

The Role of Lifestyle In Mediating The Influence of Financial Literacy And Financial Inclusion on The Financial Behavior of PT PNM Employees

Faisal Faisal¹

¹Perbanas Institute, Indonesia

Hedwigis Esti Riwayati²

²Perbanas Institute, Indonesia

Corresponding Author: faisalgading123@gmail.com

Abstract

This study aims to examine the influence of financial literacy and financial inclusion on employees' financial behavior, as well as to test the role of lifestyle as a mediating variable in these relationships. The research was conducted on employees of PT Permodalan Nasional Madani Aceh Branch using a quantitative approach with a survey method involving 100 respondents. Data analysis was carried out using Structural Equation Modeling–Partial Least Square to test the direct and mediating relationships between variables. The findings reveal that financial literacy influences financial behavior, and financial inclusion also influences financial behavior. However, financial literacy does not affect lifestyle, while financial inclusion influences lifestyle. Lifestyle significantly affects financial behavior. Nevertheless, this study shows that lifestyle cannot mediate the relationship between financial literacy and financial behavior, nor between financial inclusion and financial behavior. These results emphasize the importance of financial literacy and financial inclusion in shaping positive financial behavior, with lifestyle serving as a significant direct supporting factor but not as a mediator. Efforts to enhance financial literacy and improve access to financial inclusion can serve as key strategies for improving employees' financial behavior.

Keywords: lifestyle, financial literacy, financial inclusion, financial behavior.



INTRODUCTION

The ease of access to social media and financial services in the modern era makes employees, especially the younger generation, face challenges in making wise financial decisions. The rapid flow of information, a consumptive lifestyle, and the pressure to follow a standard of living that is often displayed on social media make them more vulnerable to allocating income to follow a hedonistic lifestyle, such as regular online shopping and other unplanned expenses. In addition, the result of employees who do not fully understand the importance of good financial planning and management. In the past two years, there have been at least three reports of employees from the younger generation who have just started working to get caught up in illegal investments with the promise of instant profits but leading to financial losses.

Table 1. Occurrence of Illegal Investment

Year	Number of Incidents	Motif/Mode	Intermediary Media	Korban
2023	1x	Illegal Investments through Money Game	WAG/ Telegram	Young Employee, tenure <3 year
2024	2x	Illegal Investments through Money Game	WAG/ Telegram	Young Employee, tenure <3 year

Source: Researcher

Table 1 shows the number of incidents of employees who are trapped in illegal investments that ensnare young people, even though the frequency of occurrence is only 1 (one) time a year. The same incident in 2024 with a total of 2 (two) incidents, but it is quite attention-grabbing considering that there are losses caused both morally and materially. The incident disrupted the stability of employee activities and other office operations. This phenomenon reflects low financial literacy, which makes it difficult for employees from the younger generation, especially to distinguish between legal and illegal investments and risks without careful consideration.

Veronica & Marsono (2023) explained that people who have a high level of financial literacy, or called financial literacy, are less likely to be susceptible to financial fraud. On the other hand, people with low financial literacy are said to be not financially literate, so they are easily influenced and trapped in financial fraud. Riwayati et al. (2021), argue that financial literacy aims to increase public understanding of various aspects of financial institutions, especially the banking



sector. This includes knowledge of financial functions, products, facilities, and services, so that all levels of society can access and understand the information more easily and thoroughly. This effort is expected to support better financial decision-making and increase financial inclusion in society

The Financial Services Authority (OJK) conducts a survey nationally every three years to measure the level of financial literacy and inclusion. In 2024, the first one will involve BPS (Central Statistics Agency), with the results of measuring the financial inclusion index in Indonesia reaching 75.02 percent, and financial literacy at 65.4 percent. These results show that although many groups of people access financial products, not all have enough understanding to make wise financial decisions. Basically, financial inclusion must be balanced with financial literacy. This phenomenon shows the need for more intensive education efforts by related parties and institutions.

The influence of financial literacy and inclusion on financial behavior is not entirely determined by these factors alone, but is also influenced by a person's lifestyle. Lifestyle is a pattern of behavior that reflects a person's values, preferences, and personality, including in terms of spending and consumption. Previous research conducted by (Tang, 2016) revealed that a consumptive lifestyle can result in unhealthy financial behavior, where individuals are more likely to prioritize spending on lifestyle needs over basic needs or long-term investments. Lifestyles often blur the lines between needs and wants, so employees tend to prioritize lifestyle fulfillment over long-term financial stability. For example, individuals often spend money on luxury items or vacations without good planning, which ultimately leads to overspending.

Veronica and Marsono (2023) explained that financial behavior refers to the attitude or action of individuals in managing their finances so that they can be managed effectively. This behavior is closely related to consumption habits, including among employees. Not always employees with large incomes are able to manage expenses optimally. In general, an increase in income is often followed by an increase in expenditure that can even exceed the additional income itself (Meghir & Pistaferri, 2010). Financial behavior is an important concern, especially in the context of an organization or company, including among employees. The main problem faced is the low understanding of financial behavior. One of the factors that affect financial behavior is the level of income, where large income can cause problems if it is not accompanied by adequate financial literacy (Dilasari et al., 2021).

This phenomenon can be explained by certain lifestyle characteristics, such as consumptive and hedonistic behavior, which tend to negatively impact financial behavior. An



excessive lifestyle often triggers an increase in fund spending, thereby lowering the level of financial health of individuals. As a result, the individual has difficulty in allocating and managing finances effectively. In contrast to Ajzen's theory (2011), which states that lifestyle as part of demographic factors should encourage self-control. An ideal lifestyle is expected to limit wasteful actions and encourage spending according to the plan. Therefore, these findings indicate the need for a deeper understanding of the relationship between lifestyle and financial behavior in a variety of contexts.

Based on existing phenomena and the results of previous research, it shows inconsistencies and opens up new research opportunities, especially by placing lifestyle as a mediator in the influence of financial inclusion on financial behavior. Therefore, the latest research is needed that can provide an answer to this issue. The subject of the study was selected from employees of non-bank institutions, namely PT Permodalan Nasional Madani (PNM).

THEORETICAL REVIEW

Financial Literacy

The Indonesian government emphasizes the importance of financial literacy to improve public welfare and financial system stability. Since 2013, the Indonesian National Financial Literacy Strategy (SNLKI) has been developed to strengthen public understanding in managing finances (Brilianti & Kautsar, 2020). According to OJK (2016), financial literacy includes knowledge, skills, and competencies in managing finances, understanding financial products, and recognizing rights and obligations as customers. Veronica and Marsono (2023) added that financial literacy involves skills in financial planning, investment, and budget management to achieve prosperity.

The Financial Services Authority (2024) classifies financial literacy in four levels: 1) Well Literate—understanding and using financial services optimally; 2) Sufficient Literacy — understanding financial services but not using them to the fullest; 3) Less Literate—having a basic understanding but lacking confidence in using them; and 4) Not Literate—not having a financial understanding. The study of Chen and Volpe (1998) also showed that higher financial understanding contributes to wiser financial decision-making.

Organization for Economic Co-operation and Development (2016) identify three main indicators of financial literacy, namely: 1) Financial Knowledge – the ability to understand and compare financial services; 2) Financial Behavior – money management practices such as saving and paying bills on time; and 3) Financial Attitude—a priority between short-term needs and long-term financial security.



Chen and Volpe (1998) also emphasized four main aspects of financial literacy: basic understanding of personal finance, savings and loans, insurance, and investment. Good financial literacy allows individuals to manage their finances more effectively to achieve future prosperity.

Financial Inclusion

Financial inclusion is access to and utilization of affordable, quality, and sustainable financial services to improve people's welfare (OJK, 2024). This includes the participation of individuals and businesses in using financial services from banks and non-bank institutions (Riwayati, 2017). Increasing financial inclusion is expected to support economic stability and community welfare at large.

According to Bank Indonesia (2016), the main factors affecting financial inclusion include: 1) Access, the ability of the public to open and use formal financial services; 2) The use, frequency and duration of the use of financial products and services; 3) Quality, the extent to which financial services meet the needs of users. In addition, individual factors such as age, gender, education, and income also play a role in determining the level of financial inclusion (Zs et al., 2023).

Based on OJK (2012), financial inclusion is measured through four main indicators consisting of: 1) Availability of Access – the convenience of the public in obtaining financial services; 2) Usage – the extent to which the public actively utilizes financial products; 3) Quality – the suitability of the service to the needs and satisfaction of the user; 4) Welfare – the impact of financial services on people's living standards (Markonah et al., 2024).

Lifestyle

Lifestyle is an individual's lifestyle that is expressed through their activities, interests, and opinions (Wahyuni et al., 2019). This concept reflects an individual's interaction with the environment and influences their behavior and financial management (Jannah et al., 2023). An employee's lifestyle is usually influenced by their income, work environment, and social norms in the workplace, rather than by their level of financial literacy. Employees with high financial literacy may choose to prioritize financial stability through savings or investments rather than adjusting their lifestyle. Lifestyle often reflects consumption patterns, resource management, and decision-making that are closely related to the social and personal values possessed by individuals (Dew et al., 2011). Individuals who have a good financial understanding tend to be more conservative in their spending, especially if they are facing economic uncertainty or stress at work.

Sheth et al., (1991) explain that lifestyle reflects a broader pattern of consumer behavior,



including how they prioritize spending and choose products or services that suit their preferences. In the context of financial behavior, a more consumptive lifestyle tends to encourage individuals to allocate most of their income to non-basic expenses, such as entertainment, fashion, or luxury goods. In contrast, individuals with a more frugal and planned lifestyle will tend to be wiser in managing their finances, focusing more on savings, and planning long-term investments. In addition, lifestyle is also related to a person's level of financial awareness. Individuals with lifestyles that prioritize social status or material consumption tend to be more influenced by external factors, such as social trends or environmental influences, which can drive uncontrolled spending behavior. On the other hand, individuals with a simpler, more conservative personal value-based lifestyle tend to manage their finances more carefully and are oriented towards long-term financial goals.

Various previous studies that place lifestyle as a mediating variable (Oktafikasari & Mahmud, 2017; Isnawati & Kurniawan, 2021; Widiastuti, 2023; Hidayanti et al., 2023; Latifa & Santoso, 2024) revealed that there is a positive influence of independent variables on dependence through lifestyle as mediators. Research by Dewi & Darma (2021) also shows that the higher the level of lifestyle (fully mediated) that affects financial literacy, the better financial management behavior. In addition, lifestyle also affects (partially mediated) the relationship between income and financial management behavior. This finding is reinforced by the research of Kusnandar et al. (2022), which states that lifestyle plays a mediator role in the relationship between financial literacy and mental accounting on financial behavior.

Financial Behavior

Financial behavior is an application of psychology in the field of finance that explains how individuals (investors) make decisions related to finance (Lubis et al., 2016). Psychological factors such as attitudes, knowledge, and experiences are highly influential in daily financial decision-making, including investment and financial management (Kusnandar et al., 2018; Rohmanto, 2021).

Financial behavior includes a variety of activities, such as planning, budgeting, controlling, auditing, disbursing, and storing funds for the future. The main factors that influence financial behavior include: financial literacy, financial attitudes and locus of control. Financial behavior change is not a spontaneous process, but a planned, long-term, and permanent action (Risman et al., 2024). Intention in changing financial behavior can be in the form of actions and conditions. Action is the first step in behavior change, such as increasing financial literacy and literacy. Meanwhile, conditions are external factors that drive behavior change, such as increased financial



inclusion. Financial behavior is often triggered by the need of individuals to adjust financial management to their income level (Al Kholilah & Iramani, 2013). A good understanding of financial concepts is the basis for the growth of wise financial behavior, which is beneficial for short-term and long-term financial well-being, including retirement and investment planning (Nur et al., 2023).

METHODOLOGY

The data analysis in this study uses SmartPLS software to process the Structural Equation Modeling (SEM) model based on Partial Least Square (PLS). The reason for choosing the data analysis method with SEM-PLS, this analysis tool is able to provide optimal results to test the influence of financial literacy and lifestyle-mediated financial inclusion on the financial behavior of employees of PT PNM Aceh Branch.

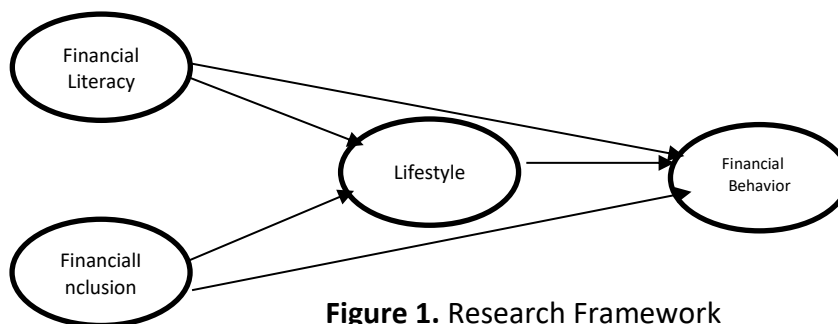


Figure 1. Research Framework

RESULTS AND DISCUSSION

Results

The outer model analysis in SEM ensures the validity and reliability of the indicator before analyzing the relationships between constructs. Convergent validity was evaluated through loading factor (>0.7) and AVE (>0.5). Discriminant validity was tested by cross-loading and comparison of the square root of AVE with the correlation between constructs. The reliability of the construct is assessed through Composite Reliability (CR) and Cronbach's Alpha, with an ideal value of >0.70 . For formative indicators, additional tests such as significance of weights and multicollinearity ($VIF \leq 10$) are needed to ensure there are no excessive correlations affecting model estimates. **Table 2** shows that all indicators have an **outer loading value** of > 0.7 , so the research instrument is valid.

Tabel 2. Output Outer Model

Variable	Discriminant Validity (Fornell-Larcker)	Composite Reliability	Cronbach Alpha	VIF
Lifestyle	0.816	0.886	0.845	1.845
Financial Inclusion	0.253	0.911	0.881	1.802
Financial Literacy	0.213	0.922	0.898	1.073
Financial Behavior	0.178	0.931	0.911	1.802

Source: Output PLS

The results of the Outer Model test show that all constructs meet the validity and reliability requirements: 1) Discriminant validity, each variable has a higher AVE square root value compared to its correlation with other variables, showing good discriminatory validity; 2) Composite reliability & Cronbach's Alpha, all variables have a CR of > 0.7 and $\alpha > 0.7$, signifying high reliability and good internal consistency; 3) The VIF value of < 5 indicates that there is no multicollinearity problem, so the relationship between variables can be well analyzed in the SEM model.

The Inner Model in SEM shows the extent to which the constructs in the model have a strong and significant relationship.

Table 3. R Square Coefficient of Determination

Variable	R-square	R-square adjusted
Lifestyle	0.068	0.049
Financial Behavior	0.737	0.729

Source: Output PLS

The results of the Coefficient of Determination (R^2) evaluation showed that the Lifestyle variable had an R^2 value of 0.068, which indicates that the influence of the predictor on this variable is very weak. Meanwhile, the Financial Behavior variable has an R^2 of 0.737, which means that 73.7% of its variability can be explained by independent variables, indicating that the model has high predictive power.

Table 4. Size F Square Effect

Variable	Lifestyle	Financial Behavior
Lifestyle		0.001



Financial Inclusion	0.024	0.030
Financial Literacy	0.004	1.270

Source: Output PLS

From the results of the Effect Size (F^2), the influence of Lifestyle on Financial Behavior is only 0.001, which is very small. Meanwhile, the effect of Financial Inclusion on Financial Behavior of 0.030 shows a weak effect, but it is still significant. The most dominant is Financial Literacy on Financial Behavior with an F^2 of 1,270, which shows a very strong influence (>0.35). This indicates that Financial Literacy is the main factor that affects Financial Behavior compared to other variables.

Hypothesis Tests

Based on the research data that has been carried out, the results can be used to answer the hypothesis in this study. The hypothesis test in this study was carried out by looking at T-statistics values and P-value. The research hypothesis can be declared accepted if the P-value < 0.05 . The following are the results of hypothesis tests obtained in this study through the inner model.

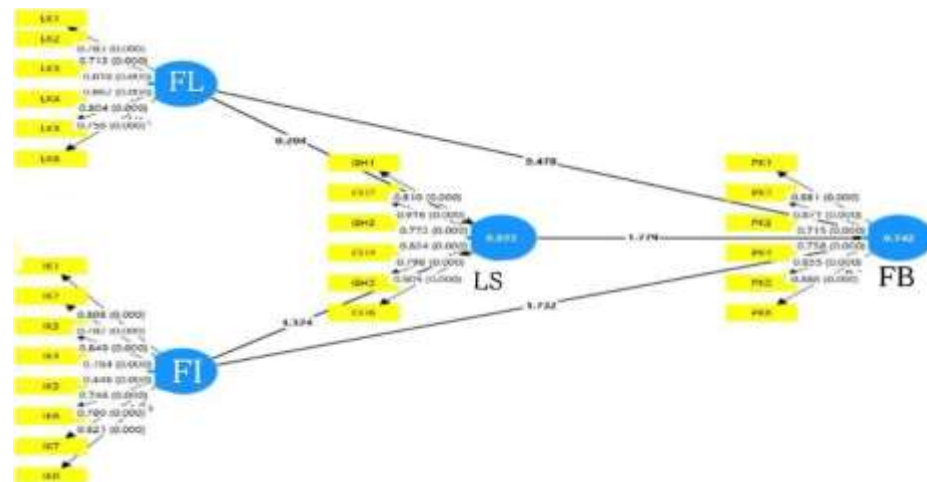


Figure 2. Boot strapping Results

Table 4 is the result of the Boot strapping model of the influence of financial literacy and financial inclusion of PT PNM employees on financial behavior directly and mediated by lifestyle.

Table 4. Results of Hypothesis Testing

	Hypothesis	T Statistic	P Values	Result
H ₁	Financial literacy → Financial behavior	9.478	0.000	Significant
H ₂	Financial inclusion → Financial behavior	1.732	0.042	Significant
H ₃	Financial literacy → Lifestyle	0.204	0.419	Insignificant
H ₄	Financial inclusion → Lifestyle	1.324	0.093	Significant
H ₅	Lifestyle → Financial behavior	1.779	0.038	Significant
H ₆	Financial literacy → Lifestyle → Financial behavior	0.941	0.173	Insignificant
H ₇	Financial inclusion → Lifestyle → Financial behavior	0.144	0.443	Insignificant

Source: Output PLS

Financial literacy has a significant positive influence on financial behavior (t-statistic = 9.478; $p = 0.000$), which shows that the higher a person's financial literacy, the better his financial behavior will be. Financial inclusion also had a significant positive effect on financial behavior (t-statistic = 1.732; $p = 0.042$), although the effect was smaller than that of financial literacy.

Financial literacy has no effect on the lifestyle of employees of PT PNM Aceh Branch (t-statistic = 0.204; $p = 0.419$), which indicates that financial understanding does not always determine the lifestyle of individuals. Meanwhile, financial inclusion has a significant influence on lifestyle (t-statistic = 1.324; $p = 0.093$), suggesting that access to financial services can affect the way a person lives his or her life.

Lifestyle also had a positive and significant effect on financial behavior (t-statistic = 1.779; $p = 0.038$), confirming that a consumptive or frugal lifestyle can determine how a person manages finances. However, lifestyle cannot mediate the influence of financial literacy or financial inclusion on financial behavior ($p > 0.05$), which means that these two factors have a more direct impact on financial behavior without going through lifestyle changes as an intermediary.

DISCUSSION

Financial literacy, which includes an understanding of basic financial concepts, such as interest, inflation, and budget management, provides an important foundation for individuals to



make rational financial decisions. This is in line with the Theory of Planned Behavior (TPB) proposed by (Ajzen, 2011) which states that a person's behavior is determined by intentions and abilities that are influenced by attitudes, subjective norms, and perceptions of control over that behavior. In the context of finance, good literacy allows individuals to have confidence and control over their financial decisions, thereby reducing the risk of mistakes in financial management. A study by (Lusardi et al., 2014) shows that financial literacy has a strong correlation with wise financial decision-making, including long-term financial planning, savings, and investments.

High financial literacy also helps employees in managing their personal finances. With fixed incomes and fluctuating economic challenges, such as rising costs of living or sudden needs, financial literacy provides the ability for employees to set financial priorities, save, and avoid consumptive debt. (Huston, 2010) emphasizes that financial literacy includes not only technical understanding, but also the ability to apply that knowledge in real life. Thus, employees who have good financial literacy tend to have higher financial stability, which can ultimately increase their focus and productivity at work.

As a company that focuses on the development of Micro, Small, and Medium Enterprises (MSMEs), PT PNM relies on its employees to provide assistance and education to customers regarding financial management. Good financial literacy in employees allows them to provide appropriate and solutive direction to customers, such as how to prepare business budgets, manage cash flow, and use financing effectively. Employees who understand the basic concepts of finance well can be role models for customers in implementing healthy financial behavior, thereby increasing the effectiveness of their work interactions.

Therefore, companies can consider organizing an ongoing financial literacy training program for their employees. In addition to helping improve the quality of life of employees, this program also strengthens their competence in carrying out work duties. With employees who have good financial behavior, PT PNM not only contributes to the welfare of employees but also to the achievement of the company's goals in supporting the economic empowerment of the community.

The financial inclusion of PT PNM Aceh Branch employees has a significant positive influence on financial behavior. These findings signal the importance of access to formal financial services, such as savings, credit, and insurance, in influencing individuals' ability to manage their finances more effectively. Financial inclusion provides individuals with the opportunity to access a range of financial products that not only improve financial well-being, but also encourage more planned and structured financial behavior. These findings are in line with the statement of the Alliance for Financial Inclusion (2017), which emphasizes that access to formal financial services allows



individuals to have better control over their income and expenses. By having access to financial products, individuals can more easily set aside funds for saving, managing debt, or investing, which in turn improves their long-term financial well-being. Financial inclusion also provides a sense of security and anxiety, which can reduce financial stress and lead to more informed financial decision-making.

Klapper et al. (2018) found that financial inclusion plays an important role in improving individual financial stability and better financial behavior, especially in developing countries. Access to formal financial services helps individuals to avoid reliance on informal loans that often have high interest rates and adverse conditions. Additionally, financial inclusion provides an opportunity to plan for the future, such as by saving for education or retirement, which contributes to long-term financial stability.

Practically, financial inclusion also plays a role in creating awareness of the importance of financial planning and risk management. Individuals who are connected to the formal financial system tend to be more educated about financial products that can help them manage their finances more effectively. For example, those who have access to credit may be more cautious in making debt decisions and more focused on larger financial goals, such as buying a home or investing for the future. Therefore, financial inclusion not only has an impact on individual financial management, but also on overall financial behavior, which has implications for a better quality of life.

Financial literacy has no influence on lifestyle. These results indicate that an individual's financial understanding, while important for better financial management, does not directly affect a person's lifestyle patterns. In the context of employee work, these results can be explained through the argument that financial literacy is more often applied to technical aspects such as budget planning, debt management, and investment, rather than influencing consumption preferences or lifestyle decisions. (Huston, 2010) states that financial literacy focuses on cognitive abilities in understanding basic financial concepts, while lifestyle tends to be influenced by personal values, social environment, and individual aspirations.

Employee jobs often involve time constraints and work pressure, which can reduce their focus on lifestyle adjustments. In these situations, financial literacy may be geared more towards practical decision-making, such as debt management or household spending, than a lifestyle that reflects aspirational values. Therefore, while financial literacy is important for financial success, its influence on lifestyle is more indirect and requires interaction with other variables such as income, social influence, and personal preferences. Thus, companies can strengthen the influence of



financial literacy on lifestyle through more holistic financial training programs, which not only teach money management, but also integrate awareness of the importance of balancing lifestyle and financial needs in the context of employees' work.

Financial inclusion has a significant positive influence on lifestyle. This indicates that access to financial services, such as bank accounts, credit, or insurance, can influence an individual's consumption patterns and lifestyle decisions. The availability of financial services not only allows for better financial management, but it also influences how individuals spend their income on specific needs and desires. The results of this study are supported by the findings of Alt et al. (2018); Fungky et al. (2022) which showed that access to formal financial services can improve the subjective well-being of individuals. Financial services provide a greater sense of security and flexibility in managing finances, so that individuals feel better able to make consumption decisions that support their desired lifestyle. Financial inclusion provides a tool for individuals to strike a balance between their economic needs and social aspirations. Financial inclusion can open up opportunities to improve their quality of life through access to credit for education, housing, or investment, which in turn affects their lifestyle. Access to financial services also allows employees to better plan their expenses and support more planned consumption, such as participating in leisure activities, purchasing branded products, or following certain lifestyle trends.

It is important to note that the influence of financial inclusion on lifestyle can vary depending on the cultural context, income level, and individual priorities. Low-income employees, for example, may take advantage of access to financial services primarily to meet basic needs, whereas those with higher incomes may take advantage of those services to improve their lifestyle. Therefore, efforts to expand financial inclusion need to be balanced with financial education so that individuals can use this access wisely, not only for consumption, but also to improve long-term welfare.

The lifestyle of PT PNM Aceh branch employees has a significant positive influence on financial behavior. This suggests that an individual's lifestyle preferences, which reflect their values, aspirations, and priorities, can influence how they manage and allocate their finances. Lifestyle can influence their decisions regarding income management, including how they manage their personal budgets, spending on primary and secondary needs, and investment decisions. Employees with a more consumptive lifestyle may be more prone to overspending or debt, while those with a more frugal lifestyle may be more focused on achieving financial goals, such as saving for retirement or buying a house.

An understanding of lifestyle is essential for companies to design appropriate financial education or training programs. Companies can introduce financial programs that encourage



employees to manage their finances according to a more balanced lifestyle, so that they can improve their long-term financial well-being without sacrificing quality of life. These findings are supported by the results of research by Latifa & Santoso (2024); Dewi & Darma (2021) who stated that lifestyle has a significant positive effect on financial behavior.

This study shows that lifestyle is not able to mediate the influence of financial literacy and financial inclusion on financial behavior. These findings indicate that lifestyle does not function as a significant mediator in influencing financial literacy and financial inclusion on financial behavior. On the contrary, lifestyle plays a more role as a factor that directly affects financial behavior. Financial literacy and inclusion have a more dominant influence independently.

This finding is in line with the results of research by Joo & Grable (2004) which states that lifestyle is not able to mediate the influence of independent variables on financial behavior. In contrast to the results of the research of Isnawati & Kurniawan (2021); Dewi & Darma (2021); Kusnandar et al. (2022); Hidayanti et al. (2023); Latifa & Santoso (2024) stated that lifestyle cannot mediate the influence of financial knowledge on financial behavior. Lifestyle is seen as a determining factor in how individuals manage their expenses and savings. Lifestyle often reflects consumption patterns and priorities that influence daily financial decisions, regardless of financial literacy or access to formal financial services. In other words, lifestyle is more influenced by deeply personal, social, and cultural factors, which are not necessarily directly related to the level of financial literacy or access to financial resources.

Financial literacy and financial inclusion show a stronger and more direct influence on financial behavior without going through lifestyle. Individuals who have a good level of financial literacy tend to make more rational financial decisions, such as saving, investing, or avoiding debt. Financial literacy provides individuals with the ability to understand and manage financial risk. In addition, a more consumptive or more frugal lifestyle is not always affected by the level of financial literacy. For example, a person who has high financial literacy but adheres to a consumptive lifestyle can still spend their money on unproductive expenses. Conversely, someone with a more conservative lifestyle may prefer to save or invest, despite having a lower level of financial literacy. Therefore, while lifestyle can directly influence financial behavior, its influence is not strong enough to be a mediator between financial literacy and financial behavior.

These findings underscore the importance of a multidimensional approach in understanding individual financial behavior. Financial literacy and financial inclusion remain key factors in shaping good financial decisions, but other factors, such as lifestyle, personal aspirations, and social norms, also directly influence financial behavior. Therefore, financial education policies and programs need



to consider these various factors to create a more holistic understanding of individual financial behavior.

CONCLUSIONS AND RECOMMENDATIONS

Financial literacy, financial inclusion and lifestyle of PT PNM Aceh Branch employees are able to influence their financial behavior. Individuals with higher financial literacy tend to manage their finances better, including debt management and investment planning. Access to formal financial services allows individuals to manage their finances more effectively and in a structured manner. Individuals with a consumptive lifestyle tend to manage their finances impulsively, while those who are more frugal have better financial planning.

The financial literacy of PT PNM Aceh Branch employees is not able to affect their lifestyle. This indicates that although employees have a good understanding of finance, however, it does not directly change their consumption patterns. Financial Inclusion of PT PNM Aceh Branch employees is able to influence their lifestyle. Where wider access to financial services allows employees to meet consumption needs more easily. Therefore, increasing access to finance needs to be balanced with a better understanding so as not to behave excessively consumptively.

The lifestyle of PT PNM Aceh Branch employees is unable to mediate the influence of financial literacy and financial inclusion on their financial behavior. Financial literacy and financial inclusion play a more direct role in influencing employee financial behavior.

To improve financial literacy and financial inclusion of employees, PT PNM Aceh Branch can hold socialization and training on financial literacy which includes: available financial products, so that employees can be more confident in taking advantage of safe and profitable financial facilities.

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