

# THE IMPACT OF FINANCIAL LITERACY AND HEDONISM LIFESTYLE TOWARD FINANCIAL MANAGEMENT (STUDY OF STUDENTS OF UNIVERSITAS DIPONEGORO)

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**Abstract:** A person's level of well-being can be seen from how well a person manage the finances. Financial literacy is believed to help people to manage finances well and achieve financial goals in the future. The better a person's understanding of financial literacy, the wiser a person in managing finances. On the other hand, a hedonism lifestyle encourages someone to behave consumptively which can worsen the quality of a person's financial management. Students are in a transition period towards adulthood. The skills that students must have before entering adulthood and the world of work are skills in managing finances well, but sometimes students are still unable to manage finances well and some of the students have a lifestyle that tends to be hedonistic. This research aims to analyse the influence of financial literacy and hedonism lifestyle on financial management behavior in Universitas Diponegoro students. Using a quantitative approach, this research involved 330 active students selected using purposive sampling techniques. Data collection was conducted through questionnaires and analysed using SmartPLS software. The results showed that financial literacy has a positive and significant influence on students' financial management behavior. In addition, a hedonism lifestyle was found to have a significant influence, although smaller than financial literacy, on students' financial management. These findings suggest that increasing financial literacy can help students manage their finances better, while a hedonistic lifestyle tends to contribute to less than optimal financial management behavior.

**Keywords:** Financial Literacy; Hedonism Lifestyle; Financial Management

## Background

Money is an essential element in modern life. Almost all activities, from shopping for daily necessities, paying bills, to pursuing education and a luxurious lifestyle, require money. However, does having a lot of money always guarantee happiness and well-being? The answer is, not always. A person's well-being is more than just the amount of money a person have; the ability to manage finances well is the real key to a more peaceful and planned life (Lusardi & Messy, 2023).

Financial literacy is the ability to understand and apply basic concepts of money management, such as budget planning, saving, investing, and debt management. Research from the Journal of Financial Literacy and Wellbeing states that individuals with good financial literacy tend to have stronger financial balance, reduce stress, and have more savings for the future (Lusardi & Messy, 2023). The meaning of financial literacy according to OJK (2024) is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity.

The National Financial Literacy and Inclusion Survey (SNLIK) conducted by OJK is a survey that aims to evaluate as well as map the condition of financial literacy and inclusion in Indonesian society. This survey is conducted every 3 years starting in 2013. Since the start of the survey in 2013 until the most recent, in 2024, the financial literacy index of the Indonesian people appears to be increasing. This is evident from the results obtained by OJK through a survey, in 2013 the financial literacy index was 21.84%, followed by the following 3 years, in 2016 with a rate of 29.70%, then in

2019 it was 38.03%, in 2022 with an acquisition of 49.68% and in 2024 the financial literacy index of the Indonesian people is 65.43% (OJK & BPS, 2024).

However, the 2024 OJK SNLIK report shows that financial literacy among students is at 56.42%, which is lower than the national average of 65.43%. Although there has been an increase in overall financial literacy in Indonesia, students are still in the group with a relatively low level of financial literacy (OJK & BPS, 2024). OJK states that one of the impacts of low financial literacy is the high level of fraud under the guise of investment, where most Indonesians are trapped in fraudulent investment schemes due to a lack of understanding about safe and profitable investments. This low understanding of financial literacy makes people easily influenced by the lure of large profits from illegal investment schemes (Rahadian, 2022).

Apart from illegal investment, the impact of the low level of financial literacy in Indonesian society is that they are trapped in online lendings, both legal and illegal. Based on an OJK survey, this lack of understanding of financial literacy makes people get into online lending debt and to pay off these loans people use illegal online lendings (Raharjo, 2023). Cases such as fraud under the guise of investment and online lending traps also happen to many students. The background to this problem is a lack of understanding of financial literacy among students and also the encouragement of a hedonistic lifestyle.

The hedonism lifestyle is a lifestyle that only prioritizes pleasure and satisfaction. The word hedonism comes from the Greek word 'hedone' which means pleasure. The hedonic lifestyle is a lifestyle that believes that happiness can only be obtained by seeking as much pleasure as possible. Habits such as hanging out in expensive cafes, eating at fancy restaurants, watching movies in cinemas and so on, can become bad habits if done too often and unknowingly can be a triggering factor in increasing student spending (Parmitasari et al., 2018). The level of consumption that aims only for the pleasures of life will affect a person financial management (Pulungan et al., 2018).

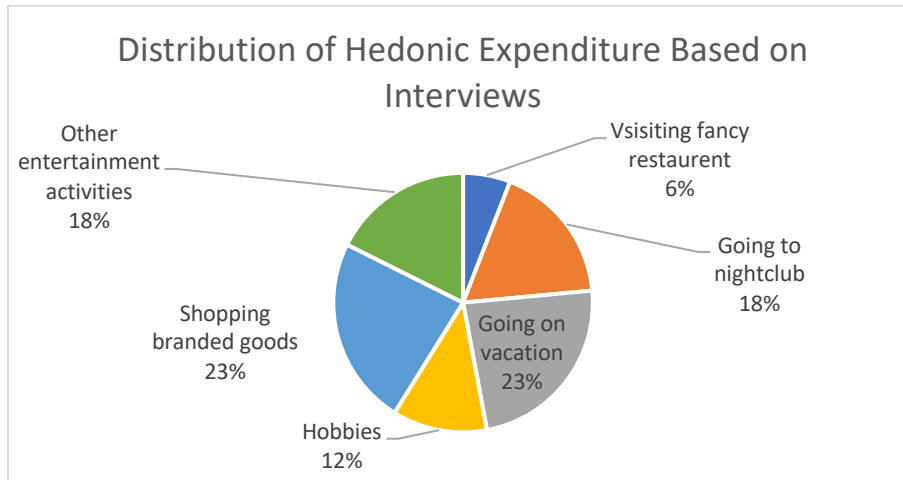
Many students in Indonesia have fallen into the trap of using online lending (pinjol) due to the pressure of a hedonism lifestyle. This type of lifestyle is characterized by the pursuit of immediate gratification and consumerism, is strongly associated with Fear of Missing Out or FOMO and the desire to indulge in trendy and pleasurable experiences. As a result, it leads students to borrowing money through online lending platforms to maintain their social status or satisfy lifestyle desires, despite the long term financial risks. Recent research from UGM showed that nearly 60% of university students' problems is financial problems, many students turning to online lending as a quick problem fix (Priatmojo, 2024).

Illegal online lending practices (pinjol) often offer easy access to credit with minimal requirements, but with very high interest rates and intimidating debt collection, which adds to the burden on borrowers. Many cases in Indonesia show that these illegal pinjol are not registered with the OJK and operate without adequate supervision, causing many consumers to be trapped in debt with unreasonable interest rates and unlimited fines. Collection from illegal pinjol is often carried out in a harsh manner, including threats and harassment, which aims to pressure borrowers to pay immediately. Some cases even involve the distribution of borrowers' personal data as a form of intimidation (OJK, 2021).

Several studies have shown that hedonism affects a person in managing their financial resources. The hedonism lifestyle affects a person's financial management (Sampoerno & Asandimitra, 2021). Influence of a hedonism lifestyle on financial management is negative influence, which means that the more hedonistic a person's lifestyle is, the worse a person ability to manage finances. Other studies

also show results that the hedonism lifestyle has a negative effect on financial management. Hedonism lifestyle has a significant effect on student financial management behavior, with the more hedonistic student lifestyles the worse the ability to manage student finances (Pulungan et al., 2018).

In interviews with several students of Universitas Diponegoro, it was revealed that some of students support a hedonistic lifestyle as a way to enjoy life and celebrate personal achievements. These students consider a hedonistic lifestyle as a form of self-appreciation, for example by buying branded goods, visiting fancy restaurants, going to the nightclub or following the latest trends. Here are the percentage of hedonist activity according to the respondent answers from interview



**Picture 1. Distribution of Hedonic Expenditure of Undip Students Chart**

As we can see from the data, going on vacation and shopping branded goods has the highest percentage with the number of 23%, going to the nightclub and other entertainment activities is at 18%, hobbies 12% and lastly visiting fancy restaurant is at 6%. However, some students also admit that this habit sometimes has a negative impact on financial condition, especially when spending exceeds income. Several other students have a more moderate view, stating that they try to limit excessive spending and prioritize needs over wants. This shows that a hedonistic lifestyle, although it provides momentary emotional satisfaction, can be a challenge in maintaining financial balance, especially for students who have a limited budget. This phenomenon reflects the importance of financial literacy in helping students manage finances wisely, while also highlighting the potential risks of the influence of a hedonistic lifestyle on personal financial management (primary data, 2024).

However, having good understanding in financial literacy is proven to improve skills in financial management. For students, insufficient financial literacy and expertise frequently lead to poor money management, increased stress, and trouble focusing (Novitasari et al., 2021). Furthermore, financial literacy has a significant impact on financial decision making, there are 3 main roles of financial literacy, namely Financial literacy plays an important role in the process of good financial planning, financial literacy plays an important role in making the right financial decisions, and finally financial literacy plays a role in achieving financial prosperity (Yuwono et al., 2023). A student's financial management and decision making will be better if their understanding of financial literacy is also good. Students who have a higher understanding of financial literacy have better financial management abilities than students who have a low understanding of financial literacy (Aslam & Bamatraf, 2023). However, there are still many students whose understanding of financial literacy is still relatively low.

The increase in financial literacy rates over recent years is encouraging, but the prevalence of fraudulent investment schemes and the susceptibility of individuals, especially students, to online lending traps highlight significant gaps in financial knowledge and skills. The rise of unethical practices by online lending providers, such as intimidation of debt collection and non-transparent interest, is increasingly disturbing, especially among students. With low financial literacy, students are easily trapped in a cycle of debt. The impact of hedonistic lifestyles further exacerbates financial mismanagement, leading to debt and economic hardship. This underscores the importance of comprehensive financial education, which should start early and continue throughout life.

For this reason, researchers are interested in conducting a study entitled "The Impact of Financial Literacy and Hedonism Lifestyle Toward Financial Management" which aims to determine the level of understanding of financial literacy among students, and also to find out whether the hedonic lifestyle of students are able to influence student's financial management. The study is conducted at Universitas Diponegoro, Semarang, Indonesia. Students were chosen as research subjects because students are the nation's next generation who will lead this nation in the future, as is the goal of a golden Indonesia in 2045 (Rurit & Dewanto, 2021). Meanwhile, Universitas Diponegoro was chosen as the research location since it is an environment that is very close to the researchers in conducting the research.

## **Theoretical Framework**

### **Financial Literacy**

Financial literacy consists of a number of abilities and knowledge about finances owned by a person to manage or use a certain amount of money to improve their standard of living and aim to achieve prosperity (Novitasari et al., 2021). Financial literacy is knowledge to manage finances so that they can live more prosperously in the future (Ariska et al., 2023). Financial Literacy is the concept of understanding financial products and concepts with the help of information and advice, as the ability to identify and understand financial risks in order to make appropriate financial decisions (Wicaksono et al., 2022). Financial literacy can also be interpreted as financial knowledge that has the aim of achieving prosperity (Dwi Putra et al., 2020). Financial literacy is known as a way for each person's ability to carry out financial information obtained and made an evaluation of financial planning, financial accumulation, retirement fund, and debt (Novitasari et al., 2021).

Financial literacy is something that is needed by everyone to be able to apply a scale of priorities in managing their finances (Wahyuni et al., 2023). Financial literacy will make a person understand about finance and possible financial risks that might occur to avoid financial problem (Azhima & Pinem, 2024). Another understanding of financial literacy is an understanding of financial concepts and the ability to properly manage finances in making long-term and short-term decisions in accordance with economic conditions (Yuwono et al., 2023).

### **Hedonism Lifestyle**

Lifestyle is how people live, how they spend money and how they allocate their time (Vivian, 2020). Lifestyle dimension is a classification of consumers based on Activities, Interest, Opinion (Sampoerno & Asandimitra, 2021). It is very clear that every person has a different lifestyle to another, it is because every person has their own activities, interest and opinion. Hedonism lifestyle is a lifestyle pattern in which all of their life activities lead only to seek the pleasure of life, most of their time is often spent outside, time and money is spent for play around in order to get sense of pleasure, often spent their money to buy expensive stuff to fulfill their desires, they are tend to follow other people and being the center of attention is their main desires (Sampoerno & Asandimitra, 2021).

In other word hedonism lifestyle is closely related to consumptive lifestyle. A hedonistic lifestyle is closely attached to a person's life, this lifestyle is often seen in everyday life when a person's lifestyle tends towards pleasure, enjoyment, or avoiding uncomfortable feelings (Aprilia & Mahfudzi, 2020).

### **Financial Management Behavior**

Financial management behavior plays an important role in our economic activities, without good financial management we can experience financial difficulties, financial management behaviour is a person ability to manage, planning, budgeting, checking, managing, controlling, finding and storing daily financial funds (Sampoerno & Asandimitra, 2021). A person's financial management behaviour can be seen from (1) consumption; how they carry out their consumption activities, for instance what a person buys and why they buy it. (2) Cash-flow management; cash-flow is an indicator of financial health of a person which mean a measure of how good they manage their spending, how much their income and how they manage it. It can measure by whether a person pays bill on time, pays attention records of payments and makes financial budgets and future plans. (3) Saving and Investment; savings is a money that comes from income that is not used for daily needs or other interest and mostly people will use savings money for something more essential and long term, such as buy a house, child education funds, emergency funds and long-term investment. In general people save their money in the bank. Investment is allocating several funds with the aim of getting benefits in the future. (4) Credit management; is an ability to take advantage of debt so as not to make them go bankrupt or use debt to improve their welfare (Sampoerno & Asandimitra, 2021).

The better their ability in controlling those four things above, the better their personal financial management behaviour. Financial management behavior is the behavior of a person's responsibility in financial management, budgeting, and financial records (Azhima & Pinem, 2024). So that we can conclude that we have a full responsibility in managing our finance wisely. Financial Management is a process of sorting income and expenses through a detailed financial plan. Because life goals and financial status might change, a person should be able to review a financial plan to achieve the financial goals (Markonah et al., 2023). Financial management behavior relates to a person's financial responsibilities regarding how to manage their finances. Financial responsibility is the process of managing money and other assets in a way that is considered productive. The main task of money management is the budgeting process. Healthy financial management behavior is indicated by good financial planning, management and control activities (Trisnowati *et al.*, 2020).

### **Hypothesis**

The hypothesis is a temporary answer to the research problem formulation, where the research problem formulation is stated in the form of a question sentence (Sugiyono, 2023). Hypothesis is the researcher's provisional assumption of an answer based on data from previous research. Therefore, the hypothesis is not a valid answer to a study. The hypotheses proposed in this research are:

H1: Financial Literacy has an effect on Financial Management.

H2: Hedonism Lifestyle has an effect on Financial Management.

H3: Financial Literacy and Hedonism Lifestyle has an effect on Financial Management

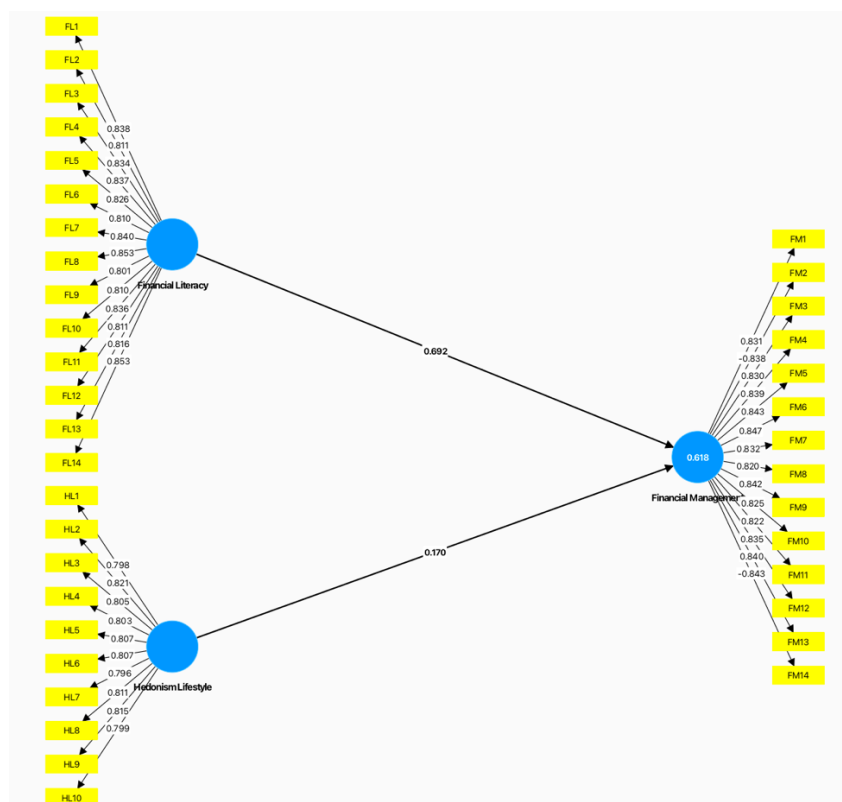
### **Research Method**

This study uses a descriptive research type with a quantitative approach. The population in this study were Universitas Diponegoro undergraduate students from all faculty. This total number of samples is based on the Roscoe (1975) by taking the total amount of sample that represent each faculty are 30

students. the sampling technique used non-probability sampling with a purposive sampling approach. The scale used in this study is the likert scale. The data collected by spreading questionnaire and literature study from research journals, books, etc. The calculations use statistical tests using SmartPLS.

## Research Results

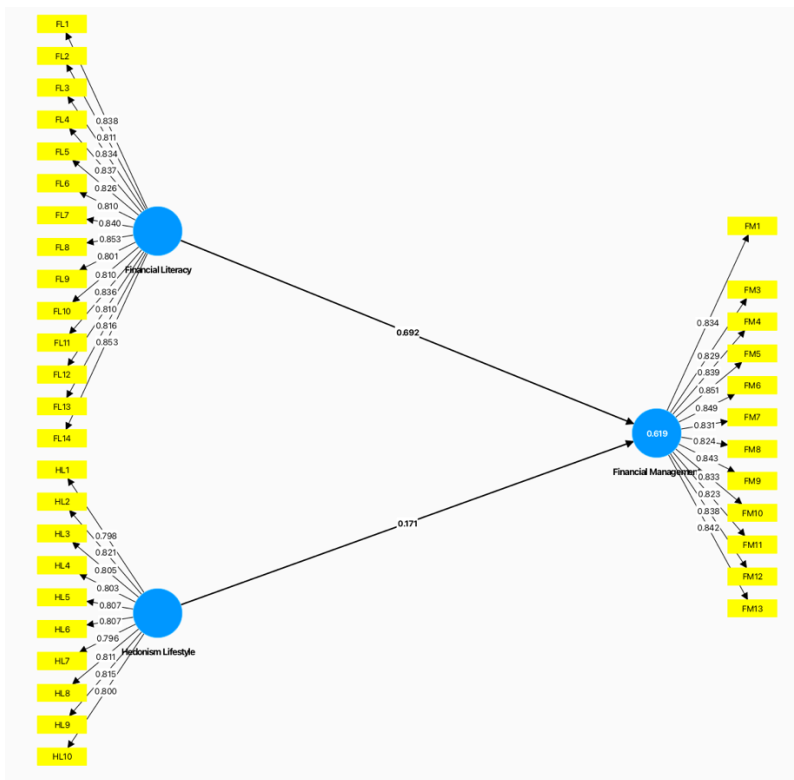
### Validity and Reliability Test



Picture 2. Value Loading Factor Outer Model

Source: SmartPLS 4 Output Results (2024)

Indicators are said to be valid and meet the criteria if the Loading Factor value of each indicator is  $> 0,7$ . However, in the diagram above there are indicators which Loading Factor values are less than  $0,7$ , namely FM2 and FM14, which are at  $-0,838$  and  $-0,843$ , respectively. Therefore, items FM2 and FM4 must be removed. The following is a new diagram after items FM2 and FM4 are removed.



**Picture 3. Reestimation Loading Factor**  
Source: SmartPLS 4 Output Results (2024)

After removing items FM2 and FM14, all loading factors on the items above are  $\geq 0,7$  which means valid. Thus it can be concluded that all items have met the criteria for convergent validity and further testing can be done.

**Convergent Validity Test**

To test convergent validity, it can be done by looking at the loading factor value in SmartPLS4 software. The following are the results of the convergent validity test:

**Table 1. Convergent Validity Via Output Outer Loading**

	Financial Management (Y)	Financial Literacy (X1)	Hedonism Lifestyle (X2)
FM1	0,831		
FM3	0,830		
FM4	0,839		
FM5	0,843		
FM6	0,847		
FM7	0,832		
FM8	0,820		
FM9	0,842		
FM10	0,825		
FM11	0,822		
FM12	0,835		
FM13	0,840		

FL1	0,838	
FL2	0,811	
FL3	0,834	
FL4	0,837	
FL5	0,826	
FL6	0,810	
FL7	0,840	
FL8	0,853	
FL9	0,801	
FL10	0,810	
FL11	0,836	
FL12	0,811	
FL13	0,816	
FL14	0,853	
HL1		0,798
HL2		0,821
HL3		0,805
HL4		0,803
HL5		0,807
HL6		0,807
HL7		0,796
HL8		0,811
HL9		0,815
HL10		0,799

Source: SmartPLS 4 Output Results (2024)

The table above shows the loading factor values of all question items contained in the research questionnaire. The values of all items are above 0,7. It can be concluded that all statement items or indicators in the study are declared valid because they have met the convergent validity value (Sarstedt et al., 2021).

### Discriminant Validity Test

To test the discriminant validity, it can be done through the Fornell-Larcker Criterion value and the Average Variance Extracted (AVE) value

**Table 2. Fornell-Larcker Criterion**

	<b>Financial Literacy (X1)</b>	<b>Financial Management (Y)</b>	<b>Hedonism Lifestyle (X2)</b>
Financial Literacy	<b>0.827</b>		
Financial Management	0.772	<b>0.836</b>	
Hedonism Lifestyle	0.468	0.495	<b>0.806</b>

Source: SmartPLS 4 Output Results (2024)

The table above shows the results of the discriminant validity test using the Fornell-Larcker Criterion which shows all values are above 0,7 which means that the results of the discriminant validity test meet the criteria (Sarstedt et al., 2021).

**Table 3. Average Variance Extracted (AVE)**

	Average Variance Extracted
Financial Management (Y)	0,700
Financial Literacy (X1)	0,684
Hedonism Lifestyle (X2)	0,650

Source: SmartPLS 4 Output Results (2024)

The table above shows that all variables have an AVE value  $\geq 0,5$ . Based on the results obtained, it can be concluded that all variables meet the criteria and valid (Sarstedt et al., 2021).

**Table 4. Heterotrait-Monotrait Ratio HTMT**

	Financial Literacy	Financial Management	Hedonism Lifestyle
Financial Literacy			
Financial Management	0.799		
Hedonism Lifestyle	0.487	0.516	

Source: SmartPLS 4 Output Results (2024)

The HTMT value for each pair of variables is  $< 0,90$ , so it can be concluded that the discriminant validity test with HTMT is fulfilled (Sarstedt et al., 2021).

### Reliability Test

Reliability testing can be done by looking at the values of Cronbach's Alpha and Composite Reliability (CR).

**Table 5. Cronbach's Alpha and Composite Reliability**

	Cronbach's Alpha	Composite Reliability
Financial Management (Y)	0,961	0,965
Financial Literacy (X1)	0,964	0,968
Hedonism Lifestyle (X2)	0,940	0,949

Source: SmartPLS 4 Output Results (2024)

The table above shows the Cronbach's Alpha and Composite Reliability values of each construct which are above 0,7, which means that all constructs meet the criteria and it can be concluded that all variables in this study are reliable (Sarstedt et al., 2021).

### Structural Model Evaluation

#### Collinearity Test

Before the evaluation of the structural model is carried out, a multicollinearity check between variables needs to be carried out with the inner VIF (Variance Inflated Factor). There is no multicollinearity if the VIF value is  $< 5$ .

**Table 6. VIF**

	VIF
Financial Literacy -> Financial Management	1.281
Hedonism Lifestyle -> Financial Management	1.281

Source: SmartPLS 4 Output Results (2024)

Based on the table above, no multicollinearity was found between variables because the VIF value is  $< 5$  (Sarstedt et al., 2021).

**Path Coefficient**

**Table 7. Path Coefficient**

	<b>Original sample (O)</b>	<b>Sample mean (M)</b>	<b>Standard deviation (STDEV)</b>	<b>T statistics ( O/STDEV )</b>	<b>P values</b>
Financial Literacy -> Financial Management	0.692	0.694	0.034	20.320	0.000
Hedonism Lifestyle -> Financial Management	0.171	0.170	0.046	3.699	0.000

Source: SmartPLS 4 Output Results (2024)

Financial literacy has an influence on financial management of 0,692 with a t-statistic of 20,320 > 1,96, this result also supported by a significant value (p-value) of 0,000 < 0,05.

Hedonism lifestyle has an influence on financial management of 0.171 with a t-statistic of 3,699 > 1,96, this result also supported by a significant value (p-value) of 0,000 < 0,05 (Sarstedt et al., 2021).

**Table 8. Convidence Interval Path Coefficient (95%)**

	<b>Original sample (O)</b>	<b>Sample mean (M)</b>	<b>2.5%</b>	<b>97.5%</b>
Financial Literacy -> Financial Management	0.692	0.694	0.624	0.760
Hedonism Lifestyle -> Financial Management	0.171	0.170	0.077	0.256

Source: SmartPLS 4 Output Results (2024)

The influence of financial literacy on financial management in a 95% confidence interval lies between 0,624 to 0,760. The higher the level of financial literacy of a person, the influence on financial management will increase to 0,760.

While the influence of Hedonism lifestyle on financial management in a 95% confidence interval lies between 0,077 to 0,256. The higher the tendency of a person's hedonism lifestyle, the influence on financial management only increases to 0,256 (Sarstedt et al., 2021).

**Evaluation of Model Fit and Goodness of Fit**

**Effect Size (f<sup>2</sup>) test**

**Table 9. f<sup>2</sup> Table**

	<b>f-square</b>
Financial Literacy -> Financial Management	0.980
Hedonism Lifestyle -> Financial Management	0.060

Source: SmartPLS 4 Output Results (2024)

Based on the table above, the influence of financial literacy on financial management is at 0,980, which means that financial literacy has a large influence on financial management. Meanwhile, the influence of hedonism lifestyle on financial management is only 0,060, which means that hedonism Lifestyle has a small influence on financial management (Sarstedt et al., 2021).

## R<sup>2</sup> Test

**Table 10. R<sup>2</sup> Table**

	<b>R-square</b>	<b>R-square adjusted</b>
Financial Management	0.619	0.616

Source: SmartPLS 4 Output Results (2024)

Based on the table above, it can be concluded that the influence of financial literacy and hedonism lifestyle on financial management is 0,619 or 61,9% and is included in the moderate influence (Sarstedt et al., 2021).

## SRMR Test

**Table 11. SRMR Table**

	<b>Saturated model</b>	<b>Estimated model</b>
<b>SRMR</b>	0.037	0.037
<b>d<sub>ULS</sub></b>	0.906	0.906
<b>d<sub>G</sub></b>	0.451	0.451
<b>Chi-square</b>	795.737	795.737
<b>NFI</b>	0.925	0.925

Source: SmartPLS 4 Output Results (2024)

In the table above, it can be seen that the SRMR value is 0,037, which means that the SRMR value obtained is  $0,037 < 0,08$ , which means that the model fits well. The proposed model fits the empirical data (Sarstedt et al., 2021).

## Q<sup>2</sup> Predict Test

**Table 12. Q<sup>2</sup> Predict**

	<b>Q<sup>2</sup> Predict</b>
Financial Management	0,612

Source: SmartPLS 4 Output Results (2024)

Based on the table above, the Q2 value for financial management is 0.612, which means the model has predictive relevance ( $0,612 > 0$ ) (Sarstedt et al., 2021).

## Discussion

### The Effect of Financial Literacy to Financial Management

Based on the results that are already obtained, it was found that financial literacy has a positive effect on financial management. The result can be seen through path coefficient table that shows that the financial literacy variable has an original sample value of 0,692 or equivalent to 69,2%. In addition, the t-statistic of  $20,320 > 1,96$  and significance levels (p-value) of  $0,000 < 0,05$ . It can be concluded, financial literacy variable positively and significantly affected financial management. Financial literacy also brings large effect on financial management, it can be seen from the f2 table score was 0,980.

Financial literacy plays a crucial role in improving the financial management of Undip students which means the higher level of financial literacy, the better the financial management of a person. The lower level of financial literacy, the worse a person's financial management. The students believe that financial literacy will make students ability in managing their finance better, it also improved

financial decision making such as daily spending, budgeting, saving and investing, and so on. Financial literacy also makes students understand very well regarding to loan, where students will apply for loan according to what they need. This research supported by the previous research which generate the same result, those are research conducted by (Wahyuni et al., 2023), (Yana & Setyawan, 2023) (Azhima & Pinem, 2024), (Sianipar et al., 2023), (Fajari & Rochayatun, 2023) and (Ariska et al., 2023) which stated that financial literacy has a significant effect on financial management.

However, there are some researchs that do not agree with the result from this research, those are research conducted by (Markonah et al., 2023) and (Ajeng Trixsiana & Wiwik Lestari, 2024), which stated that financial literacy has no significant effect in financial management.

### **The Effect of Hedonism Lifestyle to Financial Management**

Based on the results that are already obtained, it was found that hedonism lifestyle has a positive effect on financial management. The result can be seen through path coefficient table that shows that the hedonism lifestyle variable has an original sample value of 0,171 or equivalent to 17,1%. In addition, the t-statistic of 3,699 > 1,96 and significance levels (p-value) of 0,000 < 0,05. It can be concluded, hedonism lifestyle variable positively and significantly affected financial management. However, hedonism lifestyle brings small effect on financial management, it can be seen from the  $f^2$  table score was 0,060.

Hedonism lifestyle can bring influence to student's financial management, the more hedonist a student the worse student financial management and the less hedonist a student the better student financial management. Some student tends to spend their money over the thing that actually not important and not needed for instance fashion item like shoes, clothes, accessories and so on. The activities that spent outside the house or boarding house by some student is intended to seek pleasure that sometimes spend a lot of money for instance shopping at shopping centre. Some students also tend to join the trend that are happening around them, made them spend money in order to join the trend as well and sometimes it cost a lot of money. This research supported by the previous research which generate the same result, those researchs are (Yana & Setyawan, 2023), (Markonah et al., 2023), (Azhima & Pinem, 2024), (Ajeng Trixsiana & Wiwik Lestari, 2024), (Sianipar et al., 2023), (Fajari & Rochayatun, 2023) and (Ariska et al., 2023) which stated that hedonism lifestyle has a significant effect on financial management.

However, there is one research that does not agree with the result from this research, this research is conducted by (Wahyuni et al., 2023) which stated that hedonism lifestyle has no significant effect on financial management, because Hedonistic lifestyle does not make students behave in a consumptive manner, students can still plan the future finances even though the amount is not optimal.

### **Conclusion**

Based on the result of the research it can conclude that financial literacy has a positive and significant effect to financial management and hedonism lifestyle has a positive and significant effect to financial management as well. Financial literacy plays an important role in order to improving student financial management, the better student understand financial literacy the better the financial management will be. Financial literacy makes student financially literate in order to achieve financial prosperity in the future. Financial literacy makes student to manage finance wisely and full consideration before spending money.

On the other hands hedonism lifestyle impact a student financial management. The more hedonist a student the worse a student ability in managing finance. Student who has a tendency of hedonistic

lifestyle tend to spend the money unwisely, such as prioritize wants over needs that sometimes cost a lot of money to spend. Making prioritize scale is important before we spend our money, in order to use the money wisely and avoid a wasteful lifestyle.

Financial literacy and hedonism lifestyle impact a student financial management simultaneously. To improve financial management of students, there needs to be an effort to improve financial literacy while controlling the negative impacts of a hedonism lifestyle. With a better understanding of financial literacy, students can make wiser financial decisions despite being influenced by a hedonism lifestyle.

### **Suggestion**

As a student, it is crucial to enrich knowledge, particularly in financial literacy and personal financial management, as this research indicates that financial literacy directly affects financial management. Regardless of how much money is earned, if it is not managed well, it can end up being wasted on unnecessary things. Therefore, improving financial literacy can help individuals make better financial decisions and improve their financial well-being.

Furthermore, this research also highlights the significant role of a hedonistic lifestyle in influencing financial management behavior. A hedonistic lifestyle, which prioritizes immediate pleasure and consumerism, can lead to impulsive spending and an inability to control finances, ultimately harming long-term financial health. To mitigate these negative effects, it is important for students to develop a balanced perspective on consumption and prioritize financial stability over instant gratification. Encouraging students to reflect on their spending habits and fostering an awareness of the long-term consequences of impulsive behaviors could greatly help in improving financial management.

Not only understanding financial literacy can improve person financial management skills but also controlling the negative impact of hedonism lifestyle helps a person in managing the finance well. Spending money for pleasure is fine but if the spending is too excessive it is not good. Better understanding financial literacy can improve financial management despite having a hedonistic lifestyle tendency.

This study was limited to students from Universitas Diponegoro, due to constraints faced during the research. Future studies could explore a wider range of variables related to financial management, such as debt management and investment behavior, and include more diverse samples. It would also be valuable to examine the relationship between financial literacy, hedonism, and financial management across different demographic groups. Ultimately, this research aims to provide deeper insights into the importance of financial literacy, the impact of a hedonistic lifestyle on financial decisions, and how both factors together affect financial management practices.

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