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Financial Technology Paradox: Why Do Attitudes And Literacy Fail To Shape Student Financial Behavior On The Island Of Java

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Abstract

This study aims to analyze the effect of financial technology (fintech) usage on the financial management behaviour of university students in Java, placing financial attitude as a mediating variable and financial literacy as a moderating variable. This research employs an associative quantitative approach by distributing digital questionnaires to 200 active university student respondents selected via purposive sampling. Data were analysed using multiple regression modelling. The findings indicate that the use of financial technology has a positive and significant effect on shaping students' financial attitude. However, neither financial technology usage nor financial attitude shows a direct significant impact on students' actual financial management behaviour. Furthermore, financial attitude fails to perform its role as a mediating variable. From a conditional perspective, financial literacy fails to moderate the pathways toward financial behaviour but significantly moderates the relationship between fintech usage and financial attitude in a negative direction (de-intensifying). These findings confirm a financial technology paradox characterized by an attitude behavior gap among digital natives. Future researchers are advised to expand the geographical distribution of the sample beyond Malang City and integrate external psychological control factors.

Keywords: Financial Technology, Financial Attitude, Financial Literacy, Financial Management Behavior, University Students.

INTRODUCTION

The development of digital technology has brought significant changes to various aspects of life, including the financial sector. One of the rapidly growing innovations is

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financial technology (fintech), which enables individuals to conduct various financial transactions quickly, easily, and efficiently without having to rely on conventional financial services. As the epicenter of economic growth and digitalization in Indonesia, Java has become the region with the highest internet penetration and fintech adoption. This situation directly influences the financial behavior landscape of its population, including academic groups such as students. The concentration of higher educations across Java creates a unique ecosystem where students from diverse regions converge and are directly exposed to the massive wave of financial modernization. The increasingly widespread use of fintech, particularly among students, indicates a shift in behavior regarding personal financial management (Ciptaningtias et al., 2024). The development of fintech drives changes in the financial behavior patterns of the younger generation through increased accessibility to digital services and cashless transactions (Lee & Shin, 2018).

Students on Java Island who pursue their education in urban areas act as digital natives with exceptionally high access to various fintech services such as e-wallets, mobile banking, and other digital payment platforms. Java is characterized by a high concentration of metropolitan areas and urban lifestyles, which indirectly create a new standard of digital-based social interaction among students. While this convenience offers benefits such as transaction efficiency and ease, it also has the potential to encourage consumerist behavior if not balanced with sound financial management. Research by (Susilowati et al., 2025) (indicates that the use of fintech payments influences students' consumerist behavior due to the ease and practicality of digital transactions. Over time, with the proliferation of various promotions, instant delivery services, and the trend of "hanging out" at urban cafes in major cities across Java, the peer pressure that encourages impulsive spending using e-wallets has become far more intense compared to other regions.

In explaining this behavior, financial attitude represents an important psychological factor to examine. Financial attitude reflects an individual's stance toward money, including perceptions regarding financial planning, budgeting, and money management. Research (Sarah Nurhanifah & Syarif, 2024) found that financial attitude is linked to students' financial behavior, in that financial attitudes influence how individuals manage their finances.

Additionally, the level of financial literacy is also a crucial factor in determining the quality of students' financial management. Financial literacy encompasses not only knowledge of financial concepts but also the ability to make informed financial decisions;

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it has a positive and significant influence on students' financial management behavior, with individuals possessing higher literacy levels tending to manage their finances more effectively and systematically (Alfina Yuniar Prastika & Ana Kadarningsih, 2025). Thus, financial literacy is an important element in shaping healthy financial behavior among students.

Furthermore, within the dynamics of financial modernization on the island of Java, financial literacy can also serve as a variable that either strengthens or weakens the influence of fintech on financial behavior. This phenomenon is highly relevant given that, although students in Java enjoy extensive access to digital financial technologies, the high cost of urban living, and a wide array of entertainment options often result in their financial literacy levels may not necessarily translate into disciplined financial behavior. Students with high levels of financial literacy tend to be able to utilize fintech more wisely, whereas low literacy can lead to uncontrolled use of fintech and potentially increase consumptive behavior (Susilowati et al., 2025).

On the other hand, empirical research findings indicate that the impact of financial technology on financial behavior is not always consistent. Some studies have found that fintech can enhance the convenience and efficiency of financial management, but it also has the potential to encourage consumerist behavior due to the ease of access to digital transactions. Recent studies suggest that fintech usage, financial attitudes, and other related factors significantly influence on students' financial management behavior, but this relationship is influenced by various psychological factors and financial knowledge (Mulya & Juwita, 2024). This suggests that mediating variables such as financial attitudes are necessary to explain how fintech influences students' financial management behavior.

Based on the foregoing discussion, this study examines the effect of Financial Technology usage on students Financial Management Behavior in Java Island. Furthermore, this study investigates the mediating role of Financial Attitude and the moderating role of Financial Literacy in explaining the relationship between Financial Technology usage and Financial Management Behavior. This Study is expected to provide a deeper understanding of the Financial Technology Paradox among digital-native students.

Statement of the Problem

Financial technology has transformed the way university students manage their financial activities through digital payment systems, mobile banking, electronic wallets, and buy-now-pay-later services. Ideally, the increasing accessibility and convenience of

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financial technology should improve students financial management behavior by enabling better budgeting, saving, and financial planning. However, the rapid growth of digital finance services has also been associated with impulsive spending, excessive consumption, and poor financial discipline among young adults.

University students in Java one of the largest groups of financial technology users in Indonesia. Despite having extensive access to digital financial services and financial information, many students still experience difficulties in managing their personal finances effectively. Previous studies have reported inconsistent findings regarding the impact of financial technology on financial management behavior. Some studies suggest that financial technology improves financial behavior, while other indicate that it may encourage consumptive behavior and financial irresponsibility.

In addition, limited empirical studies have simultaneously examined the mediating role of Financial Attitude and the moderating role of Financial Literacy in explaining the relationship between Financial Technology usage and Financial Management Behavior among university students. This research gap highlights the need for further investigation to better understand the Financial Technology Paradox in the context of university students in Java Island.

Objectives of the Study

The objectives of this study are to:

1. Examine the effect of Financial Technology usage on Financial Attittude among university students in Java Island.
2. Examine the effect of Financial Attitude on Financial Management Behavior among university students in Java Island.
3. Examine the effect of Financial Technology usage on Financial Management Behavior among university students in Java Island.
4. Analyze the mediating role of Financial Attitude in the relationship between Financial Technology usage and Financial Management Behavior.
5. Analyze the moderating role of Financial Literacy in the relationship between Financial Technology usage and Financial Management Behavior.
6. Analyze the moderating role of Financial Literacy in the relationship between Financial Attitude and Financial Management Behavior.
7. Analyze the moderating role of Financial Literacy in the relationship between Financial Technology usage and Financial Attitude.

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LITERATURE REVIEW

Financial Technology

Financial Technology (fintech) is an innovation in financial services that leverages digital technology to enhance efficiency, convenience, and accessibility in financial transactions (Lee & Shin, 2018; Nicoletti, 2017). Fintech encompasses various services such as digital payments, mobile banking, and app-based financial platforms.

In the context of university students, fintech is a highly relevant tool because it simplifies daily financial transactions. However, the adaption of fintech can also influence financial behavior in both positively and negative ways. Research indicates that fintech usage significantly impacts students' financial behavior, particularly regarding transaction convenience and financial decision-making (Khotijah et al., 2025).

Additionally, fintech can improve the efficiency of personal financial management when utilized wisely, but it carries the potential to trigger consumerist behavior if it is not balanced with adequate self-control (Permadani & Sartika, 2025).

Financial Attitude

Financial attitude refers to an individual's stance, mindset, or perspective regarding financial management, including how a person prioritizes needs, controls spending, and plans for the future. It serves as a crucial psychological factor in shaping an individual's actual financial behavior.

Students with a positive financial attitude tend to be more rational in making financial choices and are capable of managing their finances more effectively. Empiral research indicates that financial attitude significantly influences students' financial management behavior, where a healthy and constructive attitude toward money leads to better financial outcomes (Putri Handayani Lestari et al., 2024).Consequently, financial attitude acts as an underlying psychological variable that explains how individuals respond to the conveniences offered by fintech in their daily lives.

Financial Literacy

Financial literacy refers to an individual's level of understanding of regarding fundamental financial concepts, including money management, saving, investing, and financial risks. Possessing adequate financial literacy is crucial in enabling individuals to make sound sustainable financial decisions.

Furthermore, the level of financial literacy is a key determinant of the quality of students' financial management. It encompasses not only theoretical knowledge of

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financial concepts but also the practical capability to make rational financial decisions. Research demonstrates that financial literacy has a positive and significant influence on students' financial management behavior, showing that students with higher financial literacy tend to make wiser, well-planned decisions in managing their funds (Erawati & Lado, 2024). Thus, financial literacy is a foundational element in fostering healthy financial habits among the younger generation.

In the digital era, financial literacy also plays a pivotal role in conditioning the relationship between fintech and financial behavior. Students with high financial literacy are more likely to utilize fintech tools wisely, thereby improving the overall quality of their financial management (Fadiyah & Widodo, 2024).

Financial Management Behavior

Financial management behavior is defined as an individual's ability to organize, plan, and control personal finances resources effectively. This behavior manifests in daily activities such as budgeting, saving, controlling expenses, and regularly evaluating one's financial condition.

In the context of university students, practicing sound financial management behavior is a critical, given that students generally operate under limited financial resources. Studies show that financial management behavior is shaped by an interplay of various factors, including financial literacy, the use of fintech, and internal psychological attributes (Merlin Maharani & Mega Rosdiana, 2026). Ultimately, student financial management behavior is the direct outcome of the interaction between external environmental factors (fintech) and internal capabilities (financial attitude and financial literacy).

RESEARCH METHODS

This study adopts an associative quantitative approach to test the relationship and influences among the observed variables. The scope of this research specifically focused on university students pursuing their education on Java Island. This region was selected because Java Island as the epicenter of economic circulation and exhibits the highest rate of financial technology adoption in Indonesia.

The research population compirises all active students enrolled in university accros Java Island. Due to that vast and unknown population size, a non-probability sampling method was implemented, specifically utilizing the puprposive sampling technique. To ensure that the collected data closely aligns with the phenomenon of the digital financial

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paradox, specific inclusion criteria were established for the respondents. Eligible participants had to be active students registered at either public or private university located in the provinces of Java, including West Java, the Special Capital Region of Jakarta, Banten, Central Java, the Special Region of Yogyakarta, and East Java.

Additionaly, the respondents were required to be active users of at least one Financial Technology (fintech) service, such as digital payment platforms (e-wallets like DANA, OVO, GoPay, and ShopeePay), mobile banking, or Buy Now Pay Later (paylater) services. Based on these purposive sampling criteria, a sample size of 200 student respondents was successfully obtained through a digitally structured questionnaire distributed via Google Forms. This sample size is considered reprensentative and fully satisfies the minimum requirements for conducting multiple linear regression analysis, which is employed to test the mediation and moderation pathways in this study.

RESULTS AND DISCUSSION

Respondent Characteritics

Before conducting hypothesis testing and in-depth statistical analysis, this section outlines the demographic profile of the respondents to provide a contextual background for the research subject, through the distribution of digital questionnaires, this study successfully gathered data from 200 active university students studying on Java Island. The sample profile was specifically identified based on gender, university location, and average monthly allowance. The majority of respondents in this study were female, accounting for 129 students (64.5%), while male respondents totaled 71 students (35.5%).

Another critical factor in examining student financial behavior is the amount of fall monthly allowance. Based on the research results, the majority of respondents fall into the moderate monthly allowance category, ranging from IDR 501,000 to IDR 1,500,000 per month, reaching 51.0% (102 students). Additionally, 63 students (31.5%) had a monthly allowance of less than IDR 500,000 per month, while 35 other students (17.5%) fell into high allowance category of more than IDR 1,500,000 per month. These data indicate that most respondents come from moderate economic backgrounds. While this economic status makes students highly familiar with and uniquely positioned to use digital transaction services, it simultaneously places them at a higher risk of enganging in consumerist behavior if thee lack the ability to manage expenses and budget effectively.

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Validity and Reliability Test Results

Table 1. Summary of Validity and Reliability Test Results

Variable	Indicators/ Items	Correlation Coefficient	*r-table*	Validity Status	Cronbach's Alpha	Reliability Status
Financial Technology (FT)	FT1	0,812	0,138	Valid	0,917	Reliable
	FT2	0,736		Valid		
	FT3	0,869		Valid		
	FT4	0,774		Valid		
	FT5	0,819		Valid		
	FT6	0,791		Valid		
	FT7	0,882		Valid		
	FT8	0,691		Valid		
Financial Attitude (FA)	FA1	0,611	0,138	Valid	0,917	Reliable
	FA2	0,785		Valid		
	FA3	0,833		Valid		
	FA4	0,796		Valid		
	FA5	0,788		Valid		
	FA6	0,758		Valid		
	FA7	0,730		Valid		
	FA8	0,751		Valid		
Financial Management Behavior (PK)	PK1	0,759	0,138	Valid		Reliable
	PK2	0,738		Valid	0,894	
	PK3	0,779		Valid		
	PK4	0,720		Valid		
	PK5	0,748		Valid		
	PK6	0,712		Valid		

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	PK7	0,756		Valid		
	PK8	0,815		Valid		
Financial Literacy (FL)	FL1	0,705	0,138	Valid	0,891	Reliable
	FL2	0,741		Valid		
	FL3	0,764		Valid		
	FL4	0,833		Valid		
	FL5	0,829		Valid		
	FL6	0,825		Valid		
	FL7	0,876		Valid		
	FL8	0,803		Valid		

To guarantee data validity before proceeding to hypothesis testing and advanced inferential statistical analysis, the primary data collection instruments was thoroughly evaluated. This evaluation was performed using the Pearson Product Moment correlation method to assess how accurately each indicator reflects its corresponding latent construct. Statistical decisions were based on comparing the calculated correlation coefficient (r-calculated) of each item against the critical value from r-table. With a sample size of *N*=200, the degree of freedom is *df*= *N* – 2 = 198. At a significance level of α= 0.05 for a two-tailed test, the critical *r-table* value is 0.138 item with an *r-calculated* > *0.138* are declared valid and suitable for the study.

A shown in Table 1, all indicators for Financial *Technology* (FT1-FT8), *Financial Attitude* (FA1-FA8), Financial Management Behavior (PK1-PK8), and *Financial Literacy* (FL1-FL8) yielded *a Pearson Correlation* (*r-calculated*) coefficient higher than *the r*-table (0.138). Furthermore, every item presented a significance value (*p-value*) of 0.000 (*p* < 0.05). Consequently, all instruments in this questionnaire are highly valid and eligible for subsequent analysis.

Following the validity verification, a reliability test conducted using *Cronbach's Alpha* coefficient (α) to ensure the internal consistency and stability of the measurements. Methodologically, referencing the criteria by (Ghozali, 2018), (Hair et al., 2019), an instrument or variable construct is deemed reliable and robust for multivariate analysis if its *Cronbach's Alpha* value exceeds 0.70.

The computerized statistical outputs reveal solid reliable across all four constructs. The Financial Technology (FT) construct yields an alpha value of 0.917. An alpha value

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above 0.90 represents exceptionally high internal consistency. High reliability is llikewise mirrored in the Financial Management Behavior (PK) construct (α = 0.894) and the Financial Literacy (FL) construct (α = 0.891). These values sit well above the required statistical thresholds.

Cumulatively, the reliability test results demonstrate that the research instruments are entirely free from measurement inconsistency. Since the Cronbach's Alpha coefficient remain wthin the optimal range of 0.891 to 0.917, the instruments are proven to provide stable results even if redeployed across different timelines or subjects. Thus, the primary dataset is fully qualified to transition to inferential statistical analysis via multiple linear regression modeling.

Hypothesis Test Results

Table 2. Hypothesis Test Results

Hypothesis	Testing Pathway	Coefficient Value (*B*)	Significance Value (*Sig.*)	Conclusion
H1	FT → FA	+0,671	0,021	Accepted
H2	FA → PK	+0,211	0,435	Rejected
H3	FT → PK	+0,084	0,803	Rejected
H4	FT → FA → PK (Mediation)	-	-	Rejected
H5	FL Moderates FT → PK	-0,001	0,939	Rejected
H6	FL Moderates FA → PK	+0,016	0,058	Rejected (Insignificant at α = 5%)
H7	FL Moderate FT → FA	-0,018	0,039	Accepted (Significant, Nature: *De-intensifying*)

H1: The use of Financial Technology has a positive effect on students' Financial Attitude.

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Based on the first stage of multiple linear regression analysis, the Use of Financial Technology variable displayed a path coefficient of 0.671 with a significance value of 0.021. Since the significance value is below the established alpha threshold (α = 0.05), the First Hypothesis (H1) is formally accepted. This finding provides empirical evidence that fintech usage has s positive and significant effect on shaping the financial attitude of university students on Java Island.

The postitive path coefficient indicates a direct, unidirectional relationship higher intensities of digital financial technology adoption lead to healthier financial attitudes. This revelas that adopting digital platforms such as e-wallets, mobile banking, and digital investment apps does not merely modernize transactional mechanics, but fundamentally reshapes how students perceive, interpret, and responsibly manage their personal finances.

Theoretically, this finding strongly aligns with the *Technology Acceptance Model* (TAM) developed by Davis, which asserts that user attitudes toward digital systems are dictated by perceptions of perceived usefulness and perceived ease of use (Venkatesh & Davis, 2000). Fintech platforms offer unique features such as immediate expenditure visualization, automated transaction logs, and budgeting notifications. These tools offer students hands on experiences to evaluate their financial choices, fosterting long term planning orientations, selective spending habits, and an increased interest in productive financial behaviors.

From a demographic lens, the respondents belong to the digital native generation, growing up with digital technology seamlessly woven into their daily lives. Accessible digital financial services cultivate a sense of financial self-efficacy. This self -efficacy forms the bedrock of healthier financial attitudes, marked by reduced implusive consumerism and heightened interest in wealth-building activities like saving and investing. Inclusive fintech structures strip away the intimidating complexities histrorically tied to financial management, converting it into an interactive experience that fosters accountability among the younger generation.

H2: Financial Attitude has a positive effect on student Financial Management Behavior.

Based on the multiple linear regression analysis in Model 3, which evaluated all variables simultaneously, the regression coefficient (β) for the *Financial Attitude* variable was 0.211 with a significance value (*Sig.*) of 0.435. Because this significance value vastly exceeds the designated error rate (0.435 > 0.05), *Financial Attitude* does not exert a

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significant effect on the Financial Management Behavior of students on Java Island. Thus, the Second Hypothesis (H2) is rejected.

This finding introduces an intriguing anomaly within behavioral financial and economic psychology. Conceptually, attitudes are perceived as the structural foundation or mental predisposition that dictates real-world actoins. However, this study uncovers a contradictory empirical reality possessing a wise attitude or prudent view of finance does not guarantee that a student will automatically execute financial behaviors in everyday life.

Theoretically, the rejection of H2 can be justified by *"Attitude-Behavior Gap",* a concept deeply anchored in the limitations of the *Theory of Planned Behavior* (TPB) by (Ajzen, 1991). TPB postulates that an individual's attitude toward a behavior does not instantaneously translate into physical action without robust intention and strong perceived behavioral control. Student demographics reside in a critical life transition phase toward independence. Cognitively and affectively, they fully comprehend the vital importance of financial budgeting, saving, and debt evasion.

Yet, when confronting real-world scenarios, translating this positive attitude into behavior is blocked by rigid external constraints. These barriers include highly restricted income streams (primarily fixed alowances from parents), intense peer pressure to conform to urban lifestyles, and continuous temptations embedded in consumer environments. Consequently, noble intentions stemming from a sound financial attitude are routinely overwhelmed by short-term emotional impulses, leaving them unreflected in day to day actions. Furthermore, student financial priorities naturally skew toward short-term survival long-term actions like building emergency founds or investing are often deferred until post-graduation when they secure independent streams of income.

H3: The use of Financial as a positive effect on the Financial Management Behavior of students on the Island Java.

Model 2 regression analysis, placing Financial Management Behavior as the dependent variable, yielded regression coefficient (β) of 0.084 wit a significance value (*Sig.*) of 0.803 for the Use of Financial Technology. When all variables were consolidated in Model 3, the coefficient shifted to β = -0.264 with a significance value of 0.348, remaining well above the standard statistical significance threshold (0.348 > 0.05). Hence, the Use of Financial Technology displays no direct, statistically significant influence on the Financial Management Behavior of student Java Island, leading to the rejection of the Third Hypothesis (H3).

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The finding highlights a distinct gap while technology successfully alters psychological attitudes (H1 accepted), it fails to directly drive sound financial execution (H3 rejected). Theoretically, this discrepancy is explained by the Cashless Effect and Mental Accounting paradigms. Cashless transactions mitigate the immediate "pain of paying", which heavily accelerates impulsive consumption tendencies (Soman, 2001). Mental accounting details how individuals psychologically categorize and value money differently based on its transactional medium (Prelec & Loewenstein, 1998).

Fintech tools make spending extraordinarily friction-free. Unlike physical cash transactions that trigger a tactile sense of financial loss, digital outflows feel abstract because users merely watch digital numbers decrease on a screen. Consequently, using fintech without ironcland self-regulation acts as a catalyst for consumerist behaviors, such as implusive buying triggered by digital marketing promos (Aristawidya & Santoso, 2025). Fintech fundanmentally operates as a neutral medium its ultimate behavioral utility is dictated by user discipline. For students, fintech adoption appears driven by pragmatic everyday needs, lifestyle maintenance, and conformity to peer trends, rather than structured asset tracking or strategic financial planning. Without external guardrails or comprehensive internal self-regulation, advanced financial tools fail to foster responsible financial management.

H4: Financial Attitude mediates the influence of the Use of Financial Technology on the Financial Management Behavior of students on the island of Java.

The Fourth Hypothesis (H4) tested whether Financial Attitude acts as a mediating bridge linking fintech adoption to student Financial Management Behavior. Following the causal step approach by Baron and Kenny, a key condition for mediation is a consistent, statistically significant path connecting the mediator variable to the dependent variable. However, Model 3 statistical testing revealed that the path from Financial Attitude to Financial Management Behavior was entirely insignificant ($\beta = 0.211$; *Sig.* $= 0.435 > 0.05$). Due to this break in the causal chain, H4 is rejecte. Financial Attitude is not a statistically viable mediator for fintech's impact on financial behaviour among students in Java.

The mediation failure highlights a profound cognitive-behavioral disconnect. While fintech adoption successfully fosters a highly sophisticated and constructive financial mindset (supporting H1), students experience a behavioral impasse when attempting to manifest this cognitive awareness into tangible actoins such as rigid expense logging, systematic saving, and disciplined spending control. This illustrates a distinct gap between conceptual financial awareness and actual behavioral actualization.

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Thematically, this disconnect challenges traditional linear models of financial behaviour that assume straightforward, unidirectional paths from attitude to action. This dynamic can be analysed through the Intention Behavior Gap (Irawati & Kasemetan, 2023). The modern fintech environment is meticulously engineered to be frictionless and persuasive. Consequently, the positive financial attitudes cultivated through app interactions remain restricted to idealistic discourse. When students face digital ecosystems boasting one-click checkouts, Paylater incentives, and algorithmic promotional feeds, their internal financial attitudes collapse, yielding to short-term gratification. Furthermore, their structural dependence on parental allowances limits their financial execution capacity they way cognitively support saving or investing, but their constrained capital prevents them from executing these choices in any meaningful way.

H5: Financial Literacy moderates the influence of the Use of Financial Technology on Student Financia Management Behhavior in Java.

The Fifth Hypothesis (H5) evaluated whether Financial Literacy strengthens or dampens the direct impact of fintech usage on Financial Management Behavior. Model 2 multiple regression analysis reveals that the interaction term (FT × FL) produced a coefficient of -0.001 with excessive significance value of 0.939, well past acceptable statistical margins. Therefore, H5 is rejected Financial Literacy does not moderate the relationship between fintech usage and financial behavior among students on Java Island.

This lack of moderation indicates that theoretical acumen and digital transaction tools run on completely parallel, independent tracks. It directly disproves the traditional assumption that highly literate individuals will naturally exploit financial technologies more prudently to upgrade their financial habits.

Thematically, this can be explained by the stark dichotomy between declarative knowledge and procedural knowledge. Financial literacy scales predominantly evaluate academic, declarative concepts such as compound interest calculations, inflation dynamics, and portofolio diversification. Conversely, modern fintech apps are optimized entirely around user experience driven immediacy, ease, and transactional speed. In digital spaces, student financial choices are heavily dictated by instant visual stimuli, frictionless access, and aggressive marketing gimmicks like cashback rewards, rather than mathematical calculations derived from financial literacy frameworks.

This is supported by Herbert Simon's theory of Bounded Rationality, which states that human cognitive capacity for completely rational economic choices is bounded, especially under dynamic environmental stimuli (Simon, 1955). Frictionless fintech

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platforms pull users into highly intuitive, instantaneous decision making referred to by Daniel Kahneman as System 1 Thinking (Galli, 2019). Meanwhile, deploying financial literacy requires deliberate, analytical processing (System 2 Thinking), which is rarely activated during quick digital checkouts. Hence, regardless of whether a student has high or low literacy, they display statistically identical behavioral tracking when exposed to fintech.

H6: Financial Literacy moderates the influence of Financial Attitude on student' Financial Management Behavior.

The Sixth Hypothesis value (H6) assessed whether Financial Literacy acts as a moderator that amplifies or diminishes the direct impact of Financial Attitude on Financial Management Behavior. Model 3 estimations show that the interaction term (FA × FL) produced a coefficient of + 0.016 with a significance level of 0.058. Adhering to the standard 95% confidence level (α = 0.05), this pathway is statistically insignificant, resulting in the rejection of H6.

Even though the interaction can be analyzed through the lens of Overconfidence Bias in behavioral economics. Student who possess robust theoretical financial literacy can develop an inflated sense of financial competence. This conceptual mastery does not necessarily compel them to translate wise attitudes into daily self-control. Instead, academic financial knowledge without practical grounding can spawn an illusion of competence, leading students to bypass basic, yet vital financial habits like daily expense logging or impulse control.

Additionally, external ecosystem pressures easily override iinternal attitudes and literacy combinations. Students consumption habits on Java Island are heavily shaped by aggressive digital marketing, low-barrier microcredit via Paylater schemes, and rigid peer conformity. Faced with social settings that demand lifestyle adjustments or status maintenance, rational processes derived from attitudes and literacy collapse. Emotional impulses for instant gratification routinely defeat analytical accounting, causing the interaction of these variable to fail to significantly alter day to day financial management behavior.

H7: Financial Literacy moderates the influence of the Use of Financial Technology on the Financial Attitude of students on the island of Java.

The Seventh Hypothesis (H7) evaluated whether Financial Literacy moderates the influence of fintech usage on students' Financial Attitudes. Model 1 analysis shows that the interaction term (FT × FL) produced a coefficient of -0.018 with a significance value of 0.039, falling safely beneath the critical threshold. Therefore, H7 is accepted Financial

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Literacy significantly moderates the relationship between fintech usage and Financial Attitude among students in Java.

However, the negative interaction coefficient reveals am important nuance the moderation behaves in a de-intensifying or weakening direction (Negative Moderation). Methodologically, this represents Quasi Moderation, meaning Financial Literacy interacts with the independent variable while simultaneously holding potential as an independent predictor itself.

Substantively, this negative moderation highlights an inverse buffering effect across student groups. For student suffering from low to moderate financial literacy, external stimuli from fintech apps act as an incredibly potent force in building and directed their financial attitudes, this group depends heavily on integrated app features such as automated spend charts or micro saving widgets as their core frameworks for evaluating personal finance.

Conversely, for highly financially literate students, their psychological reliance on fintech to construct financial attitudes drops significantly. These students possess a grounded understanding of core financial tenets, such as risk management, the time value of money, and traditional budgeting mechanics. Because their financial worldviews are already constructed autonomously through academic knowledge, digital tool designs no longer serve as a dominant force transforming their internal financial perspectives. This reveals an important substitution effect between internal cognitive capacity (literacy) and external technology facilitation (fintech).

Research Synthesis

Integratively, the empirical findings of this study converge to revel a stark socio-economic phenomenon: the **"Financial Technology Paradox"** among university student on Java Island. This paradox is defined by a striking core contradiction: while pervasive fintech adoption successfully stimulates students' affective dimensions and builds positive financial attitudes (H1 accepted), it fails to generate any direct impact on their actual financial management behavior (H3 rejected). Furthermore, these well-formed financial attitudes face an implementation bottleneck, completely failing to transform into concrete, measurable managerial actions (H2 and H4 rejected).

This reality actively challenges the assumption of perfect linearity within the Theory of Planned Behavior (TPB) inside digital economies. In the digital era, the cognitive-behavioral bridge connecting awareness to execution has been structurally disrupted by the architecture of the fintech ecosystem itself. Rooted in *Mental Accounting* and

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Cashless Effect theories, frictionless digital outlays, single-click checkouts, and aggressive e-commerce promotions systematically erode psychological barriers to spending, effectively eliminating the pain of paying. Financial decision-making inside digital spaces is dominated by fast, intuitive processing *(System 1 Thinking)* over deliberative tracking (Galli, 2019).

Consequently, students are trapped in a state of **"Financial Split Personality".** Cognitively, they maintain highly sophisticates, prudent financial attitudes and theoretical literacy; behaviorally, they act on raw impulse to secure instant gratification and maintain lifestyle parity with peer groups under intense peer pressure.

The total rejection of Financial Literacy across behavioral paths (H5 and H6 rejected) further exposes the depth of this paradox. Purely academic financial literacy lacks the operational power to override the persuasive architecture of modern digital choices. However, the negative interaction uncovered in H7 provides a vital clue: financial literacy functions as a substitutionary control valve. It reduces students' psychological dependence on app layouts for attitude formation. This synthesis proves that building healthy digital financial behaviors cannot be left to market automation or standard cognitive curricula. Instead, it requires structural modifications in digital option architectures to actively nudge users toward disciplined financial execution.

Research Implications

Theoretical Implications

At a theoretical level, this study contributes to behavioral finance literature by mapping the *Attitude-Behavior Gap* amidst rapid financial digitalization. It verifies that traditional financial behavior models require extensive adaptation when assessing digital natives. The study offers empirical proof that financial technology acts as a disruptive variable capable of severing the causal chains linking attitudes to behaviors. Additionally, it expands Bounded Rationality applications by showing that digital user-experience designs can completely bypass an individual's cognitive financial literacy during fast transaction executions (Simon, 1955).

Practical Implications

- **For the Financial Services Authority (OJK) and Bank Indonesia:** National financial literacy campaigns must abandon purely cognitive approaches, such as passive webinars or document distribution. Regulatory bodies need to engineer standardized *Functional Digital Financial Literacy* programs that explicitly train

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students to spot and mitigate psychological risks to the cashless effect and predatory microedit/Paylater mechanics.

- **For Higher Education Institutions:** Universities across Java Island should restructure general financial curricula, shifting away from memorization toward real-world laboratory simulations and application tracking. Universities can collaborate with financial institutions to implement *Financially Conscious Campus* framework, requiring structured budgeting and micro-investing as graded academic milestones to force the conversion of attitudes into behavioral actions.
- **For Fintech Developers:** The fintech industry must expand its product goals beyond spending-driven facilitation. To preserve the long-term financial health of digital natives, developers should integrate robust *behavioral nudges.* These include automated savings lockups that prevent impulsive liquidation and strict, responsive alert systems that restrict transactions once a student surpasses self-imposed daily budget limits.

CONCLUSION

This study provides empirical insights into the digital financial paradox among university students on Java Island by examining the complex interrelationships between Financial Technology *(FT),* Financial Attitude *(FA),* Financial Literacy *(FL),* and Financial Management Behavior *(FMB).* The structural analysis demonstrates that while the rapid adoption and convenience of digital financial services successfully fosters a positive and modernized financial attitude among students, neither technology integration nor well-formed mindsets directly translate into sound, real-world financial management behaviors. This critical disconnect breaks the traditional linear pathways assumed in behavioral finance, revealing a substantial cognitive-behavioral gap where students' prudent financial perspectives fail to manifest as disciplined budgetary execution in their day-to-day lives.

Furthermore, the investigation into the underlying mechanisms reveals that Financial Attitude does not serve as a viable mediating bridge within this framework. This mediation failure highlights as a structural bottleneck: when exposed to a highly frictionless digital transaction ecosystem, students' positive financial attitudes easily collapse under the weight of short-term gratification and heavy peer pressures. Similarly, the study disproves the notion that academic financial acumen can easily curb digital consumerism, as Financial Literacy fails to moderate the direct behavioral pathways toward financial management. However, a significant negative interaction is identified

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where financial literacy acts as a substitute control value; highly literate students display a lower psychological reliance on fintech app features to construct their financial worldviews compared to their lower-literate peers.

Given that this study focuses on a cross-sectional snapshot of university students on Java Island, the findings should be interpreted within these geographical boundaries. To mitigate the digital financial paradox among the younger generation, macro-stakeholders like financial regulatory bodies and application developers must transition from purely theoretical literacy to functional, behavioral-driven nudges. Implementing automated budgeting guardrails, transaction cool-down periods, and hard saving lockups within financial applications will be vital to help students structurally convert their sophisticated financial attitudes into actual, disciplined financial management behaviors.

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