025

The significance value for financial literacy is 0.362, which is higher than the 0.05 threshold. As a result, it can be concluded that the regression model does not exhibit heteroscedasticity. This means that the variance of residuals is constant and does not depend on predictor values, indicating that the regression model satisfies the homoscedasticity assumption.

Hypothesis Testing Using t-test

Hypothesis testing was conducted using simple linear regression to examine whether financial literacy significantly influences students' consumptive behavior.

Table 4 Result of t-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.965	3.898		5.892	0.000
	Financial Literacy	0.514	0.121	0.412	4.240	0.000

Source : Data Processing Result, 2025

The table reveals that the significance value for the financial literacy variable is 0.000, which is lower than the 0.05 threshold. This suggests that financial literacy has a statistically significant impact on consumptive behavior. The t-value of 4.240 and regression coefficient (B) of 0.514 further support this conclusion.

Thus, the hypothesis stating that financial literacy significantly influences students' consumptive behavior is accepted. Interestingly, the positive direction of the regression coefficient implies that higher financial literacy correlates with increased consumptive behavior. This may be explained by students' enhanced confidence in managing and spending money due to their financial knowledge.

Simple Linear Regression Model and Coefficient of Determination

Based on the regression analysis, the following regression model was obtained:

$$\text{Consumptive Behavior} = 22.965 + 0.514(\text{Financial Literacy})$$

This model indicates that when a student's financial literacy score is zero, the estimated base value of consumptive behavior is 22.965. Each one-point increase in the financial literacy score is predicted to increase consumptive behavior by 0.514 points, assuming other variables remain constant.

Table 5 Coefficient of Determination

Model	R	R Square
1	0.412	0.170

Source : Data Processing Result, 2025

The R Square value of 0.170 indicates that financial literacy accounts for 17% of the variation in consumptive behavior, with the remaining 83% being driven by other factors not captured in the model. While the R Square is considered moderate, the impact of financial literacy is still statistically significant.

Discussion

This study reveals that financial literacy has a significant effect on consumptive behavior among management students in Bandung, indicating that higher levels of financial literacy are associated with increased consumptive behavior. This finding can be interpreted through the lens of *financial capability theory*, which suggests that individuals with better financial understanding are not only more adept at managing their expenditures but also more confident in making financial decisions, potentially leading to more frequent or larger-scale consumption (Xiao & O'Neill, 2016).

This finding aligns with research by Pratiwi and Nurkholis (2021), who found that financial literacy significantly affects students' consumption decisions, with financially literate students tending to spend more cautiously, though still actively, according to their needs and preferences. Similarly, Maharani and Lestari (2020) observed that students with strong financial knowledge are not necessarily more frugal but are more rational in their financial practices reflected statistically in high, yet controlled, levels of consumptive behavior.

Furthermore, improved financial literacy can contribute to enhanced *financial well-being*, defined as the long-term financial security and peace of mind of an individual (Shim et al., 2018). Students who feel financially secure and in control of their finances tend to engage in consumption more freely without experiencing financial stress. This could explain why consumptive behavior remains high despite strong financial literacy levels. Nonetheless, it is important to distinguish between impulsive consumptive behavior and purposeful, planned consumption. Among students, spending on academic tools, technology, and social needs may increase along with financial understanding without necessarily being deemed negative or wasteful (Lusardi & Mitchell, 2017). Therefore, this study broadens the perspective that financial literacy does not inherently suppress consumptive behavior, but rather helps individuals engage in more rational, controlled consumption aligned with their financial circumstances.

Conclusion and Recommendations

This study concludes that financial literacy has a significant influence on the consumptive behavior of management students in Bandung. Despite relatively high levels of financial literacy, students still exhibit a tendency toward high consumptive behavior. This suggests that financial literacy does not merely function to reduce consumption but can also empower students to engage in more deliberate and rational spending. Therefore, financial literacy programs should not only focus on expense management but also emphasize long-term financial planning and debt management.

Such programs should be tailored to the needs and characteristics of students to effectively cultivate healthy financial habits. In addition, a more comprehensive approach to financial literacy policy is needed one that considers social and economic factors affecting students' consumption patterns. By doing so, improvements in financial literacy can contribute to better financial well-being and help students make more prudent financial decisions in the future.

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