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Analyzing Spending Behavior Among Generation Z Students in Surabaya: The Mediating Role of Digital Financial Literacy

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ABSTRACT

This study uses a quantitative method with an explanatory research approach that aims to test the mediation of digital financial literacy on the influence of herding, money attitude, and financial experience on spending behavior in generation Z students in Surabaya. The research material is based on the problem of spending behavior which is increasing every year while the percentage of growth is unstable or tends to decline. Data were collected through a survey with a questionnaire as a research instrument. The study population included all generation Z students in Surabaya City, with a sample of 400 students selected using saturated sampling techniques. Data analysis was carried out using SmartPLS.From this study, the results show that herding behavior, money attitude, and financial experience contribute to spending behavior. Herding behavior and money attitude contribute to spending behavior through digital financial literacy. While digital financial literacy does not provide a significant contribution to financial experience on spending behavior.

1. INTRODUCTION

In today's highly connected era, social media plays a significant role in the lives of Generation Z, not only as a means of communication, but also as a place to express themselves and interact socially. Social media has a major impact on shaping Generation Z's perspectives and self-confidence, but it can also cause psychological challenges such as anxiety and self-dissatisfaction. Many studies have shown that Generation Z tends to be more individualistic, adapts quickly to new technologies, and wants instant and transparent interactions. Unlike previous generations, Generation Z is also more selective in choosing products that represent their identity, as found in a study by (Lanier and Fowler, 2019). Generation Z tends to have a flexible lifestyle, is open to change, and likes to try new things. In recent years, technological advances and the rapid growth of e-commerce have significantly changed consumer spending behavior patterns. The ease of online transactions and digital payment methods have made consumers make more impulsive purchases, especially on platforms such as social media and shopping apps. Research shows that increased accessibility and convenience of online shopping triggers more intense and sometimes unplanned consumption behavior (Li et.al, 2022).

Table 1. User Data and E-Commerce Transaction Value in Indonesia

Year	User	Transaction Value	Growth Percentage
2020	129.9 Million People	Rp. 266.3 Trillion	-
2021	148.9 Million People	Rp. 401 Trillion	50.58%
2022	166.1 Million People	Rp. 476.3 Trillion	18.78%
2023	180.6 Million People	Rp. 453.75 Trillion	– 4.73%
2024	189.6 Million People	Rp. 487 Trillion	7.33%

Source: Statista Market Insight & Bank Indonesia (BI)

Based on Statista Market Insight data, the number of e-commerce users in Indonesia has experienced rapid growth since 2020 and is projected to continue to increase until 2024. In 2020, there were around 129.9 million e-commerce users, which then increased to 148.9 million people in 2021. In 2022 it reached 166.1 million users and 180.6 million people in 2023. In 2024 e-commerce users are estimated to reach around 189.6 million people. Based on data stated by Bank Indonesia (BI), the value of e-commerce transactions in Indonesia has also experienced rapid growth from year to year. In 2020, the value of e-commerce transactions reached 266.3 trillion rupiah and increased to 401 trillion rupiah in 2021 and 476.3 trillion in 2022. However, the value of e-commerce transactions experienced a slight decline in 2023, which was 453.75 trillion rupiah and for 2024, Bank Indonesia targets the value of e-commerce transactions to reach 487 trillion rupiah. The e-commerce sector in Indonesia is dominated by generation Z, access to these platforms is mainly through digital devices reflecting the increasing dependence on smartphones for online shopping. Researchers added a column of the percentage growth of the value of e-commerce transactions in Indonesia to show that although from 2020 to 2024 the value of transactions continued to increase, it was different from the calculation of the percentage growth which tended to decline. Changes in economic conditions such as inflation, interest rates, and global market uncertainty can also be factors that influence spending behavior. Many consumers adjust their shopping habits to economic conditions, such as reducing purchases of luxury goods or secondary needs when inflation rises. Global economic uncertainty makes consumers more careful in managing their spending, especially for long-term spending (Naeem, 2023).

According to Yuniningsih (2020), behavioral finance is said to be a financial science by including psychology and sociology in a fundamental science and can be used in making decisions. Behavioral finance theory is a theory that explains the psychological influence on a person's decisions in managing their assets. This theory explains that in determining a decision, a person will be influenced by psychological conditions or commonly called behavioral bias. Mental accounting theory can be interpreted as a method of managing, evaluating and supervising financial management activities carried out by individuals or economic actors. It is believed that someone who has a good financial approach and understanding will be able to analyze information more effectively (Yuniningsih, 2020). This theory explains that everyone records their finances and mentally groups them into several accounts. Mental accounting theory can be concluded as a theory where a person has a tendency to organize, evaluate, and maintain the flow of financial activities, then group their finances into different accounts based on sources of income or financial goals. However, this can affect decisions taken rationally and irrationally (Giarta et.al, 2024).

Herding (also known as herd behavior) refers to a phenomenon in which individuals tend to follow or imitate the actions or opinions of the majority, without conducting in-depth analysis or consideration of the available information (Rahayu, 2020). This phenomenon can occur in various contexts, both in financial decisions, consumer behavior, and in social situations. Herding can also occur where individuals can follow fashion trends, public opinion, or consumption behavior because of the urge to comply with social norms or because of the need to feel accepted by the group. In the context of psychology and human behavior, herding is often studied to understand why individuals tend to follow others without considering information critically or thinking independently. This phenomenon shows that social influence and group pressure can greatly influence individual behavior, even if it is not always a rational decision.

Money attitude is an individual's attitude, beliefs, and values towards money, which influences how they view, manage, and use money in their daily lives. Understanding attitudes towards money can help explain differences in financial decision-making, budget management, and levels of financial well-being .Money attitude is a type of person's behavior as a result of assessing the exclusive benefits, functions, and symbols of the importance of money that can influence financial behavior (Sabri et.al, 2021). A person's money attitude will impact their practices in shopping, saving, and ultimately will impact the achievement of their financial goals. There are four dimensions adopted from the Money Attitude Scales (MAS) by Yamauchi & Templer (1982), namely Power & Prestige, Distrust & Frugality, Retention Time, and Anxiety (Sabri et.al, 2021).

Financial experience functions as a learning tool for individuals in managing their finances, financial experience includes various events that have been experienced, felt, lived, or borne by someone,

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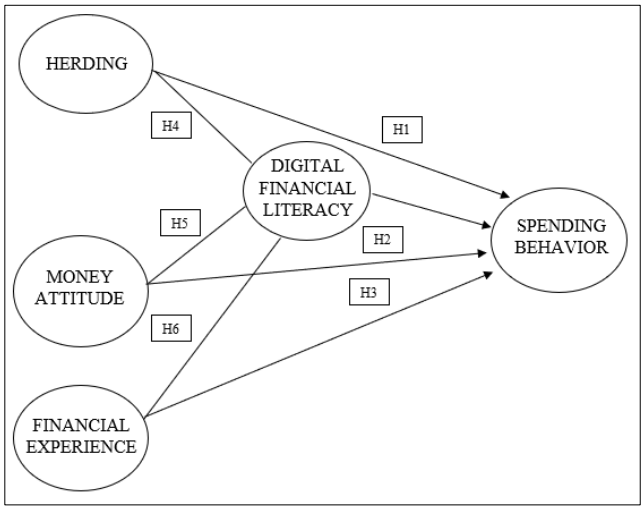
both in the past and recently. Financial experience can be exemplified as planning investments, registering for insurance, applying for credit at banks and so on. A person has past events and experiences related to finances that have been faced, then a person will be able to determine financial behavior in training financial management skills in the future. The indicators used are experiences related to banking, insurance products, pension funds, pawnshops and capital markets (Purwidianti et.al, 2023).

Digital financial literacy is the development of financial literacy that is adjusted to the development of the financial industry towards digitalization which is deemed necessary for current conditions (Sapulette et al., 2022). Digital financial literacy refers to a person's ability to understand, use, and manage financial information effectively using digital technology. This includes an understanding of how to use various digital financial services, applications, and financial technology (fintech) tools to manage personal finances well and make the right financial decisions.

*Spending behavior*refers to how individuals or consumers make purchasing decisions and how they interact with the market to satisfy their needs or wants. Spending behavior includes various psychological, social, economic, and cultural aspects that influence the purchasing decision-making process, Mira et al. (2019). This research was conducted with the aim oftesting the mediation of digital financial literacy on the influence of herding, money attitude, and financial experience on spending behavior in generation Z students in Surabaya.



Based on the literature review, framework of thought, and research concept, the research hypothesis is formulated as follows:

a. Herding has a positive effect on spending behavior among generation Z students in Surabaya.
b. *Money Attitude*has a positive influence on spending behavior among generation Z students in Surabaya.
c. *Financial Experience*has a positive influence on spending behavior among generation Z students in Surabaya.
d. Herding has a positive effect on spending behavior through digital financial literacy on generation Z students in Surabaya.
e. *Money Attitude*has a positive influence on spending behavior through digital financial literacy on generation Z students in Surabaya.
f. *Financial Experience*has a positive influence on spending behavior through digital financial literacy on generation Z students in Surabaya.

The findings from this study provide valuable insights into how digital financial literacy mediates the influence of social and psychological factors such as herding behavior, money attitudes, and financial experience on the spending behavior of Generation Z students. The rapid growth of e-commerce and the increasing reliance on digital financial tools make this research highly relevant in today's digital age. As social media and online shopping continue to shape consumer habits, understanding these dynamics is essential for developing effective financial literacy programs.

For policymakers, the study suggests that educational initiatives aimed at improving financial literacy should not only focus on technical knowledge but also address psychological factors like money attitudes and the influence of social media. Tailored financial education that incorporates digital financial tools and addresses the social pressures of online consumer behavior could help mitigate impulsive spending among Generation Z.

Financial institutions could also benefit from these insights by designing products and services that cater specifically to the needs and behaviors of this generation, particularly in offering tools that encourage responsible spending and saving. Furthermore, the role of financial experience in shaping behavior emphasizes the importance of providing opportunities for hands-on financial learning, such as through simulations or interactive platforms.

2. METHOD

This study uses a quantitative method, which is a research approach based on the philosophy of positivism and is used to analyze a particular population or sample. The sampling technique is carried out randomly, while data collection is carried out through research instruments. Data analysis is quantitative or statistical in nature with the aim of testing the established hypothesis. Variable measurement is carried out using a Likert scale. This scale consists of a series of statements given five answer choices, ranging from "strongly agree" to "strongly disagree". The instrument to be distributed is a questionnaire that has been prepared and converted by researchers to a Google form. Then distributed to generation Z students in Surabaya via social media and directly linked to the researcher's Google form link. The population in this study were all generation Z students in Surabaya in 2024 according to the Central Statistics Agency (BPS) totaling 273,229 people. The sample criteria determined by the researcher were generation Z students aged 19-27 years, with Surabaya ID cards and domiciled in Surabaya. The number of samples was determined using the Slovin formula and a sample of 400 respondents was obtained. In this study, data analysis used the help of SmartPLS (Smart Partial Least Square) software. This analysis is used to determine the influence ofherding (X1), money attitude (X2), and financial experience (X3) through digital financial literacy (Z) on spending behavior (Y) in generation Z students in Surabaya.

The analysis was carried out using the Partial Least Square (PLS) method as follows:

a. Designing a Measurement Model (Outer Model)
b. Designing Structural Model (Inner Model)
c. Path Diagram Construction
d. Converting Path Diagram to System of Equations
e. Estimation: Outer Model and Inner Model
f. Goodness of Fit Evaluation
g. Hypothesis Testing (Resampling)

3. RESULTS AND DISCUSSION

Respondent Description Based on Gender

The following is a description of the respondent data in the study based on gender:

Table 2. Description of Respondents Based on Gender

Gender	Amount	Presentation
Man	164	59.8%
Woman	244	40.2%
Total	**408**	**100%**

Source: Processed by Researchers (2025)

Based on the table above, it can be concluded that the majority of respondents in this study are female, which is 59.8% or 244 respondents. Meanwhile, the rest are male, which is 40.2% or 164 respondents.

Respondent Description Based on Age

The following is a description of the respondent data in the study based on age:

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Table 3. Description of Respondents Based on Age

Age	Amount	Presentation
19 – 21 Years	141	34.56%
22 - 24 Years	150	36.77%
25 - 27 Years	117	28.67%
Total	**408**	**100%**

Source: Processed by Researchers (2025)

Based on the table above, it can be concluded that the majority of respondents in this study were aged 22-24 years, which was 36.77% or 150 respondents. Meanwhile, the least respondents were aged 25-27 years, which was 28.67% or 117 respondents.

Respondent Description Based on Education

The following is a description of the respondent data in the study based on education:

Table 4. Description of Respondents Based on Education

Age	Amount	Presentation
Diploma I (D1)	9	2.2%
Diploma II (D2)	17	4.2%
Diploma III (D3)	43	10.5%
Diploma IV (D4)	38	9.3%
Bachelor Degree (S1)	235	57.6%
Masters (S2)	56	13.7%
Strata 3 (S3)	10	2.5%
Total	**408**	**100%**

Source: Processed by Researchers (2025)

Based on the table above, it can be concluded that the majority of respondents in this study have an education at the Strata 1 (S1) level, which is 57.6% or 235 respondents. The lowest level of education is Diploma I (D1) which is 2.2% or 9 respondents.

Respondent Description Based on Domicile

The following is a description of the respondent data in the study based on domicile:

Table 5. Description of Respondents Based on Domicile

Domicile	Amount	Presentation
Surabaya	400	98%
Outside Surabaya	8	2%
Total	**408**	**100%**

Source: Processed by Researchers (2025)

Based on the table above, it can be concluded that the majority of respondents in this study live in Surabaya, which is 98% or 400 respondents. The rest live outside Surabaya, which is 2% or 8 respondents.

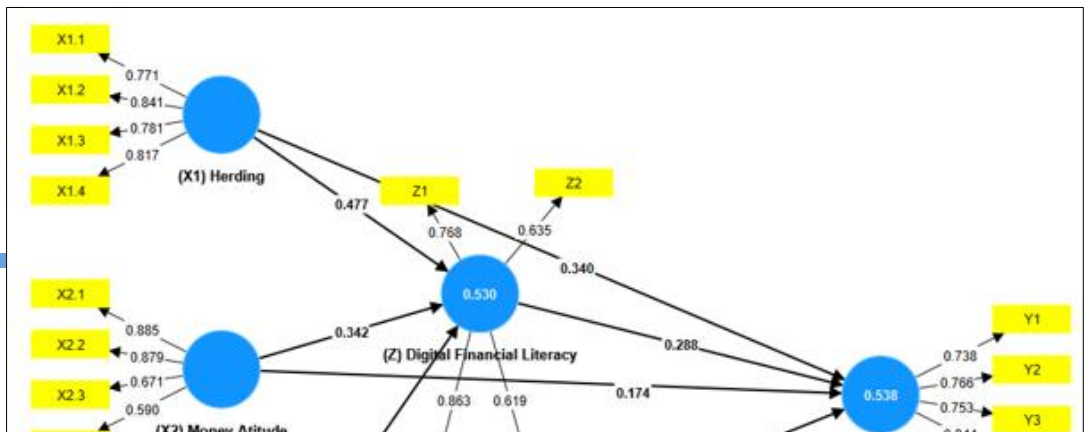

Figure 2. PLS Model
Source: Processing via SmartPLS (2025)

Convergent Validity

In the convergent validity test, the test is carried out by assessing the factor loading value, which shows the correlation between the indicator and the measured variable. If the factor loading value exceeds 0.5 and/or the p-value is significant, then the indicator is considered valid as a measure of the variable. The following is a model of the relationship between variables and indicators in the reflective measurement model, namely the herding, money attitude, financial experience, digital financial literacy, and spending behavior variables based on the outer loading table.

Table 6. Outer Loading Results (Factor Loading)

Outer Loading Matrix

	Herding (X1)	Money Attitude (X2)	Financial Experience (X3)	Spending Behavior (Y)	Digital Financial Literacy (Z)
X1.1	0.771				
X1.2	0.841				
X1.3	0.781				
X1.4	0.817				
X2.1		0.885			
X2.2		0.879			
X2.3		0.671			
X2.4		0.590			
X3.1			0.829		
X3.2			0.593		
X3.3			0.644		
X3.4			0.760		
Y1				0.738	
Y2				0.766	
Y3				0.753	
Y4				0.844	
Z1					0.768
Z2					0.635

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Z3					0.863
Z4					0.619

Source: Processing via SmartPLS (2025)

*Factor loading*is the correlation between the indicator and the variable, if it is greater than 0.5 and/or the p-value = significant, then the indicator is valid and is an indicator or measure of the variable.Based on the outer loading table above, the loading factor (for example for the indicator on the herding variable X1, namely the value of X1.1 is 0.771, the value of X1.2 is 0.841, the value of X1.3 is 0.781, and the value of X1.4 is 0.817 and so on for other indicators) is greater than 0.5 then it meets convergent validity. The results of the analysis in the table above show that all indicators in the research variables, namely the herding variable (X1), money attitude (X2), financial experience (X3), digital financial literacy (Z), and spending behavior (Y) have a loading factor> 0.5 so that it is stated that all indicators of this study meet convergent validity.

Discriminant Validity

In discriminant validity, there is a principle that indicators (manifest variables) of different constructs should not have high correlation. Discriminant validity testing is done by evaluating reflective indicators through cross loading values for each variable, where the value considered valid is > 0.70.

Table 7. Outer Loading (Factor Loading)

Fornell-Lacker criterion

	Herding (X1)	Money Attitude (X2)	Financial Experience (X3)	Spending Behavior (Y)	Digital Financial Literacy (Z)
Herding (X1)	0.803				
Money Attitude (X2)	0.528	0.767			
Financial Experience (X3)	0.043	0.330	0.713		
Spending Behavior (Y)	0.628	0.576	0.269	0.776	
Digital Financial Literacy (Z)	0.659	0.608	0.178	0.644	0.728

Source: Processing via SmartPLS (2025)

If the AVE root is greater than the correlation of the variable, then the discriminant validity is met. For example, for the herding variable (X1) with four indicators (X1.1 to X1.4) has an AVE root of 0.803 greater than its correlation value with other variables, namely 0.528; 0.043; 0.628; 0.659 and so on. So that the herding variable (X1) meets discriminant validity. Overall, it shows that all research variables, namely herding (X1), money attitude (X2), financial experience (X3), digital financial literacy (Z), and spending behavior (Y) have a larger AVE square root compared to its correlation value with other variables. So the discriminant validity is met.

Some experts argue that in addition to cross loading and fornell-lacker criterion by assessing discriminant validity. Heterotrait-Monotrait Ratio (HTMT) is also a method for assessing discriminant validity. This HTMT method uses a multitrait-multimethod matrix as the basis for measuring the HTMT value must be <0.9 to ensure discriminant validity between two reflective constructs (Henseler et al., 2015).

Table 8. HTMT Test Results

Heterotrait-Monotrait Ratio (HTMT) - Matrix

Herding (X1)	Money Attitude (X2)	Financial Experience (X3)	Spending Behavior (Y)	Digital Financial Literacy (Z)

Herding (X1)					
Money Attitude (X2)	0.668				
Financial Experience (X3)	0.162	0.422			
Spending Behavior (Y)	0.773	0.741	0.332		
Digital Financial Literacy (Z)	0.796	0.833	0.236	0.823	

Source: Processing via SmartPLS (2025)

The HTMT table above shows that all HTMT values < 0.9, so it can be stated that all constructs or variables are valid in terms of discriminant validity based on HTMT calculations.Next, testing is carried out by analyzing the cross loading value. In this context, the cross loading value is determined based on the correlation of each indicator with the construct it has, where the value must be higher than the correlation to other constructs. The following are the results of the cross loading value in this study:

Table 9. Cross Loading Results

Cross Loading

	Herding (X1)	Money Attitude (X2)	Financial Experience (X3)	Spending Behavior (Y)	Digital Financial Literacy (Z)
X1.1	**0.771**	0.301	-0.135	0.479	0.477
X1.2	**0.841**	0.522	0.084	0.565	0.528
X1.3	**0.781**	0.368	0.046	0.449	0.590
X1.4	**0.817**	0.491	0.128	0.521	0.519
X2.1	0.431	**0.885**	0.280	0.466	0.487
X2.2	0.491	**0.879**	0.271	0.476	0.511
X2.3	0.357	**0.671**	0.303	0.491	0.414
X2.4	0.320	**0.590**	0.137	0.310	0.446
X3.1	0.003	0.194	**0.829**	0.279	0.163
X3.2	-0.009	0.133	**0.593**	0.115	0.014
X3.3	0.041	0.166	**0.644**	0.098	0.106
X3.4	0.082	0.406	**0.760**	0.192	0.159
Y1	0.422	0.406	0.298	**0.738**	0.419
Y2	0.571	0.379	0.037	**0.766**	0.546
Y3	0.358	0.411	0.347	**0.753**	0.414
Y4	0.569	0.572	0.188	**0.844**	0.593
Z1	0.719	0.490	0.127	0.568	**0.768**
Z2	0.294	0.398	0.070	0.346	**0.635**
Z3	0.512	0.483	0.174	0.537	**0.863**
Z4	0.239	0.389	0.142	0.359	**0.619**

Source: Processing via SmartPLS (2025)

From the cross loading results in the table above, it shows that the correlation value of indicator X1.1 is 0.771, the value of X1.2 is 0.841, the value of X1.3 is 0.781, and the value of X1.4 is 0.817 indicating a higher correlation value than the correlation value of other indicators (X2, X3, Z, and Y). Likewise with other indicators with their variables greater than the correlation value of the indicator with other variables. Thus, all variables already have good discriminant validity, where the indicator has shown itself as a measure of its variables.

Composite Reliability

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In composite reliability testing, a variable is considered to have a high level of reliability if the composite reliability value exceeds 0.7. The following are the results of the composite reliability test in this study:

Table 10. Composite Reliability and Average Variance Extracted (AVE) Results

Construct reliability and validity

Overview

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Herding (X1)	0.816	0.818	0.879	0.645
Money Attitude (X2)	0.752	0.771	0.847	0.588
Financial Experience (X3)	0.701	0.773	0.802	0.508
Spending Behavior (Y)	0.781	0.793	0.858	0.602
Digital Financial Literacy (Z)	0.706	0.750	0.816	0.530

Source: Processing via SmartPLS (2025)

The Average Variance Extracted (AVE) value measurement model is a value that shows the magnitude of the indicator variance contained by the variable. The convergence of the AVE value > 0.5 also indicates good validity for the variable. In the reflective indicator variable, it can be seen from the AVE value for each variable > 0.5. The test results show that the AVE value for the herding variable (X1), money attitude (X2), financial experience (X3), digital financial literacy (Z), and spending behavior (Y) has a value > 0.5 so it is valid.

The reliability of the variables measured by the composite reliability value can be said to be reliable if the composite reliability value is above 0.70, then the indicator is said to be consistent in measuring the variables. The test results show that the herding variables (X1), money attitude (X2), financial experience (X3), digital financial literacy (Z), and spending behavior (Y) have a composite reliability value> 0.7 so they are reliable.

Cronbach's Alpha

Cronbach's alpha testing is used to strengthen reliability by measuring the consistency of each answer tested. In this test, a variable is considered reliable if the Cronbach's alpha value is ≥ 0.5. The results of the Cronbach's alpha test in this study can be seen in table 4.15. Based on the table, the Cronbach's alpha value for each variable reaches ≥ 0.5, so it has met the reliability test criteria.

Structural Model (Inner Model)

In testing the structural model or inner model, a goodness-of-fit model test is performed. This test evaluates the R-Square value of the relationship between variables. The R-Square value indicates the extent to which the independent variable can explain the dependent variable. The following are the results of the inner model test in this study:

Table 11. R-Square Results

R-square

Overview

	R-square	R-square adjusted
Spending Behavior (Y)	0.538	0.533
Digital Financial Literacy (Z)	0.530	0.526

Source: Processing via SmartPLS (2025)

Based on the table above, here is an explanation of each variable:

1. In the spending behavior variable (Y), the R2 value is 0.538. With these results, it can be said that the model is able to explain the phenomenon or problem of spending behavior by 53.8% and the remaining 46.2% is explained by other variables (besides herding, money attitude, financial

experience, and digital financial literacy) that have not been included in the model/error. This means that the influence of herding, money attitude, financial experience, and digital financial literacy on spending behavior is 53.8% and the rest is influenced by other variables not used in this study.

2. In the digital financial literacy variable (Z), the R2 value is 0.530. With these results, it can be said that the model is able to explain the phenomenon or problem of digital financial literacy by 53% and the remaining 47% is explained by other variables (besides herding, money attitude, financial experience, and spending behavior) that have not been included in the model or error. This means that the influence of digital financial literacy through herding, money attitude, and financial experience is 53% and the rest is influenced by other variables not used in this study.

In addition to using R-Square, this study also conducted a predictive relevance test to assess the quality of the observation values obtained. This test was conducted using the blindfolding method which focuses on the Q-Square value. If the Q-Square value> 0 then the observation is considered good, while if <0 the observation is considered less good. In addition, the Q-Square value is in the range 0 < Q2 < 1 which means that when the value is closer to 1, the better the quality of the resulting model.

*Q-Square predictive relevance*in the structural model is used to assess the extent to which the model can produce good observation values and estimate parameters accurately. If the Q-Square value > 0 then the model is considered to have predictive relevance, while if the value ≤ 0 then the model is considered to have less predictive relevance. In assessing the level of predictive relevance, the formula used:

$$Q2 = 1 – (1 – R12) (1 – R22) …. (1 – Rn2)$$

Where are the values of R12, R22… Rn2 is the R-Square value of the dependent variable in the model. Based on the R-Square value in table 4.16 above, here is the calculation of the Q-Square value using the Stone Geisser Q-Square formula:

$$Q2 = 1 – (1 – R12) (1 – R22) = 1 – (1 – 0.538) (1 – 0.530) = 0.782$$

Based on the calculation above, the Q-Square value in this study was obtained at 0.782 or 78.2%. This shows that the model used has predictive relevance, where the model is able to explain information in the research data by 78.2%.

Hypothesis Testing

In hypothesis testing there are two tests, namely direct influence and indirect influence tests.

Table 12. Results of Direct Influence Hypothesis Test

Path coefficients

Mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Herding (X1) -> Spending Behavior (Y)	0.340	0.344	0.061	5,574	0,000
Money Attitude (X2) -> Spending Behavior (Y)	0.174	0.171	0.066	2,624	0.009
Financial Experience (X3) -> Spending Behavior (Y)	0.145	0.148	0.042	3,434	0.001

Source: Processing via SmartPLS (2025)

Based on the table above, the results of hypothesis testing 1, 2, and hypothesis 3 can be described as follows:

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1. In H1, namely the effect of herding on spending behavior, the path coefficient value is 0.340 with p-values = 0.000 <α = 0.05 (5%). These results indicate that there is a significant effect. Thus, it can be said that herding (X1) has a positive and significant effect on spending behavior (Y) so that H1 is accepted.
2. In H2, namely the influence of money attitude on spending behavior, the path coefficient value is 0.174 with p-values = 0.009 <α = 0.05 (5%). These results indicate that there is a significant influence. Thus, it can be said that money attitude (X2) has a positive and significant effect on spending behavior (Y) so that H2 is accepted.
3. In H3, namely the influence of financial experience on spending behavior, the path coefficient value is 0.145 with p-values = 0.001 <α = 0.05 (5%). These results indicate that there is a significant influence. Thus, it can be said that financial experience (X3) has a positive and significant effect on spending behavior (Y) so that H3 is accepted.

The next test is the indirect effect test. The following are the results of the indirect effect test of this study:

Table 12. Results of Indirect Effect Hypothesis Test

Specific indirect effects

Mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Herding (X1) -> Digital Financial Literacy (Z) -> Spending Behavior (Y)	0.137	0.136	0.027	5,064	0,000
Money Atitude (X2) -> Digital Financial Literacy (Z) -> Spending Behavior (Y)	0.098	0.100	0.031	3,189	0.001
Financial Experience (X3) -> Digital Financial Literacy (Z) -> Spending Behavior (Y)	0.013	0.014	0.011	1,140	0.254

Source: Processing via SmartPLS (2025)

Based on the table above, the results of testing hypotheses 4, 5, and 6 can be described as follows:

1. In H4, namely the influence of herding on spending behavior through digital financial literacy, the path coefficient value is 0.137 with p-values = 0.000 <α = 0.05 (5%). These results indicate that there is a significant influence. Thus, it can be said that herding (X1) has a positive and significant effect on spending behavior (Y) through digital financial literacy (Z) so that H4 is accepted.
2. In H5, namely the influence of money attitude on spending behavior through digital financial literacy, the path coefficient value is 0.098 with p-values = 0.001 <α = 0.05 (5%). These results indicate that there is a significant influence. Thus, it can be said that money attitude (X2) has a positive and significant effect on spending behavior (Y) through digital financial literacy (Z) so that H5 is accepted.
3. In H6, namely the influence of financial experience on spending behavior through digital financial literacy, the path coefficient value is 0.013 with p-values = 0.254> α = 0.05 (5%). These results indicate that there is an insignificant influence. Thus, it can be said that financial experience (X3) has an insignificant effect on spending behavior (Y) through digital financial literacy (Z) so that H6 is rejected.

DISCUSSION

This study highlights several key factors influencing the spending behavior of Generation Z students, with a particular focus on digital financial literacy as a mediating variable. The results underscore the role of herding behavior in shaping consumer spending. This phenomenon, where individuals mimic the spending behavior of others, is particularly prevalent in digital environments like social media and e-commerce platforms. As Generation Z often seeks approval and validation from peers, it is not surprising that social influence plays such a significant role in their financial decisions. This finding aligns with previous research on the impact of social influence on consumer behavior (Rahayu, 2020; Li & Yang, 2022).

The influence of money attitude on spending behavior was also significant, indicating that individuals' personal values towards money directly impact their financial decisions. Those with a positive attitude toward money tend to manage their finances more effectively, making them less likely to engage in impulsive spending. This finding is consistent with the work of Yamauchi & Templer (1982), which showed that money attitudes shape financial behaviors, including saving and investing practices.

Furthermore, financial experience was found to have a direct effect on spending behavior, suggesting that individuals with more exposure to financial management are better equipped to make informed financial decisions. This underscores the importance of experiential learning in personal finance, which helps individuals refine their financial strategies over time (Yuniningsih, 2020; Purwidianti et.al, 2020).

The most intriguing finding of this study is the mediating role of digital financial literacy. While digital financial literacy was a significant mediator between herding behavior, money attitudes, and spending behavior, its role in mediating the impact of financial experience on spending behavior was less pronounced. This suggests that while digital financial literacy can influence how students make financial decisions in the digital realm, it may not be as crucial in moderating decisions based on prior financial experience. This indicates that practical financial experience may have a stronger impact on students' spending decisions than digital literacy alone. This finding is in line with research that suggests that financial literacy and prior experience are fundamental in shaping spending behaviors, especially for young adults (Hira & Loibl, 2021).

Given the rapid growth of digital financial services, it is essential for financial education programs to go beyond teaching basic financial concepts and include content that addresses the impact of digital tools and social influences. As Generation Z students continue to interact with e-commerce platforms and digital financial services, their ability to critically evaluate these tools will play a crucial role in shaping their spending behavior (Sapulette et al., 2022). This calls for a more integrated approach to financial literacy, combining digital skills with a deeper understanding of the psychological and social factors influencing financial decisions.

Overall, this study contributes to the growing body of literature on the intersection of digital financial literacy, psychological influences, and consumer behavior, providing a foundation for further exploration into how these factors interact to shape the financial decisions of young adults in the digital age. Future research could expand on this study by investigating other variables that may influence spending behavior, such as socioeconomic status or the impact of digital marketing strategies (Glowacz & Schmits, 2020).

4. CONCLUSION

This research was conducted with the aim oftesting the mediation of digital financial literacy on the influence of herding, money attitude, and financial experience on spending behavior The study shows that herding behavior, money attitude, and financial experience contribute to the spending behavior of generation Z students in Surabaya. Social factors, individual values, and independence and strategies in financial management are important elements in shaping their financial behavior. Digital financial literacy acts as a mediator in the relationship between herding behavior and money attitude on spending behavior, which allows students to make wiser, more planned, and goal-oriented financial decisions. However, digital financial literacy does not have a significant contribution in mediating the

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influence of financial experience on spending behavior, because students' financial experience is strong enough to directly influence their spending behavior.

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