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Lifestyle Mediates University Students' Consumption Behavior: Financial Literacy and Peer Groups

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ABSTRACT

Purpose – This research examines how financial literacy and peer groups shape university students' consumption behavior, with lifestyle positioned as the mediating variable. The study is motivated by the widespread pattern of consumptive habits among students, a condition driven by limited financial understanding coupled with intense social pressure to keep pace with current trends.
Design/methodology/approach – A quantitative design was applied using purposive sampling. Responses were gathered from 100 students enrolled in the 2022 and 2023 cohorts at Universitas Sarjanawiyata Tamansiswa (UST), Yogyakarta. Data were processed through the Partial Least Squares (PLS) technique with the help of SmartPLS software.
Finding/Results – The analysis reveals that financial literacy exerts a significant negative effect on students' consumption behavior, whereas peer groups and lifestyle both contribute significant positive effects. Lifestyle is further found to significantly mediate the relationships between financial literacy, peer groups, and students' consumption behavior.
Originality/Value – This study's central finding confirms that lifestyle functions as an essential bridge linking internal factors (financial literacy) and external factors (peers) to consumption decisions. Practically, this implies that strengthening financial literacy alongside cultivating a prudent lifestyle is essential for students seeking to curb excessive spending and secure long-term financial stability.

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1. Introduction

Globalization together with rapid technological progress has reshaped consumption patterns worldwide, Indonesia included. As reported in the Nielsen Global Survey cited by Hidayatullah (2022), elevated economic optimism and consumer confidence have pushed buying activity to increasingly large-scale levels. Such conditions have given rise to consumerist tendencies, especially among university students, who frequently purchase items driven by desire and trend-following rather than genuine necessity. The situation has grown more intricate with the expansion of social media and the "fear of missing out" (FOMO) culture, which strengthens people's inclination toward an unreflective, consumerist way of life (Haq et al., 2023).

As they navigate the transition toward financial independence, university students are particularly susceptible to consumerist tendencies. When consumption is left unchecked, it can result in extravagance, difficulty setting money aside, and even indebtedness. Such behavior stems not only from internal drivers like personal taste but also from external forces such as peer pressure and social expectations. Within this dynamic, lifestyle functions as a central indicator of how a person allocates time and money, while simultaneously reflecting their social identity (Isnawati & Kurniawan, 2021).

Financial literacy plays a pivotal role in addressing this issue. Prior evidence indicates that a person's capacity to comprehend and prudently manage their finances helps restrain consumptive tendencies (Rosa et al., 2024). Such literacy develops not solely through formal schooling but also within the family, which acts as an early socialization agent (Sari & Listiadi, 2021). Nonetheless, many still view financial literacy as something that limits their freedom to enjoy the fruits of their earnings, which explains why its application in everyday life remains suboptimal.

Peer influence and lifestyle likewise contribute meaningfully to shaping students' consumption patterns. Interactions within a peer group tend to push members toward behavioral conformity, extending to consumption habits and lifestyle preferences (Cahyani & Rochmawati, 2021). To gain social acceptance, students often align themselves with group standards, frequently expressed through owning branded products or keeping up with particular trends. This suggests that consumption decisions are not purely an individual matter but are also driven by broader social dynamics.

Despite numerous studies exploring the links among financial literacy, peers, lifestyle, and consumption behavior, findings remain mixed. Some research reports a positive relationship between financial literacy and consumption, while other studies point to a negative one (Oktaviani et al., 2023; Fadhilah & Abadi 2023). Peer and lifestyle effects likewise vary depending on context. This paper argues that such discrepancies arise not merely from differences in setting or sample, but from the absence of a variable that theoretically connects these two factors to consumption behavior through an underlying mechanism.

This study proposes that the gap can be resolved by recognizing lifestyle not simply as a statistical mediator but as a self-regulatory process guiding how individuals weigh needs against wants. This internal regulation does not translate straight into consumption behavior instead, it first molds the lifestyle a person adopts how they present themselves, socialize, and allocate their financial resources. Peer pressure, meanwhile, operates as an external force that defines which lifestyle norms are seen as acceptable and desirable within a group. These internal and external forces meet and are reconciled through lifestyle choices, which subsequently determine the strength of consumption behavior.

Viewed through this lens, earlier studies that assessed only the direct effects of financial literacy and peer groups on consumption behavior may have produced inconsistent results because they failed to capture the actual transmission pathway. By positioning lifestyle as a theoretically grounded mediator, this study offers a fuller picture of why and how these two factors affect students' consumption satisfaction. Its contribution is therefore twofold: empirical, in illuminating the Indonesian student context, and theoretical, in clarifying how the variables in financial behavior research relate to one another.

2. Literature Review & Hypothesis Development

2.1. Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) builds upon the earlier Theory of Reasoned Action (TRA). Icek Ajzen first introduced TPB in 1985 through his work From Intention to Action: A Theory of Planned Behavior. The theory holds that behavior is shaped by three elements attitude, subjective norms, and perceived behavioral control (Ajzen, 1991). Applying this framework here, students' consumption behavior is treated as an outcome of internal and external forces interacting: financial literacy corresponds to perceived behavioral control, peer groups represent subjective norms, and lifestyle embodies individual attitude toward consumption.

Financial literacy is treated here as a manifestation of perceived behavioral control (PBC). Ajzen, (1991) describes PBC as an individual's perception of how easily or difficultly a behavior can be carried out, shaped by prior experience and anticipated obstacles. Students who possess stronger financial literacy generally grasp budgeting, income-expense management, and the financial implications of each purchase more effectively. This understanding builds their confidence that wasteful spending can be kept in check what Ajzen labels an internal control factor. In contrast, weak financial understanding leaves individuals feeling ill-equipped to manage money, pushing them toward impulsive spending (Almira et al., 2026).

Peer groups, meanwhile, represent the subjective-norm component. According to Ajzen (1991) explains subjective norms as the social pressure a person perceives from significant others to either engage in or avoid a certain behavior. Among college students, peer groups typically serve as the most influential reference group. This normative pressure need not be explicit; it can appear through imitation of a group's consumption habits, such as following fashion trends, selecting hangout spots, or owning particular gadgets. Students who sense that their peers endorse or even expect certain consumption patterns tend to adjust their own behavior accordingly to remain accepted. Mayasari & Indrawati (2023), similarly find that individuals frequently use their peer group as a benchmark to avoid appearing out of touch or facing criticism. Ambarsari & Asandimitra (2023) add that conformity, defined as behavioral change driven by a reference group's prevailing norms, meaningfully shapes Generation Z's shopping habits.

Lifestyle, in turn, reflects an individual's attitude toward their own behavior. According to Ajzen (1991) attitude is built from beliefs about a behavior's outcomes combined with how those outcomes are evaluated. Lifestyle captures the values and preferences woven into a person's identity, continually informing their judgment of whether a given way of purchasing or using goods is favorable or not. Students who embrace a hedonistic lifestyle tend to believe that spending money or acquiring goods brings happiness, elevates social standing, or satisfies a need for self-actualization. Nurazijah et al., (2023) attitude is built from beliefs about a behavior's outcomes combined with how those outcomes are evaluated. Lifestyle captures the values and preferences woven into a person's identity, continually informing their judgment of whether a given way of purchasing or using goods is favorable or not. Students who embrace a hedonistic lifestyle tend to believe that spending money or acquiring goods brings happiness, elevates social standing, or satisfies a need for self-actualization (Hadi et al., 2024). TPB therefore functions not merely as a broad conceptual lens but as an analytical tool that traces the causal pathways linking financial literacy, peer groups, and lifestyle to students' consumption behavior. The interplay among perceived control, normative pressure, and attitudinal evaluation jointly generates the intentions that eventually translate into actual consumption decisions.

2.2. The Influence of Financial Literacy on Lifestyle

Financial literacy refers to a person's capacity to understand and effectively manage financial resources, covering areas such as investment, debt, financial planning, and cash-flow management. Individuals with strong financial literacy are generally more inclined to make measured, rational life choices, which in turn tempers consumerist tendencies. Hidayatullah (2022) and Kairupan & Suoth (2024) both provide empirical support for a negative relationship between financial literacy and lifestyle — the more proficient a person's financial literacy, the more restrained their lifestyle decisions tend to be.

H1: Financial literacy has a negative effect on lifestyle.

2.3. The Influence of Peer Groups on Lifestyle

Indiana & Safitri (2024), note that peer groups act as socialization agents that help shape lifestyle, particularly among university students. Frequent interaction within a peer group encourages members to conform to shared values, habits, and preferences. Studies by Fahrial et al., (2025), Chuang (2024), and Intan & Suci (2024) collectively show that peer groups exert a positive and significant influence on students' lifestyle patterns. The positive coefficients reported in these studies suggest that greater conformity to peer norms corresponds with a stronger inclination to adopt a particular lifestyle.

H2: Peer groups have a positive influence on lifestyle.

2.4. The Influence of Lifestyle on Students’ Consumption Behavior

Lifestyle mirrors an individual's activities, interests, and opinions, all of which shape how consumption decisions are made. A lifestyle oriented toward chasing social status symbols or trends tends to heighten consumption behavior (Kairupan & Suoth, 2024). Research by Manalu (2024), Deskana (2023), and Zahra & Anoraga (2021) confirm a significant positive link between lifestyle and consumption behavior, indicating that a more elevated lifestyle corresponds with higher consumption levels among students.

H3: Lifestyle has a positive influence on students' consumption behavior.

2.5. The Influence of Financial Literacy on Students’ Consumption Behavior

Financial literacy underpins sound financial decision-making. Students who possess strong financial literacy are typically better able to set priorities, regulate spending, and resist impulsive purchases. Research by Gunawan et al., (2022), Fitriyani et al., (2023), Nadiya et al., (2021), and Akmalia & Darmawanti (2023) points to a significant negative relationship between financial literacy and students' consumption behavior, meaning higher literacy corresponds with lower consumption levels.

H4: Financial literacy has a negative effect on students' consumption behavior.

2.6. The Influence of Peer Groups on Students’ Consumption Behavior

Peer groups can shape consumption behavior through social pressure, group norms, and the desire to conform. Among university students, the wish for group acceptance frequently drives consumption decisions, including chasing particular trends or purchasing patterns.

Justisa (2022), Mar'ah et al., (2025), Daryanti (2023), and Wang (2024) report a positive and significant relationship between peer influence and students' consumption behavior, implying that stronger peer influence corresponds with a greater tendency toward consumptive habits.
H5: Peer groups have a positive influence on students' consumption behavior.

2.7. The Effect of Financial Literacy on Students' Consumption Behavior Through Lifestyle as a Mediation Variable

Financial literacy affects consumption behavior not only directly but also by shaping lifestyle. Sound financial literacy encourages students to adopt a more deliberate, controlled lifestyle, which helps restrain consumption. Hidayatullah (2022) found that robust financial literacy can meaningfully curb a consumerist lifestyle. While debate continues over the direction of lifestyle's influence on consumption Isnawati & Kurniawan (2021) for instance, theorize a negative pathway financial literacy is generally expected to reduce consumptive behavior by fostering a more planned and rational lifestyle. Lifestyle is therefore proposed as a mediating variable linking financial literacy to students' consumption behavior.
H6: Financial literacy has a negative effect on students' consumption behavior through lifestyle.

2.8. The Influence of Peer Groups on Students' Consumption Behavior Through Lifestyle as a Mediating Variable

Peer groups can also affect students' consumption behavior indirectly, by reshaping their lifestyle. Close social interaction pushes individuals to adjust their lifestyle to match their peer group, which can subsequently trigger consumption behavior. Anggraeni (2023) demonstrates that lifestyle substantially mediates the effect of the peer environment on students' consumption tendencies, while Justisa (2022) similarly confirms a strong positive relationship between peer interaction and an elevated lifestyle that ultimately drives consumption. Students tend to align their consumption patterns with group trends by adopting comparable lifestyles, meaning stronger peer influence is associated with a greater likelihood of a lifestyle that fuels consumption behavior.
H7: Peer groups have a positive influence on students' consumption behavior through lifestyle.

3. Methodology

This research adopts a quantitative survey design to investigate the relationships among financial literacy, peer groups, lifestyle, and students' consumption behavior. The target population comprises 5,000 active students from the 2022 and 2023 cohorts at Universitas Sarjanawiyata Tamansiswa (UST), Yogyakarta, from which 100 respondents were selected via purposive sampling based on the criterion of being active students in their third through seventh semesters within those two cohorts. Data collection used an online questionnaire built on Google Forms, structured around indicators for each variable and measured with a 1–5 Likert scale. The Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, run through SmartPLS software, was used for analysis, encompassing an outer-model evaluation (validity and reliability) and an inner-model evaluation (coefficient of determination R^2, effect size f^2, and path coefficients). Hypotheses were tested using t-statistic and p-value (< 0.05) criteria to determine direct and indirect effects among variables.
The choice of 100 respondents follows the minimum sample-size guidance for PLS-SEM. Under the 10-times rule, the required minimum equals ten times the largest number of structural paths pointing to a single construct (Wagner & Grimm, 2023); (Memon et al., 2020). Here, the construct of students' consumption behavior receives at most three incoming paths

(from financial literacy, peer groups, and lifestyle), setting the minimum threshold at 30 respondents. However, recent literature cautions that relying strictly on this rule can yield an undesirably small sample and weaken statistical power, recommending a larger multiple instead (Wagner & Grimm, 2023); (Jhantasana, 2023). The 100 respondents used in this study comfortably exceed that threshold and satisfy the recommended statistical power of 0.80 for models of comparable complexity (Jhantasana, 2023). As a further check, the 100 respondent sample represents 2% of the 5,000 student population, which also surpasses the 98 respondent minimum yielded by Slovin's formula at a 10% margin of error confirming that the sample size adopted here is sufficient.

Respondents were selected purposively using the following criteria: active UST Yogyakarta students from the 2022 and 2023 cohorts, currently in semesters three through seven, and willing to complete the online questionnaire. These two cohorts were chosen because their students are in a transitional stage toward financial independence, a period when spending decisions become more strongly shaped by self-control and social pressure compared with first-year students, who typically still depend heavily on parental financial oversight and are therefore less relevant to the study's focus. Although the sample fulfills the statistical adequacy criteria, its purposive nature and single-institution scope constrain the external validity of the findings. Consequently, the results should be extended to the broader student population beyond UST Yogyakarta with caution, and are better understood as analytical-theoretical generalizations applicable to students navigating the transition toward financial independence, rather than as statistical generalizations for the entire Indonesian student population.

3.1. Instrument Measurement

Data collection relied primarily on a closed-ended questionnaire using a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). The questionnaire consisted of a demographic-profile section and a core-variable measurement section, both adapted from prior literature and modified to fit the research context. The operational definitions and indicators for each variable are summarized in Table 1 below:

Table 1. Research Operational Definition

No	Variable	Indicator	Item Code	Statement	Source
1	Financial Literacy	Basic Knowledge of Finance	LK_1	Having adequate financial knowledge helps me steer clear of various types of fraud.	Safryani et al., (2020)
		Savings and Loans	LK_2	Once I take out a loan, I make it a priority to repay it as quickly as possible.	
			LK_3	I consistently set aside part of my money for savings.	
		Insurance	LK_4	I consider insurance a safeguard against losses arising from various risks.	
		Investment	LK_5	I believe investing provides substantial benefits in	

				building a more stable, well-planned future.	
2	Peer Groups	Conformity	KTS_1	I keep up with trends that are popular within my friend group.	Jannah & Sylvia (2020)
		Rivalry	KTS_2	I feel compelled to purchase new items so as not to fall behind my friends.	
		Collaboration	KTS_3	My friends and I provide mutual support for each other.	
		Unity	KTS_4	I feel that I am a valued member of my peer group.	
		Conflict	KTS_5	I have experienced disagreements with friends regarding how money should be spent.	
		Reception	KTS_6	Being around my friends makes me feel more self-assured.	
3	Students' Consumption Behavior	Attractive prize offers	PKM_1	Appealing reward promotions influence my decision to use pay-later services.	Yahya (2021)
		Buying due to attractive packaging	PKM_2	Attractive packaging tempts me to buy a product even when it isn't something I truly need.	
		Buying to maintain appearance	PKM_3	I rely on pay-later services to keep my appearance in step with current trends.	
		Buying after price consideration	PKM_4	Before buying a product, I first take its price into consideration.	
		Discount offers	PKM_5	Attractive discount offers motivate me to use pay-later services.	
4	Lifestyle	Opinion	GH_1	I consider staying current with trends to be important.	Geraldo et al., (2025)
			GH_5	I express my views, whether spoken or written, about myself and the products connected to my lifestyle.	
		Minat (Interest)	GH_2	I am strongly drawn to premium, branded products.	

Activities	GH_3	Most of my time is spent outside the home.
	GH_4	I regularly visit shopping malls, restaurants, cafés, and other dining venues.

Source: Data processed by researchers in 2026.
Note: LK = Financial Literacy, KTS = Peer Groups, PKM = Students' Consumption Behavior, GH = Lifestyle.

4. Result and Discussion

4.1. Respondent Identities

Female respondents dominated the sample, accounting for 67 individuals, or 67% of the total. Male respondents numbered 33, representing the remaining 33%. In terms of academic cohort, most respondents 65 individuals (65%) came from the 2022 intake, while the 2023 intake contributed 35 respondents (35%).

4.2. Outer Model Results

Within the data-analysis stage, the measurement model commonly called the outer model plays a vital role in confirming the link between latent variables and their corresponding indicators. This stage applies the Partial Least Squares (PLS) algorithm to derive accurate parameter estimates, following the Multi-Trait Multi-Method (MTMM) framework, which jointly assesses two key aspects: validity and reliability.

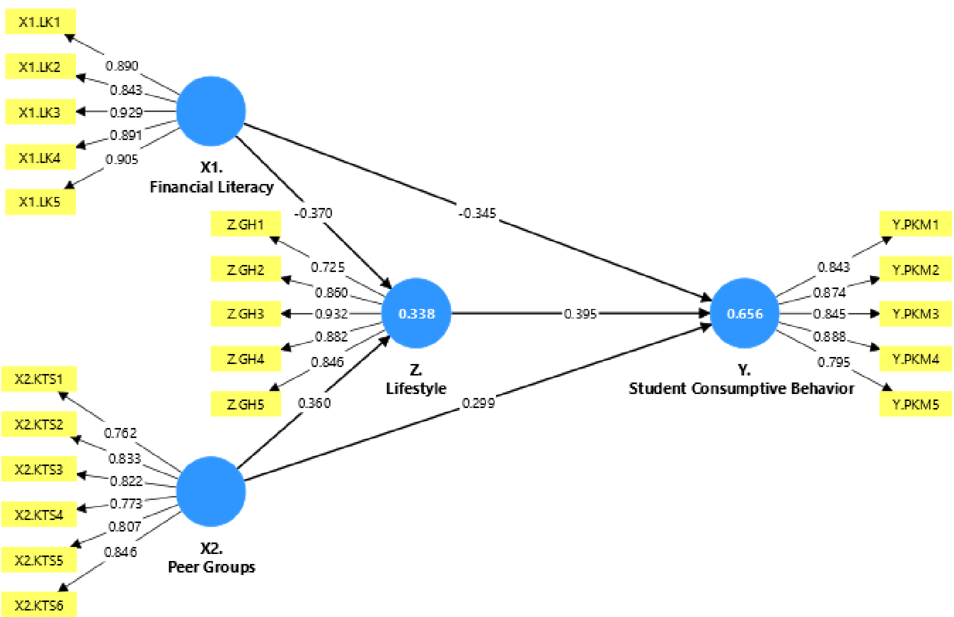

Figure 1. Outer Model Results
Source: SmartPLS 4, year 2026.

Figure 1 presents the outer-model test results obtained through the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach, illustrating the relationships among financial literacy, peer groups, lifestyle, and students' consumption behavior. Every indicator's outer-loading value exceeds 0.70, confirming that each one adequately reflects its underlying construct.

The structural-model results indicate that financial literacy exerts a negative influence on lifestyle (-0.370) and on students' consumption behavior (-0.345), showing that stronger financial literacy corresponds with lower consumption tendencies. Peer groups, by contrast, show a positive effect on lifestyle (0.360) and on consumption behavior (0.299), suggesting that the peer environment tends to elevate both lifestyle and consumption levels. Lifestyle itself also positively affects consumption behavior (0.395). The R-square value for lifestyle (0.338) indicates that financial literacy and peer groups jointly explain 33.8% of its variation, while the R-square value for consumption behavior (0.656) shows that 65.6% of its variation is accounted for by the variables within the research model.

5.2.1. Convergent Validity Test

The convergent validity test results are deemed valid, as they satisfy the established thresholds of a loading factor above 0.70 and an AVE above 0.50, as shown in Table 2 below:

Table 2. Convergent Validity Results

No	Variable	Item Code	Loading Factor	AVE
1	**Financial Literacy (X1)**	LK1	0.890	0.796
		LK2	0.843	
		LK3	0.929	
		LK4	0.891	
		LK5	0.905	
2	**Peer Groups (X2)**	KTS1	0.762	0.652
		KTS2	0.833	
		KTS3	0.822	
		KTS4	0.773	
		KTS5	0.807	
		KTS6	0.846	
3	**Students' Consumption Behavior (Y)**	PKM1	0.843	0.721
		PKM2	0.874	
		PKM3	0.845	
		PKM4	0.888	
		PKM5	0.795	
4	**Lifestyle (Z)**	GH1	0.725	0.726
		GH2	0.860	
		GH3	0.932	
		GH4	0.882	
		GH5	0.846	

Source: SmartPLS 4, year 2026.
Note: LK = Financial Literacy, KTS = Peer Groups, PKM = Students' Consumption Behavior, GH = Lifestyle.

4.2.1. Discriminant Validity Test

The discriminant validity test likewise yields satisfactory results, evidenced by Heterotrait-Monotrait Ratio (HTMT) values below 0.85, as presented in Table 3:

Table 3. Results of Discriminant Validity

No	Variabel	HTM	Remarks
1	Peer Groups (X2) <-> Financial Literacy (X1)	0,270	Good
2	Students' Consumption Behavior (Y) <-> Financial Literacy (X1)	0,648	Good
3	Students' Consumption Behavior (Y) <-> Peer Groups (X2)	0,612	Good
4	Lifestyle (Z) <-> Financial Literacy (X1)	0,487	Good
5	Lifestyle (Z) <-> Peer Groups (X2)	0,472	Good
6	Lifestyle (Z) <-> Students' Consumption Behavior (Y)	0,739	Good

Source: SmartPLS 4, year 2026.

4.2.2. Reliability Test

Reliability was confirmed through Cronbach's alpha and Composite Reliability values exceeding 0.70, as summarized in Table 4:

Table 4. Reliability Test Results

No	Variabel	Cronbach's alpha	Composite Reliability (rho_c)	Remarks
1	Financial Literacy	0,936	0,951	Reliabel
2	Peer Groups	0,895	0,918	Reliabel
3	Students' Consumption Behavior	0,904	0,928	Reliabel
4	Lifestyle	0,905	0,929	Reliabel

Source: SmartPLS 4, year 2026.

4.3. Inner Model Results

Prior to interpreting the coefficient of determination and structural paths, the model's empirical validity was assessed through the Standardized Root Mean Square Residual (SRMR), which registered a value of 0.089. Following the benchmarks set by Hair et al., (2021), an SRMR below 0.08 signals an excellent fit while a value between 0.08 and 0.10 is still acceptable. The obtained value of 0.089 therefore confirms an absence of substantial deviation between the empirical correlation matrix and the model-implied correlation matrix, indicating that the structural model is suitable for hypothesis testing.

The R-Square (R^2) results further show that financial literacy and peer groups exert a moderate influence on students' consumption behavior, explaining 65.6% of its variance, and a moderate influence on lifestyle, explaining 33.8%, as detailed in Table 5:

Table 5. R-Square Test Results (R^2)

No	Variabel	R-square	R-square adjusted
1	Students' Consumption Behavior (Y)	0.656	0.645
2	Lifestyle (Z)	0.338	0.325

Source: SmartPLS 4, year 2026.

Beyond R^2, the structural model was also evaluated using effect size (f^2), which gauges how strongly an exogenous variable influences an endogenous variable. Based on Hair et al., (2021), f^2 values of 0.02, 0.15, and 0.35 correspond to small, moderate, and large effects, respectively. The results show a moderate effect of financial literacy on lifestyle ($f^2 = 0.192$), a moderate effect of peer groups on lifestyle ($f^2 = 0.182$), a moderate effect of lifestyle on consumption behavior ($f^2 = 0.299$), a moderate effect of financial literacy on consumption behavior ($f^2 = 0.270$), and a moderate effect of peer groups on consumption behavior ($f^2 = 0.204$).

4.3.1. Hypothesis Test

As this study is based on survey data, SmartPLS 4.1 was employed to process both direct and indirect hypotheses. Significance testing relied on a nonparametric bootstrapping procedure; to stabilize the standard-error estimates, bootstrapping was run with 5,000 subsamples at a two-tailed 5% significance level (Hair et al., 2021). A hypothesis was accepted not only when its t-statistic exceeded 1.96 and its p-value fell below 0.05, but also when validated through the Bias-Corrected and Accelerated (BCa) Confidence Interval — a relationship is considered empirically significant if its interval, from the 2.5% lower bound to the 97.5% upper bound, does not include zero (Purwanto & Sudargini, 2021). The complete hypothesis-testing results are shown in Table 6:

Table 6. Hypothesis Test Results

Variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	*95% Confidence Interval (BCa)*		*Ket.*
						2.5%	97.5%	
LK -> GH	-0.370	-0.369	0.082	4.518	0.000	-0.525	-0.205	Proven
KTS -> GH	0.360	0.366	0.083	4.339	0.000	0.201	0.521	Proven
GH -> PKM	0.395	0.395	0.087	4.521	0.000	0.218	0.563	Proven
LK -> PKM	-0.345	-0.346	0.078	4.455	0.000	-0.498	-0.196	Proven
KTS -> PKM	0.299	0.301	0.074	4.058	0.000	0.158	0.449	Proven
LK -> GH -> PKM	-0.146	-0.145	0.044	3.350	0.001	-0.236	-0.069	Proven

KTS -> GH -> PKM	0.142	0.144	0.045	3.132	0.002	0.062	0.241	Proven

Source: SmartPLS 4, year 2026.
Note: LK = Financial Literacy, KTS = Peer Groups, PKM = Students' Consumption Behavior, GH = Lifestyle.

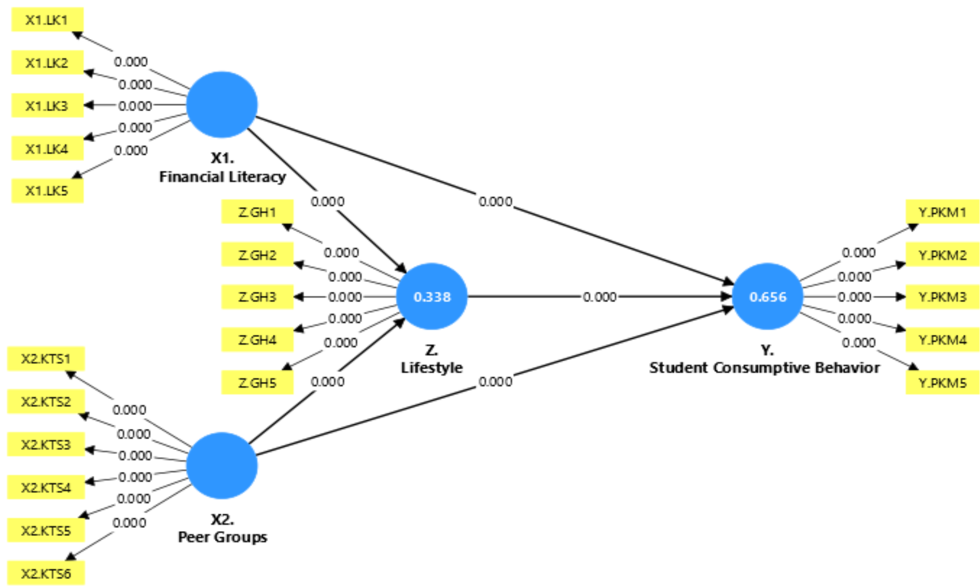

Figure 2. Inner Model Results
Source: SmartPLS 4, year 2026.

Figure 2 depicts the inner-model test results, reflecting the significance of the research model as assessed through the bootstrapping procedure within SEM-PLS. Each path and indicator displays its associated significance (p-value). As shown, every inter-variable relationship records a p-value of 0.000, well below the 0.05 threshold, confirming that the relationships among financial literacy, peer groups, lifestyle, and students' consumption behavior are statistically significant.

Likewise, every indicator within each variable records a p-value of 0.000, confirming its significance in reflecting the corresponding construct. These outcomes demonstrate that the research instruments meet the required validity standards and that the structural model effectively captures the relationships among the study's variables.

4.4. Discussion

The first hypothesis (H1), proposing that financial literacy negatively and significantly affects students' lifestyle, is supported by a path coefficient of -0.370, a t-statistic of 4.518, and a p-value of 0.000. This means that students with greater financial literacy tend to maintain a more controlled lifestyle. Sound financial literacy pushes students toward more rational expense management, thereby limiting excessive consumerist tendencies. This result aligns with Hidayatullah (2022), whose study similarly discusses the relationship between financial literacy and the level of a person's lifestyle.

This relationship can be understood through a mechanism of anticipating financial consequences. Students who grasp concepts such as budgeting, interest, and debt risk are generally able to foresee how a purchase will affect their future finances before committing to it, rather than regretting the decision afterward. This anticipatory capacity matters greatly for students in Yogyakarta, who encounter easy access to digital payment tools such as "buy now, pay later" services, e-wallets, and QRIS on a daily basis, all of which make shopping almost frictionless. Without adequate financial literacy, such convenience can accelerate consumerist habits, since students no longer experience the brief psychological pause typically triggered by cash transactions. Students with strong financial literacy, by contrast, use that pause to weigh whether a purchase genuinely serves their priority needs, resulting in a comparatively more controlled lifestyle.

The second hypothesis (H2), that peer groups positively and significantly influence lifestyle, is confirmed with a path coefficient of 0.360, a t-statistic of 4.339, and a p-value of 0.000. This shows that students tend to shape their lifestyle to match their social circle in pursuit of acceptance. Peer-driven social pressure encourages individuals to follow trends, both in consumption and other lifestyle-related activities. These results align with Intan & Suci (2024); Chuang (2024), both of whom find that interaction within peer groups significantly and generally positively shapes hedonistic lifestyle tendencies among college students.

This outcome fits the logic of social comparison, whereby individuals evaluate themselves against standards set by their peer group. Yogyakarta, known as a student city with dense social interaction whether through shared boarding houses, student organizations, or friendships across campuses exposes students to peers' consumerist lifestyles almost daily. Social media intensifies this exposure by continuously and visually showcasing peers' activities, such as café visits, new purchases, or trips. This constant visibility cultivates a "fear of missing out" (FOMO), the anxiety of falling behind one's peer group in experiences or living standards, which then motivates students to make comparable purchases to preserve a sense of belonging and equality within the group. Though subtle and not always consciously recognized, this pressure is strong enough to realign individual consumption preferences with peer-group norms.

The third hypothesis (H3), positing a positive and significant effect of lifestyle on students' consumption behavior, is supported by a coefficient of 0.395, a t-statistic of 4.521, and a p-value of 0.000. The more a student's lifestyle centers on pleasure and appearance, the greater their tendency to consume beyond genuine need. Lifestyle thus emerges as a primary driver of consumer behavior, a conclusion echoed by Deskana (2023); Zahra & Anoraga (2021), who likewise report a significant positive correlation between students' lifestyle patterns and their consumptive tendencies.

Given that lifestyle records the strongest path coefficient in the model, it functions as the convergence point where abstract attitudes and values are translated into concrete consumer actions. Financial literacy and peer pressure primarily operate at cognitive and social levels; their tangible effect on spending only materializes once internalized into daily routines such as café visits, following fashion, or regular online shopping. Lifestyle, therefore, is not merely a statistical mediator but a lived expression of how students construct and manage their social identity. In Yogyakarta, where hangout culture, marketplace shopping, and social-media trends are flourishing rapidly among students, lifestyle acts as a direct channel shaping daily purchasing decisions more so than financial literacy or peer pressure considered separately. This explains why lifestyle emerges as the strongest behavioral bridge within this research model.

The fourth hypothesis (H4), that financial literacy negatively and significantly affects students' consumption behavior, is supported with a path coefficient of -0.345, a t-statistic of 4.455, and a p-value of 0.000. Students with weaker financial literacy tend to struggle distinguishing needs from wants, making them more susceptible to impulsive and wasteful spending, whereas solid financial understanding helps curb consumption through more rational decision-making. These results are consistent with Nadiya et al., (2021); Akmalia & Darmawanti (2023), who empirically show that financial literacy significantly reduces consumptive tendencies among college students.

The fifth hypothesis (H5), that peer groups positively and significantly influence students' consumption behavior, is supported with a path coefficient of 0.299, a t-statistic of 4.058, and a p-value of 0.000. Pressure to conform — for instance, following trends or using particular products — stands out as a major contributor to rising consumptive behavior among college students. Daryanti (2023) and Wang (2024), support this finding, confirming that peer groups have a positive and significant impact on shaping college students' consumption behavior.

The sixth hypothesis (H6) concerns lifestyle's mediating role. Lifestyle is found to mediate the relationship between financial literacy and consumptive behavior negatively, with a path coefficient of -0.146, a t-statistic of 3.350, and a p-value of 0.001, indicating that rising financial literacy fosters a more controlled lifestyle, which in turn restrains consumptive behavior. This is consistent with Widiastuti et al., (2023), whose work emphasizes that an individual's lifestyle can meaningfully mediate the relationship between financial-literacy level and consumptive tendencies. It should be noted that the mediation observed here is partial: the direct effect of financial literacy on students' consumptive behavior remains significant, as shown in H4 with a path coefficient of -0.345 and a p-value of 0.000, even after lifestyle is incorporated as a mediator.

This indicates that financial literacy influences consumption not solely through the lifestyle pathway, but also directly. Theoretically, this partial mediation implies two simultaneous channels through which financial literacy reduces consumptive behavior: directly, via students' capacity for more rational, planned financial decisions; and indirectly, via the cultivation of a controlled lifestyle, in which sound financial understanding leads students to prioritize needs over wants, yielding a simpler, less extravagant lifestyle that further dampens consumptive tendencies.

The seventh hypothesis (H7), that lifestyle mediates the relationship between peer groups and students' consumption behavior, is also positively supported, with a path coefficient of 0.142, a t-statistic of 3.132, and a p-value of 0.002. Peer influence shapes a particular lifestyle that subsequently drives an increase in consumerist behavior, positioning lifestyle as a key bridge linking internal (financial literacy) and external (peer group) factors to consumption behavior. This aligns with Isnawati & Kurniawan (2021), who emphasize that a consumerism-leaning lifestyle plays a crucial mediating role in linking hedonistic conformity to consumerist tendencies. As with H6, the mediation here is partial, evidenced by the continued significant direct effect of peer groups on students' consumption behavior matching the H5 result of a path coefficient of 0.299 and p-value of 0.000 even after lifestyle is included in the model.

Peer groups therefore raise students' consumption behavior not only indirectly through lifestyle changes, but also directly through independent normative pressure. The theoretical implication is that peer groups can elevate consumer behavior via two simultaneous mechanisms: first, direct social pressure that encourages conformity in consumption, such as the urge to purchase similar items or follow the same trends as peers; and second, the internalization of group values and norms that gradually cultivates a trend-oriented lifestyle, which then becomes a primary driver of heightened consumption. Lifestyle thus operates as a partial mediator that channels the external influence of peer groups without erasing that influence's direct pathway to students' consumption behavior.

Taken together, these findings reflect the distinctive social dynamics and digital culture of student life in Yogyakarta. The tight-knit campus environment spanning classmates, student organizations, and boarding-house communities fosters intensive interaction, making it easier for normative pressure from peer groups to take shape and spread. Meanwhile, the convenience of e-commerce platforms and pay-later services allows students to readily act on consumerist impulses stemming from social pressure or social-media trends, converting them into actual purchases. Lifestyle-oriented social media content café hopping, outfit-of-the-day posts, and self-reward culture widely circulated among students further reinforces FOMO, pushing them to match their peer group's consumption standards to avoid feeling left behind. This combination of effortless digital access, intense campus-level social interaction, and pervasive social-media culture explains why financial literacy, peer groups, and lifestyle significantly shape students' consumption behavior in Yogyakarta, while also highlighting the need for financial-education interventions tailored to local students' realities.

5. Conclusion

This study demonstrates that financial literacy exerts a significant negative effect on both students' lifestyle and consumption behavior, whereas peer groups exert a significant positive effect on both. Lifestyle itself is found to positively and significantly affect students' consumption behavior. Additionally, lifestyle serves as a mediating variable that negatively and significantly moderates the effect of financial literacy on consumption behavior, while positively and significantly channeling the effect of peer groups on consumption behavior.

This study's principal contribution lies in establishing that lifestyle is not a mere supplementary variable but a partial mediating mechanism that clarifies how financial literacy and peer groups shape college students' consumption behavior. This partial-mediation nature is evidenced by the continued significance of financial literacy's and peer groups' direct effects on consumption behavior, even after lifestyle is incorporated into the model. Financial literacy therefore affects consumption through two simultaneous channels: directly, via rational financial decision-making, and indirectly, via the formation of a more controlled lifestyle. Peer groups, conversely, encourage consumption both directly through normative pressure and indirectly through the internalization of group norms into students' lifestyle. Confirming lifestyle as a partial mediator represents this study's central theoretical contribution, while also resolving the inconsistencies found in earlier research that measured the effects of financial literacy and peer groups directly, without accounting for the transmission mechanism via lifestyle.

This study is limited by its relatively small sample and its focus on respondents from a single university, so its findings should be generalized cautiously. Even so, it offers practical value for students by highlighting the importance of financial literacy in curbing consumerist tendencies and in responding more wisely to peer influence. Academically, it contributes to the literature on students' consumer behavior by introducing lifestyle as a mediator in the relationship between financial literacy, peer groups, and consumption, while opening avenues for future research to test this model across broader and more diverse student populations.

Practically, these findings carry several concrete implications for universities seeking to manage students' consumer behavior. First, institutions can run ongoing financial-literacy programs such as courses or short workshops covering budgeting, debt management, and the risks of pay-later services enabling students to weigh financial consequences before purchasing. Second, given the notable influence of peer groups, peer-based educational initiatives, such as student financial-mentor groups or literacy-ambassador programs within each faculty, can convert peer pressure into a constructive incentive for sound financial management. Third, an anti-FOMO campaign that raises awareness of social media's impact and the culture of lifestyle display can help ease the psychological strain caused by unhealthy social comparison. Fourth, lifestyle-management workshops that train students to differentiate needs from wants and set spending priorities aligned with their personal values and goals can directly target the variable shown here to have the strongest influence on consumerist behavior. Together, these four initiatives are expected to more comprehensively curb students' consumerist tendencies, by simultaneously strengthening internal self-control and mitigating external pressures.

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