

MENTAL ACCOUNTING AND CONSUMPTIVE BEHAVIOR AS DUAL MEDIATORS BETWEEN FINANCIAL LITERACY AND E-MONEY IN FINANCIAL MANAGEMENT



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Abstract

The rapid growth of financial technology raises concerns that e-money may encourage higher consumption. This study aims to examine how mental accounting and consumptive behavior mediated the effects of financial literacy and e-money usage on financial management. A quantitative approach was employed with 216 respondents and analyzed using PLS-SEM. The results showed that financial literacy and e-money positively affected financial management, while consumptive behavior negatively impacted it. Mental accounting positively mediated these relationships, whereas consumptive behavior served as a negative mediator. By integrating both positive and negative behavioral mediators, this study provided a comprehensive understanding of digital finance's influence on individual financial outcomes. Practically, the findings highlight the importance of embedding educational features in e-money applications to enhance financial literacy and promote better financial management.

INTRODUCTION

The development of financial technology (fintech) and digital transformation has significantly changed the financial landscape of the Indonesian people in recent years. One of the most obvious forms is the increasing use of electronic money (e-money), which is considered practical, fast, and efficient in supporting daily transactions. Bank Indonesia data noted that the value of electronic money transactions reached IDR 835.84 trillion in 2023, a significant increase compared to the previous year (Multianatha,

2024). This phenomenon mainly impacts the younger generation, such as college students and Generation Z, who are increasingly dependent on digital services to meet their consumptive needs (Daqar et al., 2020). However, despite the rapid growth of digital financial services, financial literacy in Indonesia remains relatively low. The 2025 National Survey on Financial Literacy and Inclusion (SNLIK) by the OJK showed that the financial literacy index was only 66.46%, while the financial inclusion index had reached 80.51% (OJK, 2025). This imbalance shows that while access to digital finance continues to grow, the ability to manage it responsibly has not kept up. As a result, many young consumers struggle to maintain financial stability and are vulnerable to overconsumption driven by the use of digital payments (Amrullah et al., 2023).

Financial literacy is a key cornerstone in personal financial management because it encompasses an individual's understanding of financial concepts, planning skills, and rational decision-making abilities (Marlina et al., 2020). Individuals with higher levels of financial literacy tend to manage budgets, savings, and financial risks more effectively, whereas low literacy is often associated with difficulties in controlling expenditures and a higher tendency toward consumptive behavior (Desmiyawati et al., 2023; Morgan & Long, 2020; Ridhayani & Johan, 2020). In the Indonesian context, financial literacy is negatively related to consumptive behavior; however, this relationship is not always direct and is frequently shaped by external conditions and psychological mechanisms (Widiyanto et al., 2022). As financial decision-making increasingly takes place within digital payment environments, the effectiveness of financial literacy depends not only on cognitive knowledge but also on how individuals psychologically process and allocate money in technology-mediated transactions.

E-money as a digital payment tool presents both convenience and behavioral challenges. The characteristics of instant, cashless, and frictionless transactions can accelerate consumption and increase the likelihood of impulsive spending (Park et al., 2021). Several studies have found that the use of e-money is positively associated with consumptive behavior, particularly when combined with social influence and digital lifestyles (Anggaretta et al., 2025; Widayat et al., 2020). However, the behavioral impact of e-money is not uniform across individuals. Financially literate users are more capable of utilizing digital payment systems in a controlled manner, as they tend to apply budgeting awareness and evaluate spending consequences more carefully (Long et al., 2023; Zang et al., 2023). In this sense, e-money operates not merely as a technological instrument but as a medium through which financial knowledge and psychological control mechanisms interact. Consequently, the influence of e-money on individual financial management may be either detrimental or beneficial, depending on the user's level of financial literacy and internal behavioral regulation.

In addition to rational factors, psychological mechanisms such as mental accounting play a critical role in shaping individual financial behavior (Muehlbacher & Kirchler, 2019). Mental accounting refers to the cognitive process through which individuals categorize, label, and evaluate money within specific mental accounts. For instance, bonuses or rewards are often treated differently from regular income, thereby influencing consumption and saving decisions (Jiang et al., 2021). This mechanism reflects a dual function: mental accounting can enhance financial control by structuring budgets and expenditures, yet it may also generate cognitive bias and suboptimal decisions when funds are evaluated inconsistently across mental categories (Manan et al., 2025). In the context of digital payments, mental accounting becomes particularly relevant because electronic money alters the salience of spending, requiring stronger cognitive regulation to maintain financial discipline.

Alongside cognitive control, consumptive behavior represents the behavioral and emotional dimension of personal finance, characterized by excessive or impulsive purchases driven by social influence, lifestyle orientation, and affective motives rather than actual needs (Afrilia et al., 2025). High levels of consumptive behavior tend to weaken financial stability, especially among younger individuals who are more exposed to social media pressure and digital consumption culture. Prior studies indicated that low financial literacy contributed to stronger consumptive tendencies, while the convenience of electronic money might further reinforce such behavior (Marlina et al., 2020). However, empirical evidence that simultaneously examined consumptive behavior together with psychological mechanisms such as mental accounting in explaining financial management remained limited. Accordingly, financial management outcomes in the digital era depend on the balance between cognitive regulation through

mental accounting and emotional impulses reflected in consumptive behavior, both of which interact with financial literacy and electronic money usage to determine individual financial stability (Hou et al., 2021; Jiang et al., 2021).

Despite the growing adoption of digital payment systems, the disparity between financial literacy and financial inclusion in Indonesia reveals a behavioral and psychological gap in how individuals manage their finances. While previous studies have consistently established that financial literacy influences financial management, most existing research tends to examine digital payment usage, psychological factors, and consumption behavior separately, resulting in a fragmented understanding of individual financial decision-making. In particular, limited attention has been given to how cognitive mechanisms such as mental accounting and emotional tendencies such as consumptive behavior simultaneously operate as mediating processes in the relationship between financial literacy, e-money usage, and financial management. This gap becomes increasingly relevant in the digital context, where e-money simultaneously enhances transactional convenience and amplifies impulsive spending tendencies. Therefore, this study addresses this limitation by examining the dual mediating roles of mental accounting and consumptive behavior in explaining how financial literacy and e-money usage shape individual financial management outcomes.

The reviewed studies reveal consistent evidence that financial literacy, digital payment usage, and behavioral control collectively shape individual financial outcomes. However, most prior works examined these factors separately, resulting in a fragmented understanding. By critically integrating behavioral finance and digital adoption perspectives, this study addresses how cognitive mechanisms (mental accounting) and emotional tendencies (consumptive behavior) jointly explain financial management outcomes within a unified framework. This integrated approach provides both theoretical coherence and contextual relevance for digital consumers in Indonesia.

Based on the identified background and research gap, this study examines how financial literacy influences financial management in the digital era and the extent to which electronic money, mental accounting, and consumptive behavior mediate this relationship. It also investigates which mediator, mental accounting or consumptive behavior, plays a more dominant role in shaping individual financial management outcomes. The conceptual framework is grounded in behavioral finance and consumer psychology, emphasizing that financial decision-making is shaped by both rational evaluation and psychological processes. According to mental accounting theory (Thaler, 1999), individuals cognitively categorize and allocate money into distinct mental accounts, influencing how they budget, spend, and save. In contrast, consumption behavior theory suggests that impulsivity, lifestyle orientation, and emotional drivers often override rational financial knowledge in shaping spending patterns (Nofsinger, 2016).

Integrating these perspectives, mental accounting is conceptualized as a cognitive control mechanism, while consumptive behavior serves as an emotional-behavioral pathway through which financial literacy and e-money usage affect financial management. Financial literacy represents a rational capability, and e-money functions as a technological enabler that can either facilitate financial discipline or intensify impulsive spending. The effectiveness of these factors depends on the balance between cognitive regulation and emotional impulses. Accordingly, the proposed model reflects the dual nature of financial behavior in the digital era, capturing both control-oriented and impulse-driven mechanisms in explaining individual financial management outcomes. The conceptual model is presented in Figure 1.

Financial literacy serves as the foundation of sound financial management because it determines how individuals understand, plan, and make rational financial decisions (Marlina et al., 2020). Individuals with higher levels of literacy are typically more capable of budgeting, saving, and managing risks, whereas those with low literacy often exhibit impulsive and unplanned spending behavior (Desmiyawati et al., 2023; Morgan & Long, 2020; Ridhayani & Johan, 2020). However, several studies suggested that financial literacy alone did not automatically translate into effective financial behavior. Its effect may be moderated or mediated by other external and psychological factors, such as technological use or emotional control (Widiyanto et al., 2022).

In the context of digital transformation, electronic money (e-money) has emerged as one of the most widely used financial technologies, especially among young consumers. E-money promotes transaction efficiency and convenience (Widayat et al., 2020), yet its use also carries behavioral

consequences. Research has shown that cashless payment systems can reduce the “pain of paying,” making individuals less aware of spending and more likely to engage in excessive purchases (Anggaretta et al., 2025; Park et al., 2021). On the other hand, e-money can also enhance financial discipline by providing transparent transaction records and supporting spending control (Long et al., 2023; Zang et al., 2023). Thus, the impact of e-money on financial management is dual in nature; it can either improve or deteriorate one’s financial discipline, depending on literacy level and self-control.

This duality leads to the importance of mental accounting, a psychological construct first proposed by Thaler (1999). Mental accounting refers to the cognitive process by which individuals categorize, label, and evaluate money in distinct mental accounts. Such mental categorization can promote budgeting discipline, for example, by allocating separate “mental envelopes” for bills, savings, or leisure spending (Muehlbacher & Kirchler, 2019). However, mental accounting can also bias financial decisions when individuals treat money differently based on its source or label (Jiang et al., 2021; Manan et al., 2025). A person may, for instance, spend bonuses more freely than regular income. Therefore, mental accounting can either help individuals restrain spending or lead to irrational consumption patterns, depending on how effectively they apply this cognitive framework.

Meanwhile, consumptive behavior reflects the behavioral dimension of personal finance, characterized by excessive or impulsive spending driven by emotional or social motives rather than rational needs (Afrilia et al., 2025; Muawaliyah & Saifuddin, 2023). In the digital era, consumptive behavior is often amplified by online shopping, social media influence, and the easy accessibility of e-money. Empirical studies showed that low financial literacy contributed to higher consumptive tendencies (Marlina et al., 2020) and that the use of electronic payments could reinforce this pattern (Widayat et al., 2020). However, other evidence indicates that individuals with stronger mental accounting practices are more capable of mitigating impulsive spending (Jiang et al., 2021).

Taken together, these studies highlight the interplay between rational (financial literacy and e-money), psychological (mental accounting), and behavioral (consumptive behavior) aspects in shaping financial management outcomes. Individuals who combine high literacy with effective mental accounting are more likely to manage money prudently, even in a highly digital financial environment. Conversely, those with low literacy and weak psychological control are vulnerable to impulsive consumption and poor financial outcomes (Hou et al., 2021).

Grounded in behavioral finance (Shefrin, 2009) and consumer psychology (Nofsinger, 2016), this study proposes a conceptual framework linking financial literacy and e-money as rational antecedents, consumptive behavior and mental accounting as dual mediators, and financial management as the outcome variable. The model suggests that financial literacy enhances rational decision-making, while e-money provides technological facilitation, but their combined influence depends on the balance between impulsivity and cognitive control. Figure 1 illustrates this conceptual framework.

Based on the theoretical framework and previous empirical findings, the hypotheses are:

Direct Effects

- H₁: Financial literacy harms consumptive behavior.
- H₂: Financial literacy has a positive effect on financial management.
- H₃: Financial literacy has a positive effect on mental accounting.
- H₄: Financial literacy has a positive effect on e-money use.
- H₅: E-money use has a positive effect on consumptive behavior.
- H₆: E-money use has a positive effect on financial management.
- H₇: E-money use has a positive effect on mental accounting.
- H₈: Consumptive behavior harms financial management.
- H₉: Consumptive behavior harms mental accounting.
- H₁₀: Mental accounting has a positive effect on financial management.

Indirect (Mediating) Effects

- H₁₁: Financial literacy influences financial management through consumptive behavior.
- H₁₂: Financial literacy influences financial management through mental accounting.
- H₁₃: E-money influences financial management through consumptive behavior.
- H₁₄: E-money influences financial management through mental accounting.

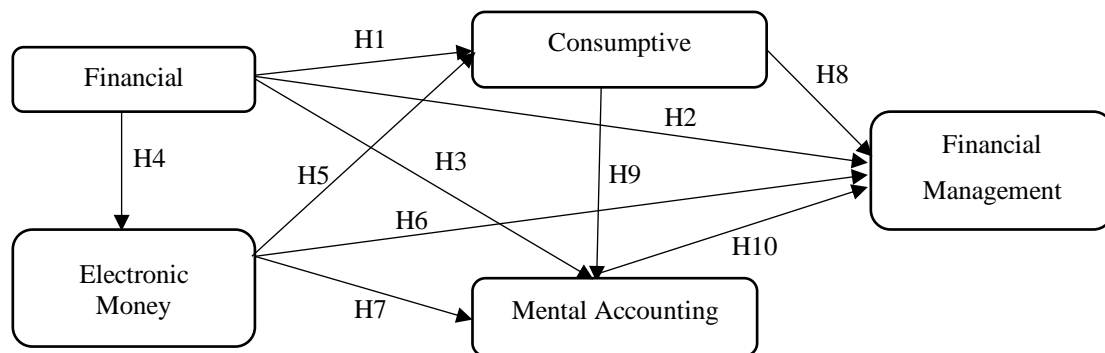


Figure 1. Conceptual Model

METHOD

This study used a quantitative and explanatory research design to assess the causal relationship between financial literacy and the use of electronic money in financial management, with mental accounting and consumptive behavior as mediating variables. Data were collected through an online questionnaire using a five-point Likert scale. All measurement items were adapted from prior validated studies and adjusted to fit the context of Indonesian e-money users. The research instruments were presented in Table 1, detailing the variables, indicators, questionnaire items, measurement scale, and rationale for each construct. This table provides a clear overview of how financial literacy, e-money usage, mental accounting, consumptive behavior, and financial management were operationalized for the study.

The target population consisted of Indonesian e-money users who were at least 18 years old, had their own income, and had been actively using e-money for at least one year. Purposive sampling was applied to ensure that respondents met these criteria. Following PLS practical rules, a minimum of 130 respondents was required for 26 indicators; the study collected 216 responses, satisfying the reliability requirements for analysis (Ghozali, 2021).

Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) in SmartPLS, which is suitable for complex models with latent variables and multiple mediators, particularly for small sample sizes (Ghozali, 2021). Before analysis, the data were screened for completeness, outliers, and consistency. Incomplete responses and extreme values were removed, leaving 216 valid observations. Checks for normality, multicollinearity, and reliability were performed to ensure data quality and the robustness of the statistical results.

To minimize response bias, the questionnaire included reverse-coded items and random sequencing of statements. Participation was voluntary and anonymous to reduce social desirability bias. Since the sample was limited to Indonesian e-money users aged 18 and above, the findings should be interpreted within this demographic and may not be generalizable to non-digital or older populations.

The analysis included testing the validity and reliability of the outer model, as well as assessing the inner model to evaluate the relationships among latent variables. A dual mediation test was conducted to examine how mental accounting and consumptive behavior mediate the effects of financial literacy and e-money usage on financial management. This approach provided empirical evidence to support the proposed hypotheses.

Table 1. Research Instruments

Variabel	Indicator	Questionnaire Question Items	Measurement	Information
Financial Literacy	1. Basic knowledge of finance	1. I understand the difference between assets and liabilities.	Likert 1–5	This indicator was chosen because it reflects the basic cognitive dimensions of financial literacy that individuals need
	2. Understanding compound interest	2. I know how compound interest works.		
	3. Understanding inflation			

	4. Risk diversification 5. Simple understanding of financial instruments	3. I understand the impact of inflation on purchasing power. 4. I know the importance of risk diversification in investments. 5. I have a basic understanding of financial instruments (e.g., deposits, bonds).			to understand risk, returns, and simple instruments, and is recognized as a global measurement standard (Zaimovic et al., 2023).
Electronic Money	1. Ease of use 2. Transaction speed 3. Transaction security 4. Practicality of balance storage 5. Intensity/frequency of use	1. The e-money application I use is easy to learn and operate. 2. Transactions using e-money are carried out quickly. 3. I feel safe when making transactions using e-money. 4. It is very practical to save the balance in the e-money application. 5. I regularly use e-money in various daily transactions.	Likert 1–5		This indicator was chosen because it describes aspects of the utility of financial technology, which are empirically proven to influence the acceptance and behavior of the use of electronic money (Widayat et al., 2020).
Mental Accounting	1. Funding grouping 2. Special budget allocation 3. Production handling 4. Separation of needs and wants 5. Personal finance evaluation	1. I divide funds into specific categories (e.g., savings, daily necessities, entertainment). 2. I allocate a special budget for specific needs. 3. I control my expenses by recording or checking them regularly. 4. I separate expenses between needs and wants. 5. I evaluate my personal financial condition regularly.	Likert 1–5		This indicator was chosen because it is a psychological mechanism in separating, allocating, and controlling funds, according to the concept <i>Mental Accounting</i> Sent (Muehlbacher & Kirchler, 2019; Zeng & Herzfeld, 2021)
Consumptive Behavior	1. Consumptive behavior 2. Impulse shopping 3. Preferences for brands 4. Tendency to follow trends 5. Often buying non-essential items	1. I often buy things just because I want them, not because I need them. 2. I'm easily tempted to make impulse purchases. 3. I prefer to buy products with a specific brand. 4. I follow the latest trends when buying items. 5. I often buy things that are not essential.	Likert 1–5		This indicator was chosen because it represents patterns of excessive consumption driven by emotional, social, and lifestyle factors, which are relevant to the context of the younger generation (Muawaliyah & Saifuddin, 2023).
Financial Management	1. Financial budget planning 2. Personal financial records 3. Production handling 4. Savings & investment allocation 5. Fulfillment of priority needs 6. Achievement of short-term and long-term financial goals	1. I create a financial budget plan for my personal finances. 2. I keep track of my income and expenses regularly. 3. I can control my expenses so that they do not exceed my income. 4. I set aside funds for savings and investments. 5. I prioritize spending on primary needs. 6. I strive to achieve short-term and long-term financial goals.	Likert 1–5		This indicator was chosen because it covers aspects of personal financial management as a whole, from planning, control, and recording, to achieving financial goals (Alam et al., 2024).

RESULTS

Table 2. External Loading

	Consumptive Behavior	Electronic Money	Financial Literacy	Mental Accounting	Financial Management
Finance 1			0.947		
Finance 2			0.725		
Finance 3			0.923		
Finance 4			0.869		
Finance 5			0.854		
E-Money 1		0.832			
E-Money 2		0.864			
E-Money 3		0.887			
E-Money 4		0.843			
E-Money 5		0.763			
Mental Acc 1				0.839	
Mental Acc 2				0.929	
Mental Acc 3				0.912	
Mental Acc 4				0.962	
Mental Acc 5				0.885	
Consumptive 1	0.842				
Consumptive 2	0.822				
Consumptive 3	0.824				
Consumptive 4	0.943				
Consumptive 5	0.715				
Manage 1					0.955
Manage 2					0.930
Manage 3					0.916
Manage 4					0.919
Manage 5					0.854
Manage 6					0.896

Table 2 presents the convergent validity test, indicated by outer loading values above 0.70, which means that the data are declared valid (Rambut et al., 2018).

Table 3. Reliability Test

	Average variance extracted (AVE)	Alfa Cronbach	Composite reliability (rho_a)	Composite reliability (rho_c)
Financial Literacy	0.752	0.917	0.956	0.938
Electronic Money	0.704	0.894	0.900	0.922
Mental Accounting	0.822	0.945	0.950	0.958
Consumptive Behavior	0.693	0.888	0.907	0.918
Financial Management	0.832	0.959	0.962	0.967

The results in Table 3 show that all variables have AVE values above 0.50, meeting the criteria for convergent validity (Hair et al., 2018). In addition, Cronbach's Alpha and Composite Reliability values for all constructs were above the threshold of 0.70, indicating strong internal consistency and reliability (Rambut et al., 2018).

Table 4 presents the model evaluation using the R-squared value (R²) for the dependent variable. An R-squared value above 0.10 indicates acceptable predictive power for the model as a whole (Siregar et al., 2024). Based on the PLS data processing, the following R-squared values were obtained:

Table 4. R-squared value

	R-Square	R-square adjustable
Financial Literacy	0.566	0.560
Electronic Money	0.132	0.128
Mental Accounting	0.773	0.769
Consumptive Behavior	0.022	0.013

The suitability of the model in PLS is assessed using the value of A Q2, which serves a similar purpose to the coefficient of determination (R²) in regression analysis. A higher R² value reflects a better model fit. An A Q2 value above zero indicates good predictive relevance, while a value below zero indicates limited predictive relevance (Ghozali, 2021). Based on Table 5, the Q² values are as follows:

$$\begin{aligned} Q2 \text{ value} &= 1 - (1 - R^2_1) (1 - R^2_2) (1 - R^2_3) (1 - R^2_4) \\ &= 1 - (1 - 0.022) (1 - 0.132) (1 - 0.566) (1 - 0.773) \\ &= 0.916 (91.6\%) \end{aligned}$$

The model yielded an R-squared value of 91.6%, indicating strong predictive power. The researcher used path coefficients to determine the direction of influence and p-values to assess significance when testing the hypotheses.

Table 5. Path coefficient

	Original sample (O)	P value	Results
Financial Literacy → Consumptive Behavior	0.017	0.836	Not Supported
Financial Literacy → Financial Management	0.093	0.012	Supported
Financial Literacy → Mental Accounting	0.146	0.004	Supported
Financial Literacy → E-Money	0.364	0.000	Supported
E-Money → Consumptive Behavior	-0.153	0.017	Supported
E-Money → Financial Management	0.575	0.000	Supported
E-Money → Mental Accounting	0.669	0.000	Supported
Consumptive Behavior → Financial Management	-0.125	0.000	Supported
Consumptive Behavior → Mental Accounting	-0.087	0.048	Supported
Mental Accounting → Financial Management	0.285	0.000	Supported
Financial Literacy → Consumptive Behaviour → Financial Management	0.232	0.013	Supported
Financial Literacy → Mental Accounting → Financial Management	0.197	0.001	Supported
E-Money → Consumptive Behaviour → Financial Management	0.255	0.000	Supported
E-Money → Mental Accounting → Financial Management	0.467	0.000	Supported

Table 5 shows that financial literacy has a significant influence on financial management, mental accounting, and electronic money use, but does not affect consumptive behavior. This suggests that a greater understanding of finance improves personal cash flow management, expense allocation, and the use of digital financial tools. However, lifestyle and psychological factors remain more influential in shaping consumption habits. The use of electronic money significantly improves financial management and mental accounting and helps reduce consumptive behavior. Respondents leverage digital payment technology to manage their finances by simplifying transaction recording and increasing transparency. Consumptive behavior negatively impacts financial management and mental accounting, suggesting that individuals with higher consumption tendencies struggle with financial planning and record-keeping. In contrast, strong mental accounting skills support more efficient financial management by enabling individuals to effectively segregate expenses.

The study also found that financial literacy indirectly improves financial management through mental accounting, as financial understanding promotes better mental financial tracking. In addition, financial literacy indirectly influences financial management through consumptive behavior, although the effect is relatively small. E-money, on the other hand, indirectly enhances financial management both by reducing consumptive behavior and by strengthening mental accounting. These results indicate that digital payment technology supports financial management not only directly but also by promoting disciplined financial behavior and mitigating unnecessary spending.

Table 6 presents the effect size (f^2) values to assess the magnitude of the influence of each exogenous variable on the endogenous constructs. Following Cohen & Levinthal (1990), f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively.

Table 6. Effect Size

	Financial Literacy	Consumptive Behaviour	E-Money	Mental Accounting	Financial Management
Financial Literacy		0.044		0.063	0.012
Consumptive Behaviour				0.010	0.025
E-Money		0.027		0.836	0.628
Mental Accounting					0.165
Financial Management					

The results indicate that electronic money usage exhibits a large effect on mental accounting ($f^2 = 0.836$) and financial management ($f^2 = 0.628$), suggesting that digital payment convenience substantially shapes both cognitive financial processes and financial outcomes. Mental accounting shows a medium effect on financial management ($f^2 = 0.165$), highlighting its role as a key cognitive control mechanism. In contrast, financial literacy and consumptive behavior demonstrate relatively small effect sizes, indicating limited direct contributions to financial management outcomes.

DISCUSSION

The results of this study show several important findings. First, financial literacy does not have a significant effect on consumptive behavior. This supports the intention–behavior gap theory, which explains that knowledge or intention is not always translated into actual behavior, as emotional drives, lifestyles, and social pressures often intervene (Fraj-Andrés et al., 2022). These results are consistent with Katauke et al (2023) and Muñoz-Céspedes et al (2021), who found that personality traits and impulsivity play a stronger role than financial knowledge in shaping consumption patterns. However, they differ from studies such as Malose et al (2022), which highlight that higher financial literacy tends to reduce impulse purchases. These differences show that cultural context and social norms strongly moderate the role of financial literacy in reducing consumptive behavior. In an Indonesian environment, where social prestige and consumption culture are dominant, financial knowledge may not be directly implemented (Shefrin, 2009; Widiyanto et al., 2022).

In contrast, financial literacy shows significant positive effects on financial management and mental accounting. These findings confirm the theoretical perspective that financial ability is the basis for rational decision-making and structured personal cash flow planning (Manan et al., 2025; Putri & Urumsah, 2025; Xiao et al., 2022). Individuals with higher financial literacy are better able to plan budgets, manage debt, and mentally categorize financial allocations (Bai, 2023). This is in line with previous research by Foster et al (2022) and Zaimovic et al (2023), which emphasizes that financial literacy not only enhances knowledge but also supports practical mechanisms such as mental budgeting. Nonetheless, previous research warns that literacy may not automatically guarantee effective financial management if it is not accompanied by self-control and long-term planning (Alshebami & Aldhyani, 2022; Enslin et al., 2022). In addition, this study found that financial literacy has a positive effect on the use of e-money. This is consistent with the Technology Acceptance Model (Jou et al., 2023), because literate individuals better understand the usefulness of digital financial instruments. Previous research has also confirmed that financial literacy drives the adoption of digital finance, thereby expanding financial inclusion (Nugraha et al., 2022; Setiawan et al., 2021). However, trust and security issues can still hinder adoption even among financially literate groups (Foster et al., 2022).

These findings further reveal that e-money has a significant negative effect on consumptive behavior, suggesting that its use can help reduce unnecessary spending by providing transparent transaction records (Foster et al., 2022; Widayat et al., 2020). However, other research, Karjaluo et al (2020), argues otherwise, suggesting that the ease of digital payments can increase impulse purchases.

These differences once again highlight the importance of cultural and contextual factors. In addition, e-money significantly improves financial management and mental accounting, as its digital features, such as transaction history and real-time monitoring, encourage systematic recording and budget evaluation (Arkhipova & Marasca, 2024; Putra et al., 2024). These findings reinforce the role of financial technology not only as a means of payment but also as a tool to improve financial discipline. Another important finding is the negative influence of consumptive behavior on financial management and mental accounting. This suggests that individuals with higher consumption tendencies have weaker financial planning and cognitive control, in line with behavioral finance theories (Alam et al., 2024; Anita et al., 2022). Excessive consumption tends to reduce awareness of long-term budgeting and savings, thus worsening financial discipline. However, some studies (Alam et al., 2024; Muñoz-Céspedes et al., 2021) suggest that this effect may be moderated by financial literacy or income levels, which indicates the contextual nature of these relationships.

Finally, mediation analysis provides further insights. Financial literacy indirectly influences financial management through both mental accounting and consumptive behavior. Specifically, mental accounting significantly mediates the effects of financial literacy and e-money on financial management, indicating that financial knowledge and digital financial tools improve outcomes when internalized into structured mental budgeting practices (Hou et al., 2021; Muehlbacher & Kirchler, 2019). Meanwhile, consumptive behavior also significantly mediates the relationship between financial literacy and financial management, although the effect is relatively small, suggesting that higher financial literacy can modestly guide individuals to better manage spending habits and financial outcomes. E-money further enhances financial management indirectly by both strengthening mental accounting and reducing consumptive behavior, highlighting the role of digital payment tools as both enablers of disciplined financial behavior and mechanisms that limit impulsive spending. In practical terms, these findings suggest that financial literacy programs and digital financial technology adoption should go beyond knowledge dissemination or tool usage, fostering cognitive and behavioral habits that support effective financial planning and control. Overall, the results underscore that the effectiveness of financial literacy and digital finance depends on psychological and behavioral mechanisms, such as mental accounting, as well as contextual factors, including social norms and consumption culture.

This study contributes to the behavioral finance literature by providing an integrated explanation of financial management behavior in the digital era. Unlike prior studies that primarily examined financial literacy or digital payment usage in isolation, this research demonstrates that financial knowledge alone is insufficient to shape effective financial management without the presence of cognitive regulation mechanisms. The findings highlight mental accounting as a key psychological process that translates financial literacy and electronic money usage into disciplined financial behavior. By empirically confirming the mediating role of mental accounting, this study extends mental accounting theory beyond expenditure categorization and positions it as a central control mechanism in digital financial decision-making. Furthermore, the insignificant mediating role of consumptive behavior reinforces the knowledge-behavior gap perspective, emphasizing that emotional consumption tendencies do not automatically respond to financial knowledge or digital tools without structured cognitive discipline.

The findings of this study offer several practical implications for policymakers, financial educators, and financial technology providers. For regulators such as the Financial Services Authority (OJK) and Bank Indonesia, the results suggest that financial literacy programs should be complemented with behavioral interventions that strengthen mental accounting practices, rather than focusing solely on knowledge dissemination. Digital payment providers are encouraged to integrate features that support cognitive financial control, such as spending categorization, budget reminders, and real-time expense feedback, to enhance users' financial discipline. For individuals, the results underscore the importance of developing consistent mental budgeting habits to manage electronic money usage effectively and reduce the risk of impulsive consumption. Overall, these implications highlight that the effectiveness of financial literacy and digital financial tools depends on their ability to foster structured financial behavior through psychological self-regulation.

CONCLUSION

This study examines the influence of financial literacy and electronic money usage on financial management, with mental accounting and consumptive behavior as mediating variables. The findings indicate that financial literacy significantly affects financial management, mental accounting, and electronic money usage, but does not directly influence consumptive behavior, highlighting the presence of a knowledge–behavior gap. Electronic money usage enhances financial management and mental accounting while reducing consumptive behavior, suggesting that digital payment instruments do not necessarily promote excessive consumption when used responsibly. Furthermore, mental accounting plays a significant mediating role in the relationship between financial literacy and electronic money usage on financial management, whereas consumptive behavior does not function as a significant mediator. These results underscore the importance of cognitive regulation mechanisms in shaping financial management outcomes in the digital era.

This study has several limitations. First, the cross-sectional research design limits causal inference. Second, the sample primarily represents young digital users, which may restrict the generalizability of the findings to older populations. Although this study provides meaningful insights, the sample was dominated by young adults and students, which may further limit generalizability. Future research is encouraged to employ longitudinal designs and broader demographic samples to explore the dynamic interaction between financial literacy, digital financial tools, and psychological mechanisms across more diverse populations.

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