

The Relationship Between Financial Literacy, Lifestyle, Locus of Control, and Parental Income with the Financial Behavior of University Students

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ABSTRACT

This study aims to analyze the influence of financial literacy, lifestyle, locus of control, and parental income on student financial behavior. The problem raised is the low level of healthy financial behavior among students despite the increasing access to financial information. This study uses a quantitative approach with a descriptive design. A sample of 120 undergraduate students from the Indonesian College of Economics in Malang was selected using proportional stratified random sampling. Data were collected through a Likert scale questionnaire and analyzed using multiple linear regression. The results showed that financial literacy, lifestyle, and locus of control had a significant effect on student financial behavior, while parental income had no significant effect. The coefficient of determination of 0.163 indicated that 16.3% of the variation in financial behavior was explained by the research variables. This study emphasizes the importance of internal factors over family economic factors. The practical implication is the need for financial literacy programs accompanied by lifestyle guidance and strengthening of students' self-control.

Keywords:

financial literacy, lifestyle, locus of control, parental income, student financial behavior

INTRODUCTION

Student financial behavior has become an important issue that has been studied in recent years. Students are in a transitional phase towards financial independence, so decisions related to consumption, savings, and investment will have an impact on their future financial condition. Financial literacy is one of the main factors that determine the quality of financial behavior. Individuals with good financial literacy are able to make rational financial decisions, avoid mismanagement, and improve their financial well-being (Evanthi et al., 2023; Nalini et al., 2016). However, various studies show that the level of financial literacy among Indonesian students is still low, making them prone to consumptive behavior and poor financial decision-making (Cahyani, 2024).

In addition to financial literacy, lifestyle is also a determinant of student financial behavior. The modern and hedonistic lifestyle associated with the younger generation often encourages uncontrolled spending. Research shows that a hedonistic lifestyle is negatively correlated with healthy financial management behavior, as individuals are more oriented towards fulfilling their desires rather than their needs (Díaz-Morales et al., 2008; Uzarska et al., 2019; Weissenberger et al., 2020). In fact, other studies confirm that lifestyle has a significant effect on student financial behavior, especially among those who actively follow consumption trends in the digital age (Yusri & Nurjannah, 2025).

Psychological variables such as locus of control are also important factors. Individuals with an internal locus of control tend to have better financial management

because they believe that financial success is determined by personal effort, not external factors. Conversely, an external locus of control often hinders individuals because they believe more in luck or external conditions (Chujan, 2022). These findings are reinforced by research by Atikah and Kurniawan (2021, in a recent study) which shows that students with an internal locus of control are more disciplined in saving, controlling spending, and making long-term financial plans.

Another factor that is also taken into account is parental income. Several studies state that parental income affects students' financial behavior because it determines the amount of allowance they receive (Prastyatini & Rakhmani, 2025). However, the results of the study are not always consistent. Other studies found that parental income does not have a significant effect, because financial behavior is more influenced by the habits and knowledge instilled by parents, rather than the amount of income (Herdjiono & Damanik, 2016; Yusri & Nurjannah, 2025). This shows that there is a gap in research related to the role of parental income in shaping student financial behavior.

Although many studies have examined the influence of financial literacy, lifestyle, locus of control, and parental income, there are still inconsistencies in the research results. Some studies state that financial literacy and locus of control have a significant effect, while others show different results (Ritakumalasari & Susanti, 2023). In addition, most studies only focus on one or two variables, so there is no comprehensive model that tests all four factors simultaneously in the student population. This research gap is important to fill, considering that students are a generation that is vulnerable to being trapped in a consumptive lifestyle amid the rapid development of digital financial technology (Cahyani, 2024).

Thus, research on the influence of financial literacy, lifestyle, locus of control, and parental income on student financial behavior is relevant and important. This study is expected to provide empirical contributions to enrich the limited literature and produce practical recommendations for universities in designing financial literacy programs that not only emphasize knowledge but also the formation of healthy financial habits and the strengthening of students' self-control.

METHOD

This study uses a quantitative approach with a descriptive design to examine the influence of financial literacy, lifestyle, locus of control, and parental income on student financial behavior. The study population consisted of 4,730 undergraduate students at the Sekolah Tinggi Ilmu Ekonomi Indonesia Malang, class of 2011–2022. The sample size was determined using the Slovin formula with a 10% margin of error, resulting in 120 respondents. The sampling technique used was proportional stratified random sampling so that each batch was proportionally represented. A similar approach was used in a study of student finance by (Prastyatini & Rakhmani, 2025), which also emphasized the importance of stratification representation in determining the sample.

The research instrument was a structured questionnaire compiled using a 1–5 Likert scale (strongly disagree to strongly agree). The questionnaire covered five main variables: financial literacy, lifestyle, locus of control, parental income, and financial behavior. The financial literacy indicator was adapted from (Chen et al., 2024), which has been widely used in recent studies on students (Cahyani, 2024). The lifestyle

indicator was adapted from Susanto (2013), while locus of control referred to Atikah & Kurniawan (2021). The parental income category followed the classification of the Central Statistics Agency (BPS). The validity of the instrument was tested using Pearson Product Moment correlation, and reliability was tested using Cronbach's Alpha, in accordance with the standards for student financial behavior research (Lorensa, 2025; Ritakumalasari & Susanti, 2023)

Data analysis was performed using multiple linear regression with the assistance of SPSS version 25. Classical assumption tests were applied prior to analysis, including normality tests using Kolmogorov-Smirnov, multicollinearity tests using VIF (<10) and tolerance (>0.1), and heteroscedasticity tests using the Glejser method (sig. value > 0.05). Hypothesis testing included the t-test (partial) to examine the effect of each independent variable, the F-test (simultaneous) to examine the collective effect, and the coefficient of determination (R^2) test to measure the contribution of independent variables to financial behavior. This analysis technique is in line with the student financial behavior research approach used by (Yusri & Nurjannah, 2025), which also emphasizes the importance of multiple regression to see the simultaneous effects of various variables.

RESULTS AND DISCUSSION

Based on the results of the research conducted, the following data acquisition results are presented in the following table:

Table 1. Validity Test

Variable	Calculated r	Description
Financial Literacy	> 0.1793	Valid
Lifestyle	> 0.1793	Valid
Locus of Control	> 0.1793	Valid
Parental Income	> 0.1793	Valid
Financial Behavior	> 0.1793	Valid

Source: data processed by researchers, 2025

This is conducted to ensure that the research instruments were truly capable of measuring the variables under study. The test results showed that all items in the research variables had correlation values above the r-table (0.1793), so all instruments were declared valid.

From the table above, it can be seen that all variables meet the validity criteria, so they can be used for further analysis.

Table 2. Reliability Test

Cronbach's Alpha	Minimum Limit	Description
0.688	0.600	Reliable

Source: data processed by researcher, 2025

Reliability testing was conducted to determine the consistency of the measuring instrument. The instrument is considered reliable if the Cronbach's Alpha value is greater than 0.600.

The reliability test results show that the Cronbach's Alpha value is greater than the minimum limit, so the research instrument is declared reliable.

Table 3. Classical Assumption Test

Test	Value	Threshold	Description
Normality (K-S)	0.052	> 0.05	Normal
Multicollinearity (Tolerance)	> 0.1	> 0.1	None
Multicollinearity (VIF)	< 10	< 10	None
Heteroscedasticity (Glejser)	> 0.05	> 0.05	None

Classical assumption tests were conducted to ensure that the regression model met the BLUE (Best Linear Unbiased Estimator) requirements. The tests included normality, multicollinearity, and heteroscedasticity.

The results of the classical assumption test show that all requirements are met: the data is normally distributed, there is no multicollinearity, and there is no heteroscedasticity.

Table 4. Multiple Linear Regression Analysis Results

Variable	Coefficient (β)	Significance (p)
Financial Literacy	0.067	0.010
Lifestyle	0.169	0.034
Locus of Control	0.420	0.000*
Parental Income	-0.109	0.641

Multiple linear regression analysis was used to determine the simultaneous and partial effects of financial literacy, lifestyle, locus of control, and parental income on financial behavior.

The table shows that financial literacy, lifestyle, and locus of control have a significant positive effect on financial behavior, while parental income has no significant effect.

Table 5. t-test (Partial)

Variable	Calculated t	Significance (p)
Financial Literacy	2.604	0.010
Lifestyle	2.149	0.034
Locus of Control	4.514	0.000*
Parental Income	0.468	0.641

Source: data processed by researcher, 2025

The t-test was used to examine the partial effect of each independent variable on financial behavior.

The t-test results show that financial literacy, lifestyle, and locus of control have a significant effect, while parental income does not have a significant effect on financial behavior.

Table 6. F Test (Simultaneous)

F-calculated	Significance (p)	Description
5.614	0.000*	Significant

Source: data processed by researcher, 2025

The F test was used to determine the simultaneous effect of all independent variables on the dependent variable.

From the F test results, it can be concluded that financial literacy, lifestyle, locus of control, and parental income simultaneously have a significant effect on financial

behavior.

Table 7. Coefficient of Determination

R	R Square	Adjusted R Square
0.404	0.163	0.134

Source: data processed by researcher, 2025

The coefficient of determination (R^2) test is used to see how much the independent variables contribute to explaining the variation in the dependent variable.

An R Square value of 0.163 indicates that 16.3% of the variation in student financial behavior can be explained by financial literacy, lifestyle, locus of control, and parental income. Meanwhile, the remaining 83.7% is influenced by other factors not examined in this study.

Discussion

This study found that financial literacy, lifestyle, and locus of control have a significant influence on student financial behavior, while parental income does not have a considerable influence. These findings provide new insights that students' financial behavior is more determined by internal factors, such as knowledge, attitude, and self-control, than by external factors such as family income. Financial literacy has been proven to play a central role in shaping students' financial behavior. Students with good literacy skills are better able to manage their expenses, prepare budgets, and make appropriate investment decisions. This is in line with (Cahyani, 2024) research, which shows that basic financial knowledge can improve students' ability to manage money effectively, as well as supporting the findings of (Abylkassymova et al., 2020; Kusumawati et al., 2023) which confirm that understanding the concepts of interest, risk, and savings contributes to healthier financial behavior. In fact, (Rodríguez-Correa, 2025) His study found that low financial literacy among students in developing countries is often the main cause of uncontrolled financial behavior. Thus, the results of this study confirm that improving financial literacy should be a priority in efforts to improve students' financial behavior.

In addition, lifestyle has been proven to have a significant effect on student financial behavior. In today's digital and consumptive culture, students are exposed to a hedonistic lifestyle that encourages excessive consumption, both through online shopping and the use of financial technology (FinTech) products. Students with a consumptive lifestyle are more prone to unhealthy financial behavior, such as excessive spending and minimal savings. This finding is consistent with (Lorensa, 2025) research, which states that a modern lifestyle that tends to be hedonistic is negatively related to students' financial management behavior. (Yusri & Nurjannah, 2025) expressed the same thing, that an uncontrolled lifestyle can worsen students' financial management even though they have adequate financial knowledge. Therefore, lifestyle control needs to be an important part of financial literacy programs, because literacy alone is not enough if students continue to maintain a consumptive lifestyle.

Another important finding is the significant influence of locus of control on students' financial behavior. Students with an internal locus of control tend to believe that financial outcomes are the result of personal effort and decisions, so they are more disciplined in managing their budgets, saving, and making rational investment decisions. Conversely, students with an external locus of control tend to leave financial

outcomes to fate or external factors, which makes them less able to control their financial behavior. These results support (Chujan, 2022) research, which shows that internal locus of control is positively correlated with healthy financial attitudes, and reinforce the findings of (Asandimitra et al., 2023; Bhattacharya & Gill, 2020; Rey-Ares et al., 2021; Van Der Velde et al., 2019), which emphasize that internal locus of control is an important determinant of students' financial behavior. This indicates that in addition to financial knowledge, psychological factors such as students' self-confidence in controlling their finances are also very important in shaping healthy financial behavior.

Meanwhile, the results of the study show that parental income does not have a significant effect on students' financial behavior. This finding is interesting because it confirms that the amount of pocket money or family economic background does not solely determine students' financial behavior. Students from high-income families do not automatically have healthy financial behavior, nor do students from low-income families always have poor financial behavior. (Prastyatini & Rakhmani, 2025) found that the influence of parental income is more determined by the pattern of financial education provided in the family, rather than the amount of income itself. (Budhathoki et al., 2017; Cavalcante et al., 2022; Roksa & Kinsley, 2019) also emphasized that even students with low incomes can manage their finances well if they have adequate financial literacy and self-control. Thus, this study confirms that family economic factors are not the dominant factor, but rather how individuals shape their own financial attitudes and knowledge.

More broadly, the results of this study have theoretical and practical implications. From a theoretical perspective, this study reinforces the Theory of Planned Behavior (Ajzen, 1991), in which financial behavior is influenced by attitudes, subjective norms, and behavioral control (Lika & Kristyana Dananti, 2022; Widyastuti et al., 2020). Financial literacy is related to attitudes toward financial behavior, lifestyle reflects subjective norms formed from the social environment, while locus of control is related to an individual's perceived behavioral control in managing finances. Thus, this study enriches the academic literature with empirical evidence that cognitive, psychological, and social factors play a greater role than external factors in explaining student financial behavior. From a practical perspective, these results provide an important basis for universities and the government to design more comprehensive financial literacy programs that focus not only on technical knowledge but also on controlling consumptive lifestyles and strengthening students' character through internal locus of control. The Financial Services Authority (OJK) and educational institutions can collaborate in designing behavioral approach-based financial literacy modules so that students are able to not only understand financial concepts but also apply them in their daily lives. With this strategy, it is hoped that the younger generation will not only be financially savvy but also independent, disciplined, and have sustainable financial behavior.

CONCLUSION

This study concludes that financial literacy, lifestyle, and locus of control significantly influence students' financial behavior, while parental income has no significant influence. This confirms that financial behavior is more influenced by internal factors such as knowledge, attitude, and self-control than by family economic

conditions. Theoretically, the results of this study reinforce the Theory of Planned Behavior, which emphasizes the role of attitudes, social norms, and self-control in shaping behavior. Practically, these results have implications for universities and policymakers to strengthen financial literacy programs that not only teach technical knowledge but also foster a simple lifestyle and build students' self-control.

However, this study has limitations that need to be considered. First, the coefficient of determination is relatively low, indicating that there are other factors that can influence students' financial behavior, such as peer influence, self-control, or the use of financial technology. Second, the cross-sectional research design is unable to capture changes in financial behavior over time, and the use of self-report questionnaires has the potential to cause subjectivity bias. Therefore, further research is recommended to use a longitudinal or mixed methods approach and expand the research variables in order to obtain a more comprehensive picture of the factors that shape student financial behavior.

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