Research Article

Lifestyle and Financial Literacy Effects on Online PayLater System and Spending Behavior

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Abstract: The rapid growth of online paylater services has raised concerns about their impact on students' financial behavior, particularly given the increasing prevalence of consumptive lifestyles and limited financial literacy. This study investigates the influence of Lifestyle (X1) and Financial Literacy (X2) on the use of online paylater systems (Z) and their implications for Spending Behavior (Y) among students of the Faculty of Economics and Business at Dian Nuswantoro University. The study population consisted of 2,100 students from the 2021 and 2022 cohorts, with a sample of 117 respondents determined using the Slovin formula. The sample was selected purposively based on the criteria of being 18–24 years old and active users of paylater services. Primary data were collected through an online questionnaire employing a 5-point Likert scale and analyzed using SmartPLS 3.2 with the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique. The results reveal that Lifestyle has a significant positive effect on both Spending Behavior and Paylater use, while Paylater use itself also positively influences Spending Behavior. In contrast, Financial Literacy shows no significant effect and does not mediate the relationships. The novelty of this study lies in integrating Lifestyle, Financial Literacy, Paylater adoption, and Spending Behavior into a single explanatory model, thereby offering new insights into the financial decision-making patterns of Generation Z students in the context of digital financial services.

Keywords: Financial Literacy; Fintech; Lifestyle; Online Paylater System; Spending Behavior

1. Introduction

The introduction of the internet, which marked the beginning of the digital era, started in the late 20th century. The emergence of digital development was supported by technological devices such as computers, internet networks, laptops, and smartphones. These devices have certainly made it easier for people to access the global world on a broader scale. In recent years, the advancement of these devices has successfully expanded digital technology into the financial sector, leading to the rise of what is known as financial technology. The progress of financial technology has brought significant transformation to the financial sector by providing broader access, greater efficiency, and convenience in conducting transactions through various innovations.

One such innovation is the online paylater system. The paylater service, more commonly known as Buy Now Pay Later (BNPL), has become increasingly popular in recent years because it allows consumers to postpone payments after making purchases. Moreover, the application process is considered easy due to minimal requirements. This, of course, encourages people to access the service. Typically, this service is integrated with e-commerce applications or service providers such as Shopee, Tokopedia, and Gojek.

While this system offers convenience and speed in transaction processes, it also has negative impacts, including encouraging consumptive behavior and creating the risk of default, which may result in additional interest charges or penalties. If not used wisely, paylater services can lead to problems in personal financial management.

Growth of Paylater Usage in Indonesia

(2019-2023)

Financing Contract Value
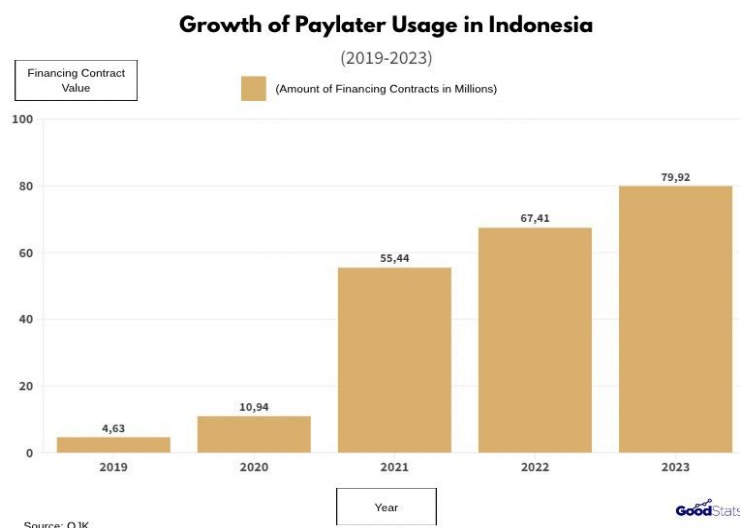
(Amount of Financing Contracts in Millions)

Figure 1. Growth of Paylater Usage in Indonesia
Source: OJK (2023)

Based on the graph, the number of paylater users from 2019 to 2023 has continued to increase. A significant surge occurred between 2020 and 2021, rising sharply from 10.94 million to 55.44 million users. This growth was largely driven by the Covid-19 pandemic, during which e-commerce also experienced rapid development. The pandemic led society into a lockdown era, where people staying at home spent more time scrolling through social media, providing opportunities for e-commerce companies to intensify promotional campaigns. During this period, consumers increasingly preferred digital transactions. Service providers introduced digital payment innovations, including the paylater feature, which offered easier access and minimal requirements. Furthermore, to promote this service, companies provided attractive offers such as discounts, cashback, and zero-interest installment plans. Consequently, consumers became more accustomed to this feature.

In the following period, from 2022 to 2023, the number of paylater users continued to increase, although not as drastically as in the previous year. This reflects the sustained attractiveness of paylater services, which have increasingly become part of consumer habits after the pandemic. Moreover, the expansion of such services has gone beyond e-commerce platforms to include transportation, travel, and lifestyle applications. This development indicates that the growth in paylater adoption is not solely driven by crisis conditions but also by the broader acceptance of these services as an alternative payment method. This condition is closely related to society's increasingly consumptive lifestyle, the influence of financial literacy on their ability to manage digital credit services, and spending patterns that ultimately determine whether the use of paylater supports financial well-being or creates new financial problems.

From a lifestyle perspective, society particularly younger generations demonstrated more consumptive tendencies, prioritizing convenience and practicality in meeting their needs. The shift toward digital-based activities during the pandemic reinforced this new lifestyle. However, the rising use of paylater services has not been fully supported by adequate financial literacy. Many individuals still lack a proper understanding of the financial consequences of using such services, including interest, additional fees, and the risk of late payments. Limited financial literacy makes consumers more focused on short-term benefits such as ease of access and promotional offers. This condition has led to more consumptive spending behavior, where individuals tend to purchase non-essential goods or make repeated transactions driven by promotional programs. Thus, the growing popularity of paylater during the pandemic was not only caused by external factors, such as the growth of e-commerce and marketing strategies, but also by internal user-related factors, namely consumptive lifestyles, low levels of financial literacy, and uncontrolled consumption patterns.

Most previous studies on paylater services have emphasized the ease of access and users' consumptive behavior. However, the existing findings remain inconsistent. For example, Zein & Sartika (2025) reported that lifestyle has no significant effect on the use of paylater services, whereas Kamil et al. (2024) found a positive influence. This inconsistency indicates the limited number of studies that simultaneously examine the relationship between lifestyle and financial literacy in the context of paylater usage and its implications for spending behavior. The phenomenon of changing spending patterns cannot be separated from multiple factors.

Lifestyle is one of the main drivers, as it shapes individual or group behaviors, habits, interests, and perspectives that reflect how they manage daily life, allocate time and finances, and interact within their social environment. In addition, financial literacy plays a crucial role as it reflects the extent to which individuals understand basic financial concepts such as income management, budgeting, saving, investment, and the ability to distinguish between needs and wants in order to make sound financial decisions. On the other hand, spending behavior is globally understood as individuals' tendency to allocate their financial resources to meet both needs and wants, influenced by psychological, social, and technological factors, including the growing adoption of digital payment systems that simplify consumption processes.

This study offers novelty by integrating the four variables into a single research model, thereby contributing both academically and practically to the understanding of paylater adoption dynamics among young generations, particularly university students. Therefore, this research is significant as it aims to analyze the influence of lifestyle (X1) and financial literacy (X2) on the use of online paylater payment systems (Z) and its implications for spending behavior (Y2). Furthermore, the study seeks to determine the extent to which lifestyle and financial literacy can either encourage or hinder paylater adoption, which ultimately affects individuals' spending patterns.

2. Literature Review

Behavioral Finance Theory

According to Shefrin (2000), as cited in Maharani et al. (2024), behavioral finance theory highlights how psychological aspects can influence individuals' financial decisions and behaviors. In recent years, studies in behavioral finance have increasingly focused on financial literacy, given its significant role in explaining financial behavior and decision-making (Mutlu & Özer, 2022).

Theory of Planned Behavior

This theory states that individuals' financial decisions are shaped by personal attitudes, perceived social pressure, and beliefs about their ability to control behavior (Pakpahan et al., 2024). Within this theory, Ajzen (1991) assumes that individuals tend to think rationally by processing available information and considering the consequences of their actions before making decisions. By integrating TPB with behavioral approaches, this study presents a more comprehensive model of financial behavior (Safitri & Nuswantoro, 2025).

Lifestyle

Lifestyle refers to a way of living that encompasses a set of habits, perspectives, and patterns of response toward life, particularly in relation to one's means of living (Sugihartati, 2010). Lifestyle is reflected through activities and the use of time that are considered important within an individual's social environment (Jamaluddin et al., 2025). Consumer lifestyle is manifested in repeated consumption patterns that blur the boundary between needs and wants, leading to tendencies of compulsive buying influenced by urban environments and the characteristics of millennials, who are creative yet consumptive due to digital culture and internet use (Fitriyani & Bawono, 2023). In Aliza et al. (2025), referring to Kotler & Keller (2009), it is stated that lifestyle consists of three indicators: activities, interests, and opinions.

Financial Literacy

Financial literacy encompasses an understanding of financial products and services as well as the individual's ability to make sound financial decisions, including evaluating, planning, and monitoring personal financial conditions to remain under control (Zein & Sartika, 2025). Improved financial literacy is reflected in the ability to manage income appropriately, distinguish between needs and wants, and control expenses to avoid overspending (Setiawati & Alam, 2024). Ghani Alghifari & Firman Firman (2025) identify three indicators of financial literacy: financial knowledge, financial attitudes, and financial behavior.

Spending Behavior

Spending behavior refers to consumer actions in utilizing available financial resources, either through debit or credit cards, to meet needs or desires (Kumar et al., 2022). Consumer behavior reflects a tendency to purchase goods and services excessively, often driven more by emotional impulses and social pressures than by practical needs (Bangun & Jamil, 2025). Student spending behavior is measured through several indicators: loyalty, variety of choices, and the tendency to engage in excessive spending (Supieza et al., 2025).

Online Paylater System

PayLater is a payment method that allows consumers to obtain goods or services first and pay for them later within a specified period, generally through installment systems (Mutiarawati et al., 2024). Paylater services are perceived as convenient due to their simple and fast registration process and supervision by the Financial Services Authority (OJK). While such services can assist users in meeting urgent needs, they may also encourage consumptive behavior through tendencies of impulse buying during shopping (Kamil et al., 2024). This variable is measured using several indicators: frequency of PayLater use, perceived ease of use, promotional influence, and increased spending when utilizing the service (Ulfa et al., 2025).

Hypotheses Development

The Effect of Lifestyle and Financial Literacy on Spending Behavior

Based on previous studies, lifestyle has been proven to have a positive influence on consumptive behavior (Rodziyah et al., 2024; Zahra & Anoraga, 2021). Similarly, financial literacy plays a significant role in enhancing individuals' consumptive behavior (Yuhasril, 2025; Pamungkas & Putri, 2024). This is in line with the perspective of behavioral finance theory, which asserts that an individual's financial decisions are not entirely rational but are influenced by lifestyle habits and limitations in understanding risks. Similarly, the Theory of Planned Behavior (TPB) emphasizes that consumptive attitudes, social pressures, and an individual's belief in their ability to control spending are key factors in shaping purchasing behavior. Therefore, lifestyle and financial literacy are presumed to contribute positively to the increase in spending behavior.

H1 & H2: There is a positive and significant effect of lifestyle and financial literacy on spending behavior.

The Effect of Lifestyle and Financial Literacy on Online Paylater System

The use of paylater services is positively influenced by the lifestyle of Generation Z Jamaluddin et al. (2025), Amelia (2021), and Dimas (2024), while financial literacy has also been proven to significantly contribute to the utilization of Shopee Paylater. The adoption of paylater services is influenced by the consumerist lifestyle of younger generations and their level of financial literacy, which determines their ability to evaluate and utilize such facilities. From the perspective of behavioral finance and the Theory of Planned Behavior, this tendency reflects the role of cognitive biases, social norms, and perceived control, suggesting that lifestyle and financial literacy positively shape the decision to use paylater systems.

H3 & H4: There is a positive and significant effect of lifestyle and financial literacy on online paylater systems.

The Effect of Online Paylater System on Spending Behavior

The use of Shopee Paylater has been shown to have a positive and significant effect on consumptive behavior (Yuhasril, 2025; Amelia, 2021). Moreover, other studies indicate that paylater services may also encourage impulsive buying behavior (Devano et al., 2023). From the perspective of behavioral finance, the ease of access to credit reduces psychological barriers to shopping, thereby encouraging individuals to increase their consumption. Meanwhile, within the framework of the Theory of Planned Behavior, attitudes toward convenience, social influences, and confidence in managing payments further reinforce this tendency, ultimately indicating that the use of paylater systems has the potential to increase consumptive behavior.

H5: There is a positive and significant effect of online paylater systems on spending behavior.

The Effect of Lifestyle and Financial Literacy on Spending Behavior Mediated by Online Paylater System

Shopee Paylater has been proven to play an important role as a mediator in the relationship between shopping lifestyle and consumptive behavior (Ghani Alghifari & Firman Firman, 2025). Furthermore, lifestyle has a positive and significant influence on the consumptive behavior of paylater users (Mellisa & Rosmida, 2023). Other findings suggest that lifestyle factors, perceived convenience, and financial literacy also contribute to the consumptive behavior of Shopee Paylater users among Generation Z (Alfina Nur Kholizah, 2025). From the perspective of behavioral finance, the ease of access to credit makes individuals more vulnerable to consumptive behavior, while within the framework of the Theory of Planned Behavior, a consumptive lifestyle, perceived convenience, and confidence in managing finances encourage the decision to use paylater, which ultimately increases consumption levels, particularly among Generation Z.

H6 & H7: There is a positive and significant effect of lifestyle and financial literacy on spending behavior mediated by online paylater systems.

3. Research Method

This study employs a quantitative descriptive approach using explanatory research, which aims to explain the causal relationship between independent variables, mediating variables, and dependent variables through hypothesis testing. Descriptive analysis is applied to help understand data patterns and to describe the characteristics of respondents (Safitri et al., 2025). In this study, lifestyle (X1) and financial literacy (X2) are designated as independent variables, while the online payment system serves as the mediating variable (Z), and spending behavior is the dependent variable (Y).

The research utilizes primary data collected through an online questionnaire using a 5-point Likert scale distributed via Google Forms. The population of this study consists of 2,100 students of Dian Nuswantoro University, with the sample taken from the Faculty of Economics and Business, specifically students from the 2021 and 2022 cohorts, who meet the criteria of being 18–24 years old and users of online paylater systems. The total number of respondents is 117, determined using the Slovin formula. The selection of Dian Nuswantoro University as the research site is based on several considerations. First, Udinus is recognized as one of the leading private universities in Semarang, with a diverse student body, particularly within the Faculty of Economics and Business, making it highly relevant for studies on financial literacy and consumption behavior. Second, students at Udinus, who are within the 18–24 age range, are highly engaged in digital transactions and represent a potential user base for paylater services, making them a representative sample for this study. Third, the accessibility of respondents and the adequate population size provide an opportunity to obtain valid primary data to support quantitative analysis and hypothesis testing.

The data analysis tool employed in this study is SmartPLS 3.2. SmartPLS is a software application based on Partial Least Squares Structural Equation Modeling (PLS-SEM) that is widely used in quantitative research. It allows researchers to test and estimate relationships between variables, particularly in cases involving small sample sizes, non-normal data distributions, and complex research models.
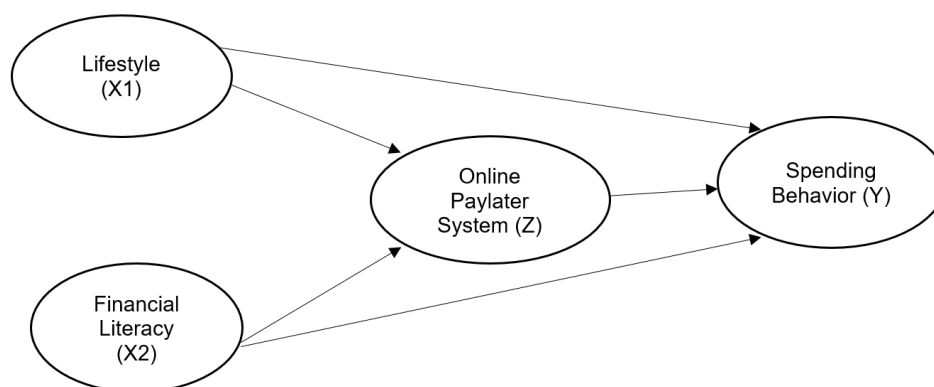
Research Model

Figure 2. Research Model
Source: Adapted from (Kamil et al., 2024)

In quantitative research employing PLS-SEM, the data collected were analyzed using SmartPLS software. The analysis was conducted to evaluate the quality of indicators and research variables as well as to test the relationships among variables in the proposed model. Descriptive analysis was first performed to provide an overview of respondent characteristics and the distribution of the data, including minimum, maximum, mean, and standard deviation values for each indicator. The measurement model (outer model) was then assessed to examine the validity and reliability of the constructs. Convergent validity was evaluated using outer loadings (≥ 0.7) and the Average Variance Extracted (AVE ≥ 0.5), while discriminant validity was tested using the Fornell-Larcker criterion or the Heterotrait-Monotrait Ratio (HTMT ≤ 0.9). In addition, internal consistency was measured through Composite Reliability (CR) and Cronbach's Alpha, with acceptable thresholds of ≥ 0.7.

The structural model (inner model) was subsequently evaluated to determine the relationships between latent variables. This included examining the R-Square (R^2) to assess the explanatory power of independent variables, the Q-Square (Q^2) to evaluate predictive relevance, and, where applicable, the Goodness of Fit (GoF), although the latter is rarely applied in modern PLS approaches. To test the significance of the hypothesized paths, SmartPLS employs the bootstrapping procedure. Path coefficients are considered significant

when the t-statistic exceeds 1.96 (p < 0.05), while the f² statistic is used to assess the effect size of relationships between variables. Furthermore, mediation and moderation effects were examined through the bootstrapping of indirect effects, where a p-value below 0.05 indicates a statistically significant mediating or moderating effect.

4. Results and Discussion
Respondent Data
This study involved students of the Faculty of Economics and Business, Dian Nuswantoro University, majoring in Management and Accounting, with a total population of 2,100 students from the 2021 and 2022 cohorts, aged between 18 and 21 years. The respondents were selected based on the criterion of having used paylater services for at least one year.
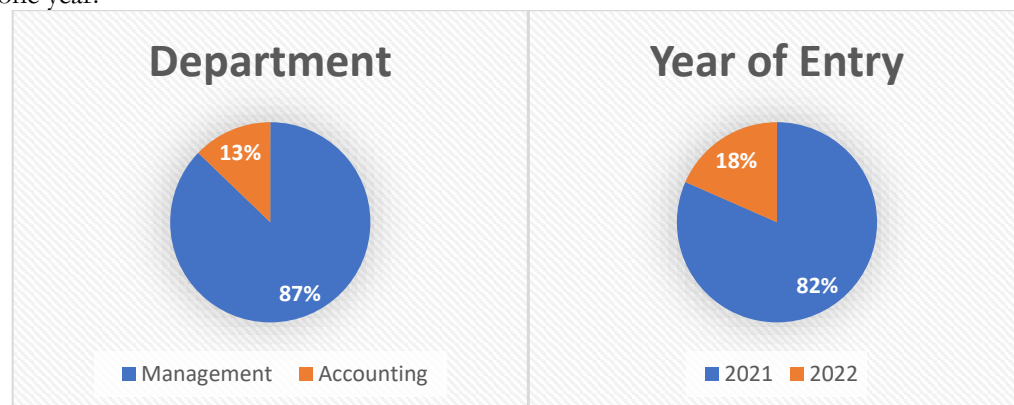

Figure 3. Distribution of Respondents by Major and Year of Entry
Source: Primary data processed by the researcher (2025)

Respondents from the management major accounted for 87%, while those from the accounting major comprised 12%. Among the cohorts, only 18% were from the 2021 intake, whereas the majority, 82%, were from the 2022 cohort. This distribution is relevant to the present study, as senior students generally demonstrate more diverse consumption experiences and relatively higher levels of financial literacy compared to freshmen. Consequently, their spending behavior is likely to be shaped by prior experiences in managing allowances, additional income, or other productive activities. Moreover, the lifestyle patterns of senior students, which tend to be more established, may further encourage the use of digital financial services, including paylater platforms, both for academic and non-academic purposes. Hence, financial literacy emerges as a crucial factor in influencing how students allocate their expenses, make purchasing decisions, and respond to the risks associated with paylater usage.

Latent Variable Descrptives
Table 1. Latent Variable Descriptive Statistics

Indicator	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness	Number of Observations Used
FL	0.000	0.136	-2.651	3.791	1.000	1.592	0.024	116.000
LS	-0.000	-0.056	-2.019	2.102	1.000	-0.800	0.155	116.000
SB	-0.000	0.099	-1.677	1.874	1.000	-1.050	0.109	116.000
SP	-0.000	-0.205	-2.206	1.796	1.000	-0.814	-0.041	116.000

Source: SmartPLS 3 Output, processed by the researcher (2025)

Based on the descriptive analysis presented in the Latent Variable Descriptives, all research constructs Financial Literacy, Lifestyle, Spending Behavior, and the Paylater System have undergone standardization, resulting in mean values close to zero and a standard deviation of one. This indicates that the data have been adjusted to a comparable scale across variables.

In terms of distribution, the skewness values for the four constructs range between -0.041 and 0.155, suggesting that the data are relatively symmetric with no substantial skewness. The kurtosis values reveal variations in the shape of distribution: Financial Literacy tends to be more peaked (leptokurtic), whereas Lifestyle, Spending Behavior, and the Paylater System display flatter distributions (platykurtic). Furthermore, the minimum and maximum ranges for each construct remain within acceptable limits, indicating no extreme anomalies.

Therefore, it can be concluded that the dataset demonstrates sound distributional properties, does not exhibit major deviations from normality, and is suitable for subsequent PLS-SEM analysis.

Test the Validity of Indicators
Construct Reliability & Validity

Table 2. Construct Reliability and Validity

Indicator	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
FL	0.945	0.020	0.727	0.282
LS	0.909	0.928	0.926	0.590
SB	0.926	0.927	0.948	0.820
SP	0.948	0.952	0.956	0.707

Source: SmartPLS 3 Output, processed by the researcher (2025)

The reliability and validity assessments revealed that the constructs of Lifestyle (LS), Spending Behavior (SB), and Paylater System (SP) successfully met the required criteria, with Cronbach's Alpha, Composite Reliability, and AVE values exceeding the established thresholds. These findings confirm that the three constructs are both reliable and valid. In contrast, the Financial Literacy (FL) construct still presented issues. Although Cronbach's Alpha and Composite Reliability demonstrated acceptable levels, the rho_A value (0.020) and AVE (0.282) fell below the minimum standard. This indicates that the FL indicators have not yet been able to adequately represent the construct.

Discriminant Validity
Fornell-Larcker

Table 3. Discriminant Validity (Fornell–Larcker Criterion)

Indicator	FL	LS	SB	SP
FL	0.531			
LS	-0.375	0.768		
SB	-0.404	0.905	0.905	
SP	-0.408	0.890	0.897	0.841

Source: SmartPLS 3 Output, processed by the researcher (2025)

The discriminant validity test based on the Fornell–Larcker criterion demonstrated that the constructs of Lifestyle (LS), Spending Behavior (SB), and Paylater System (SP) satisfied the requirements, as their square root of AVE values (0.768, 0.905, and 0.841, respectively) were higher than their correlations with other constructs. Conversely, the Financial Literacy (FL) construct, with a square root of AVE value of 0.531, was lower than its correlations with other constructs, indicating that it failed to meet the discriminant validity criterion. This finding suggests that the FL construct was not sufficiently distinct from the other constructs.

Heterotrait-Monotrait Ratio (HTMT)

Table 4. Heterotrait–Monotrait Ratio (HTMT)

Indicator	FL	LS	SB	SP
FL				
LS	0.215			
SB	0.178	0.974		
SP	0.176	0.944	0.952	

Source: SmartPLS 3 Output, processed by the researcher (2025)

The results of the Heterotrait-Monotrait Ratio (HTMT) test indicate that the correlations between FL and the other constructs remain below the 0.90 threshold, thereby fulfilling the requirement for discriminant validity. In contrast, the relationships between LS–SB (0.974), LS–SP (0.944), and SB–SP (0.952) exceed the acceptable cutoff of 0.90, suggesting potential issues of discriminant validity among these three constructs.

Inner Model Testing
Path Coefficients

Table 5. Path Coefficients

Indicator	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
FL -> SB	-0.038	-0.097	0.045	0.856	0.393
FL -> SP	-0.086	0.059	0.116	0.738	0.461
LS -> SB	0.513	0.488	0.094	5.453	0.000
LS -> SP	0.858	0.863	0.035	24.295	0.000
SP -> SB	0.424	0.467	0.108	3.925	0.000

Source: SmartPLS 3 Output, processed by the researcher (2025)

The inner model assessment reveals that Financial Literacy (FL) does not exert a significant effect on either Spending Behavior (SB) (p = 0.393) or the Paylater System (SP) (p = 0.461), as the p-values exceed the 0.05 threshold. In contrast, Lifestyle (LS) demonstrates a strong and significant positive influence on both SB (β = 0.513; p = 0.000) and SP (β = 0.858; p = 0.000). Moreover, SP is also found to have a significant positive impact on SB (β = 0.424; p = 0.000). These findings suggest that lifestyle serves as the dominant factor shaping spending patterns and behavior, whereas financial literacy does not contribute significantly within this model.

R Square

Table 6. R Square

Indicator	R Square	R Square Adjusted
SB	0.860	0.857
SP	0.799	0.795

Source: SmartPLS 3 Output, processed by the researcher (2025)

The R-Square results indicate that the model possesses strong predictive capability. The variable Spending Behavior (SB) records an R-Square value of 0.860 (Adjusted R-Square = 0.857), suggesting that 86% of the variance in consumer spending behavior is explained by the independent variables in the model. Meanwhile, the Paylater System (SP) yields an R-Square of 0.799 (Adjusted R-Square = 0.795), meaning that 79.9% of the variation in this construct can be accounted for by its predictors. Both R-Square values fall within the high category, confirming that the model demonstrates substantial explanatory power in describing the relationships among the variables.

F Square

Table 7. F Square

Indicator	FL	LS	SB	SP
FL			0.009	0.031
LS			0.391	3.149
SB				
SP			0.259	

Source: SmartPLS 3 Output, processed by the researcher (2025)

The F-Square test results reveal that the effect of Financial Literacy (FL) on Spending Behavior (SB) and the Paylater System (SP) is minimal (0.009 and 0.031, respectively), thus categorized as weak. In contrast, Lifestyle (LS) demonstrates a moderate impact on SB (0.391) and an exceptionally strong effect on SP (3.149). Furthermore, SP itself exerts a moderate influence on SB (0.259). These findings suggest that Lifestyle contributes the most significantly within the model, whereas the role of Financial Literacy remains relatively insignificant in explaining variations in consumer behavior and spending patterns.

Q Square

Table 8. Q Square

Indicator	SSO	SSE	Q² (=1-SSE/SSO)
FL	1.044.000	1.044.000	
LS	1.044.000	1.044.000	
SB	464.000	140.950	0.696
SP	1.044.000	465.610	0.554

Source: SmartPLS 3 Output, processed by the researcher (2025)

The Q-Square (Q²) test results indicate that Spending Behavior (SB) has a predictive relevance value of 0.696 and the Paylater System (SP) registers 0.554. Both values exceed the threshold of 0.35, suggesting that the model demonstrates strong predictive power in explaining these outcome variables. Meanwhile, Financial Literacy (FL) and Lifestyle (LS) do not produce Q² values, as they operate as predictor variables. Hence, it can be inferred that the proposed research model effectively predicts consumer spending and purchasing patterns, with the most substantial predictive contribution attributed to Spending Behavior.

Mediation Testing
Indirect Effects

Table 9. Indirect Effects

Indicator	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
FL -> SB	-0.036	0.031	0.059	0.617	0.538
FL -> SP					
LS -> SB	0.364	0.410	0.091	4.003	0.000
LS -> SP					
SP -> SB					

Source: SmartPLS 3 Output, processed by the researcher (2025)

The mediation analysis presented in the Indirect Effects table reveals that the pathway from Financial Literacy (FL) to Spending Behavior (SB) is statistically insignificant (p = 0.538 > 0.05; t = 0.617), indicating that FL does not exert a mediating effect on SB. Conversely, the path from Lifestyle (LS) to SB is found to be highly significant (p = 0.000 < 0.05; t = 4.003), suggesting that LS serves as a strong mediator influencing SB. These findings highlight the pivotal role of LS in shaping consumer spending patterns, while FL shows no meaningful mediation effect within the proposed model.

5. Conclusion

This study aims to examine the influence of Lifestyle (X1), Financial Literacy (X2), and the Online Paylater System (Z) on Spending Behavior (Y) among students of the Faculty of Economics and Business at Dian Nuswantoro University. The results of the measurement model analysis indicate that the constructs of Lifestyle (X1), the Online Paylater System (Z), and Spending Behavior (Y) demonstrate strong validity and reliability, with indicators consistently meeting the required criteria. Most Lifestyle indicators satisfied the validity threshold, except for LS1.4 and LS2.2, while all indicators of the Online Paylater System (Z) and Spending Behavior (Y) showed high outer loadings. Conversely, the construct of Financial Literacy (X2) was only represented by a few valid indicators (FL1.4, FL2.1, and FL2.3), with the majority failing to meet the required standard.

Based on the cross-loading results, most indicators demonstrated higher loadings on their respective constructs compared to other constructs, thereby supporting discriminant validity. For instance, the indicators of LS, SB, and SP consistently exhibited stronger loadings on their designated constructs. However, within the FL construct, several indicators (such as FL1.1, FL2.2, and FL3.2) displayed relatively low loadings on their own construct and in some cases were comparable to or even higher on other constructs. This pattern reinforces the earlier findings of weak validity and reliability for the Financial Literacy construct and indicates potential issues with its discriminant validity. Such limitations are also reflected in the low Average Variance Extracted (AVE) values and problems identified in the Fornell–Larcker test.

Nevertheless, the dataset as a whole exhibits favorable distributional characteristics, making it appropriate for further PLS-SEM analysis. The structural model analysis reveals that Financial Literacy (X2) does not exert a significant influence on either Spending Behavior (Y) or the Online Paylater System (Z), nor does it provide meaningful mediation effects. In contrast, Lifestyle (X1) exerts a strong and statistically significant positive effect on both Spending Behavior (Y) (beta = 0.513; p = 0.000) and the Online Paylater System (Z) (beta = 0.858; p = 0.000). The Online Paylater System (Z) itself also significantly impacts Spending Behavior (Y) (beta = 0.424; p = 0.000). The model demonstrates high predictive power, with R-square values of 0.860 for Spending Business (Y) and 0.799 for the Online Paylater System (Z), accounting for a substantial proportion of the variance in the dependent variables.

Collectively, these findings emphasize that Lifestyle (X1) is the dominant factor shaping students' consumption patterns and spending behavior, as well as their adoption of paylater services, while the role of Financial Literacy (X2) within this model is relatively insignificant. The implications of this research highlight the importance of considering lifestyle factors and broader consumption experiences when analyzing financial decision-making and spending behavior among university students, particularly in relation to digital financial services.

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