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# The Influence of Financial Literacy, Religiosity, and Financial Technology on the Financial Behavior of Generation Z in Medan City

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**Abstract**
The research intended to examine the influence of financial literacy, fintech, and religiosity on Islamic financial behavior. The phenomenon underlying this research is the low level of public awareness, particularly among the younger generation, regarding financial management based on Sharia principles, despite the increasing trend in the use of Islamic financial products. A quantitative survey method was applied in this research, where data were obtained through questionnaires distributed to respondents and subsequently analyzed using multiple linear regression with SPSS support. The results show that financial literacy, religiosity, and financial technology positively and significantly affect Islamic financial behavior. Among these variables, religiosity has the most dominant influence in encouraging Sharia-compliant financial behavior. The finding suggests that an increased degree of religiosity enhances the likelihood of practicing financial activities in accordance with Islamic teachings. These findings imply that enhancing both religiosity and financial literacy can serve as effective strategies for fostering better Islamic financial behavior within society.
**Keywords:** Literacy, Religiosity, Financial Technology.

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## INTRODUCTION

Generation Z in Medan, whose birth years span 1997 to 2012, developed within a digital context marked by the ease of accessing both technology and information. However, despite their technological savvy, their financial literacy still requires special attention. Findings from a study in Medan indicate that Generation Z's financial behavior is significantly and positively influenced by financial literacy, education, lifestyle, and financial attitudes. (Santiara & Sinarwati, 2023). In 2025, the Central Statistics Agency (BPS) of North Sumatra Province reported that Medan's population. Based on data from the Central Statistics Agency (BPS), the number of Muslims in Medan City was recorded at 1,764,738 out of a total of approximately 2.54 million people in 2024, or equivalent to 69.48% of the total population. (BPS, 2025). The use of digital technology, particularly e-wallets, is very popular among Generation Z. A 2023 Visa Indonesia survey found that 89% of Gen Zers use digital wallets or e-wallets for digital payments (Sipahutar et al., 2024). However, specific data regarding e-wallet usage by Generation Z in Medan City is not yet available and requires further research.

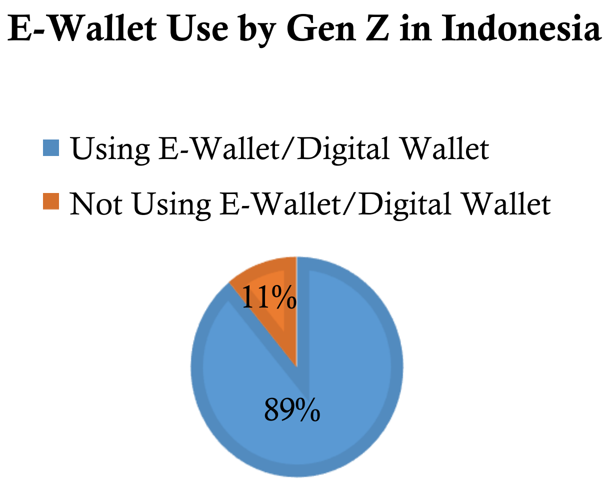


**Figure 1.** Gen Z E-Wallet Usage in Indonesia 2023

The graph above indicates that Generation Z extensively utilizes e-wallets for digital payment transactions, reflecting the increasingly dominant trend of cashless transactions. Factors influencing Gen Z to utilize e-wallets include ease, speed of transactions, numerous promotions and cashback offers, greater security compared to cash, and integration with various services such as e-commerce and online transportation. Conversely, a landmark study conducted to develop a financial literacy model showed that strengthening cognitive aspects (financial knowledge) and attitudes toward finance can shape positive Islamic financial behavior among adolescent Islamic students (santri). Instilling social values such as solidarity and sharing within a faith-based educational environment is a key force in fostering Sharia financial literacy, not only theoretically but also grounded in everyday practice. These findings confirm that a religious values-based approach can be a pillar in shaping Sharia financial behavior from an early age. (Imsar, 2022).

In terms of Islamic financial behavior, comprehending the impact of financial literacy, religiosity, and digital technology is key to understanding how Generation Z in Medan makes financial decisions (Sari & Pradesyah, 2023). Indonesia's Islamic financial literacy index is recorded at 39.11%, as reported by the Financial Services Authority (OJK), whereas the Sharia financial inclusion index amounts to 12.88% (OJK, 2024). However, information regarding Islamic financial literacy among Generation Z in Medan City is currently insufficient and warrants further study. Many individuals, including Gen Z, still do not understand Islamic financial concepts and products. If financial literacy remains at 39%, the risk of low inclusion, increased debt, and limited access to financial services will persist. Similarly, low Islamic financial inclusion can hamper industrial growth, limit public access, and reduce its contribution to the economy (Salim et al., 2021). Ideally, the financial literacy standard should be above 60% to ensure better understanding, including in Islamic finance.

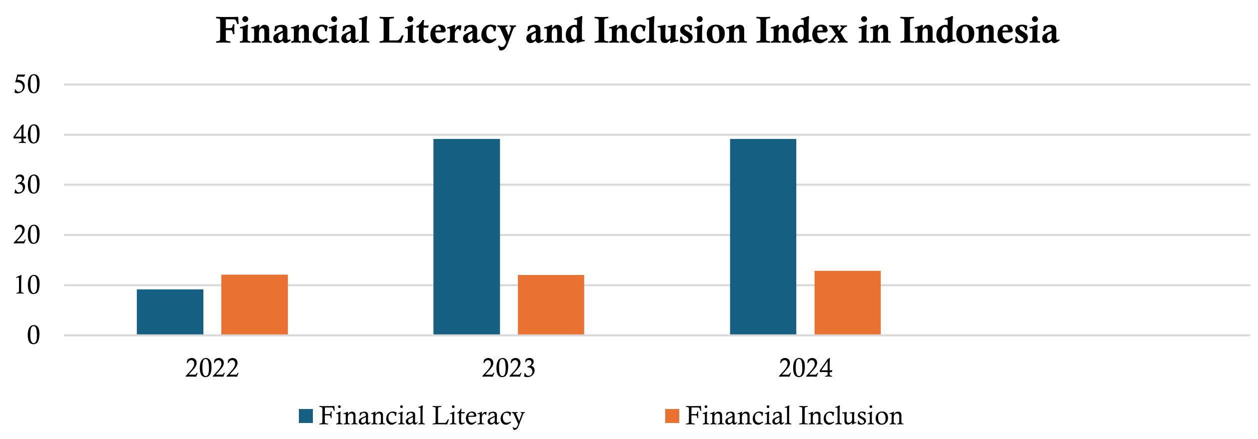


**Figure 2.** Sharia Financial Literacy and Inclusion Index in Indonesia OJK 2022-2024

In 2021, a survey conducted on September 6-12 of 5,204 respondents in 34 provinces showed that around 68% of Generation Z born between 1997 and 2006 used e-wallets in their financial activities, while only 35.4% owned and used bank ATMs (Mika Wifriya, 2020). Furthermore, another survey in the same year found that 33.1% of Generation Z experienced a decline in financial conditions, with the main causes being a decrease in business income (36.4%) and layoffs (16.8%) (Mukhlis, 2018). Meanwhile, in 2024, a report from Lokadata.id revealed that 78% of millennials and Generation Z used fintech applications daily, including digital wallets, lending services, and digital payments. This data shows an increasing trend in financial technology adoption among Generation Z, although challenges related to financial conditions remain a major concern.

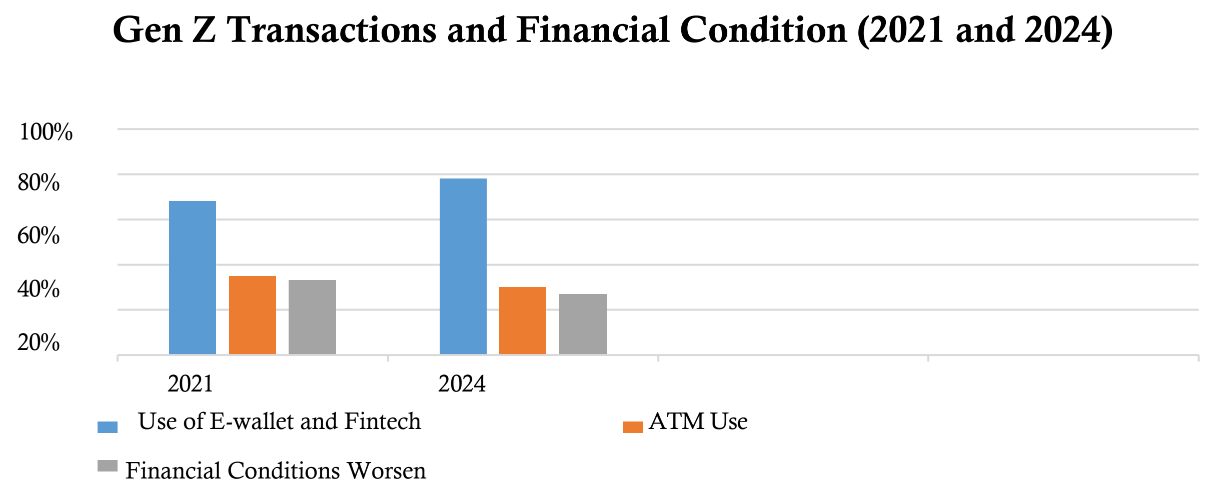


**Figure 3.** Transaction Trends and Financial Condition of Gen Z

The graph shows that e-wallet and fintech usage by Gen Z increased from around 70% in 2021 to over 80% in 2024, while ATM usage declined. Furthermore, financial conditions are worsening due to a consumptive lifestyle, impulsive spending, and a lack of proper financial management, which can lead to increased debt, financial instability, and difficulties in achieving long-term economic stability. To avoid financial problems, Gen Z needs to learn to manage their money, limit spending, and use financial technology wisely in order to secure long-term financial stability.

Islamic financial literacy and behavior theory builds upon Sandra J. Huston's idea, emphasizing that financial literacy involves the capability of an individual to grasp financial principles and apply them in everyday situations (Huston, 2010). Better financial behavior is often observed in individuals who possess a high level of financial literacy. Greater literacy in Islamic finance empowers individuals to exercise informed and responsible financial decision-making in line with Sharia. Prior studies highlight that the extent of Islamic financial literacy possessed by Generation Z considerably affects their interest in saving with Islamic banks. (R. S. P. Harahap et al., 2023).

Furthermore, strong religiosity encourages individuals to adhere to Sharia principles in their financial activities. The theory of religiosity and Sharia financial behavior is based on the religiosity model developed by Charles Y. Glock, which encompasses the dimensions of belief, practice, experience, knowledge, and consequences (Hadad, 2017). Prior studies demonstrate that religiosity acts as a moderating factor in the influence of Sharia financial literacy on Islamic banking interest (Rahma, 2018).

The theoretical foundation of fintech and Islamic financial behavior refers to Fred D. Davis's TAM, which highlights that individuals adopt technology when they find it easy to use and beneficial (Davis, 1989). The use of financial technology, including e-wallets and digital payment platforms, enhances Generation Z's access to Islamic financial products while promoting financial behavior aligned with Sharia principles. Previous research shows that the fintech's role, particularly peer-to-peer lending and digital payment gateways, strongly affects MSME financial performance in Medan City, while at the same time highlighting its potential to reinforce Islamic financial behavior within Gen Z (Nurbaiti Nurbaiti , Asmuni Asmuni, Andri Soemitra, Imsar Imsar, 2023).

According to Nasution, the effect of Islamic financial literacy on Islamic financial behaviour is not consistently observed, although several studies indicate a beneficial linkage between these two aspects. Generation Z, with an advanced grasp of Islamic financial principles, usually leads them to prefer saving in Sharia-compliant banks (Aisyah et al., 2023). Contrary to expectations, several studies point out that higher Islamic financial literacy does not directly correspond to stronger saving preferences in Islamic financial institutions (Nasution et al., 2021). This suggests that other factors may moderate or mediate the relationship, such as personal preferences, social environment, or access to Islamic financial products (Imsar et al., 2023).

According to Zakaria, religiosity does not always influence Islamic financial behavior. This study shows that religiosity does not significantly influence students' interest in saving in Islamic banks. Other external factors, such as restricted access to Islamic financial services and insufficient knowledge about Sharia-compliant financial products, may explain why high levels of religiosity are not always reflected in an individual's Islamic financial behavior.

A study conducted by Rahman found that financial technology (fintech) does not always contribute to Islamic financial behavior, even though it is often associated with increased access and inclusion. This study shows that despite the increasing use of fintech, many users still prefer conventional financial services, especially for large transactions (Jannah & Aisyah, Siti, 2024). This suggests that the presence of fintech does not necessarily change an individual's Islamic financial behavior, and that other factors, such as risk perception or comfort in using conventional financial services, may influence financial decisions. The identified research gaps suggest that studies on the connection among Islamic financial literacy, religiosity, and fintech with Islamic financial behavior produce varied outcomes without a consistent pattern (Muhammad Ikhsan H, 2022).

This research is expected to address shortcomings in existing literature concerning Islamic financial literacy, alongside inclusion among Generation Z, which is still relatively low. With the growing adoption of e-wallets, the study explores their potential use in Sharia-based financial practices. It also seeks to analyze the economic difficulties faced by Gen Z and the necessity of strengthening trust in Islamic fintech. By addressing limitations in earlier studies, this research aspires to contribute fresh perspectives for academics, the Islamic finance sector, and regulators in formulating more effective strategies to promote literacy and inclusion.

## LITERATURE REVIEW

### Islamic Financial Behavior

1. Behavioral Finance

Financial behavior refers to individual decisions regarding their financial management, including spending, saving, investing, and credit usage. This behavior is influenced by various factors, both internal and external, that shape a person's financial decision-making patterns. According to behavioral financial theory, individuals are often not always rational in making financial decisions. Psychological, social, and emotional aspects substantially influence the way individuals regulate and manage their financial activities. The concept of behavioral finance also encompasses cognitive aspects, such as a person's understanding of financial risk, as well as emotional factors that can influence purchasing and investment decisions (Syahbudi & Aisyah, 2024). Financial Behavior Indicators:

a. Financial Planning: An individual's ability to prepare a budget and plan expenses systematically.
b. Income and Expense Management: How individuals allocate their income to various needs, including prioritizing between basic needs and wants.
c. Investment Decision: A person's choice to invest their capital in a particular investment instrument based on risk and return.
d. Debt Management: A person's attitude and strategy in managing the loans or debts they have, including awareness of how debt can affect individuals over an extended period.
e. Future Financial Security: An individual's understanding of the necessity of savings and financial protection, such as insurance and emergency funds (I. Harahap & Syahbudi, 2022).

2. Factors Influencing Financial Behavior

Financial behavior is not formed spontaneously, but is influenced by various factors, including:

a. Demographic Factors: Individuals' age, income, gender, and educational background, which influence their financial preferences and habits.
b. Psychological Factors: Attitude towards risk, self-confidence in managing finances, and tendencies to be consumptive or frugal.
c. Social and Cultural Factors: Family environment, peer influence, and social norms in society shape a person's financial habits.
d. Economic Factors: Inflation, interest rates, and macroeconomic conditions that influence individual financial decisions, including consumption and investment patterns.
e. Technological Factors: Financial information has become more easily obtainable through the use of digital platforms and fintech applications that simplify transactions and financial education.

### Financial Literacy

An individual's insight and understanding of financial mechanisms and instruments guided by Islamic principles are captured within the concept of Sharia financial literacy. A study conducted by Hasibuan confirms that an increased understanding of Sharia finance tends to enhance a person's inclination to adopt financial behaviors consistent with Islamic principles (Reni Ria Armayani Hasibuan, 2021). The OECD outlines financial literacy as encompassing three essential dimensions. It is crucial in preventing excessive consumption and avoiding mistakes in financial management. Financial Literacy Indicators:

1. Financial Knowledge: Comprehension of fundamental financial concepts, including inflation, investment, interest rates, and taxation.
2. Financial Attitude: A person's financial mindset, which includes saving habits, long-term

investment orientation, and recognition of financial risks.
3. Financial Behavior: A person's concrete financial practices, such as preparing budgets, handling debt responsibly, and maintaining savings routines.
4. Financial Skills: A person's capacity to utilize financial tools, including digital banking services, financial management apps, and retirement planning instruments.

**Religiosity**

How consistently an individual follows religious teachings in routine life, including financial behavior, indicates their religiosity. The influence of religiosity can be seen in the extent to which faith-based values guide personal decisions, particularly financial ones. Research confirms its important role in students' preference for Islamic banking services (Reni Ria Armayani Hasibuan, 2022). Results show that people who possess higher levels of religiosity generally prefer financial services and products that conform to their faith-based values. Glock developed five dimensions of religiosity:
1. Ideological Dimension: Belief in Islamic values, including the concepts of halal and haram in financial transactions.
2. Ritualistic Dimension: Consistency in carrying out worship, which can influence economic decisions.
3. Experiential Dimension: Spiritual experiences that support sharia-compliant economic behavior.
4. Intellectual Dimension: Understanding of Islamic teachings related to finance.
5. Consequential Dimension: Implementation of religious teachings in daily life, including in financial management.

Religiosity has a substantial influence on shaping financial behavior, especially in guiding individuals to make decisions consistent with their religious values. Research indicates that highly religious individuals are generally more prudent in managing money and less inclined toward excessive consumption (Aqwa Naser Daulay, 2023). Religiosity Indicators:
1. Religious Belief: An individual's belief in religious teachings and the values they adhere to.
2. Worship Practices: The level of a person's involvement in carrying out worship, such as prayer, zakat, almsgiving, and fasting.
3. Sharia Knowledge: An individual's grasp of financial concepts based on Sharia regulations, including gharar, riba, and the importance of fairness in transactions.
4. Islamic Financial Ethics: Individual compliance with sharia principles in managing their finances, such as avoiding investments in sectors prohibited in Islam.

**Financial Technology / Fintech**

Progress in digital innovation has expanded opportunities in the offering of Sharia-compliant financial services. The adoption of digital banking, financial literacy, and religiosity collectively influences customer decisions in choosing Islamic banks (Aqwa Naser Daulay, 2019). This emphasizes the importance of digital technology integration in facilitating access and increasing participation in Islamic financial services. Rapid progress in digital technology has driven the growth of the financial industry, encompassing the Islamic finance sector. Within Islamic finance, digital applications include:
1. Sharia Fintech: Application of technology in sharia financial services, including sharia-based peer-to-peer lending, sharia mobile banking, and halal digital wallets.
2. Blockchain and Smart Contracts: Using blockchain technology to increase transparency in Islamic financial transactions.

Fintech serves to increase the effectiveness and user-friendliness of financial dealings, providing simplified credit access, as well as enhanced opportunities for investment using digital technologies. Sharia-based fintech in Indonesia is developing rapidly, featuring services such as halal digital wallets and Sharia peer-to-peer lending. Fintech Indicators (Sitorus et al., 2024):

1. Fintech Service Usage: How often individuals use fintech applications for financial transactions, including e-wallets, digital banking, and online investments.
2. Trust in Fintech: The level of trust individuals have in the security and reliability of fintech services in managing their finances.
3. Ease of Fintech Access: Availability and ease of use of digital financial services, such as user-friendly application interfaces.

Benefits of Fintech: The positive impact of using fintech in individual financial management, covering aspects like transaction effectiveness, stronger financial management practices, and expanded access to various financial products.

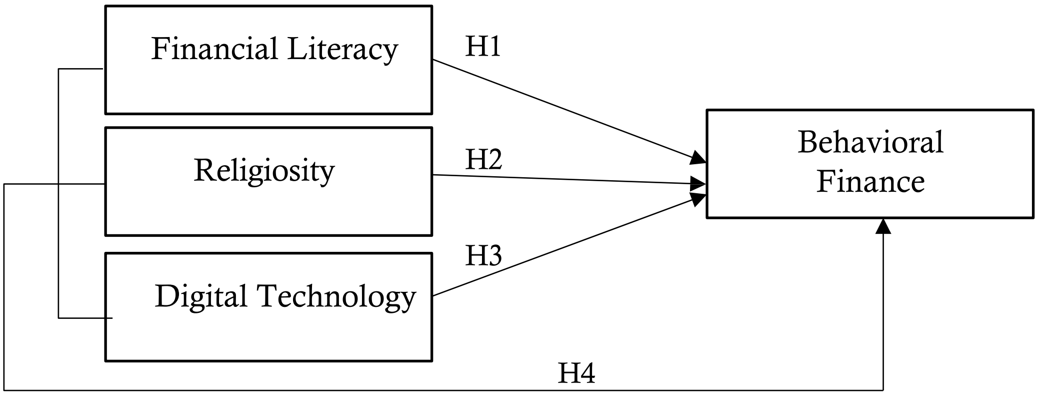


**Figure 4.** Conceptual Framework of the Research

## METHODS

A quantitative approach with associative analysis is applied to investigate how financial literacy, religiosity, and digital technology affect Generation Z's adherence to Sharia financial practices in Medan City. Drawing on a population of approximately 576,933, the research focuses on Generation Z with exposure to Sharia-compliant financial services, namely Islamic banking, Sharia investment products, and Sharia-based fintech. Using the Slovin technique, the sample size was calculated to be about 100 respondents for this research. So, for a population of more than 1,000 people with a sample of 100, the margin of error is about 9.5%, which is expected to represent the Generation Z population in Medan City. Likert-scale questionnaires distributed online via Google Forms were used to gather primary data from Generation Z with Sharia finance experience, and secondary data were obtained from academic journals, books, and official publications related to the study.

**Table 1.** Operational Variable

| Variable | Definition | Indiactors |
|---|---|---|
| Financial Literacy | Financial literacy is the ability to understand and effectively use financial skills, including personal financial management, budgeting, saving, investing, and understanding financial products and services. (Riyadi, 2021) | 1. Financial Knowledge<br>2. Financial Behavior<br>3. Financial Attitude |
| Regiulity | Religiosity refers to the degree of an individual's commitment, beliefs, practices, and values associated with their religion. It reflects how religion influences one's attitudes, behaviors, and decision-making processes in daily life. (Salim et al., 2021) | 1. Ideological Dimension<br>2. Ritualistic Dimension<br>3. Experiential Dimension<br>4. Intellectual Dimension<br>5. Consequential Dimension |
| Digital Technology | Digital technology refers to electronic tools, systems, devices, and resources that generate, | 1. Accessibility & Infrastructure |

| Variable | Definition | Indiactors |
|---|---|---|
| | store, or process data in digital form. This includes hardware (computers, smartphones, tablets), software (applications, operating systems), networks (internet, cloud computing), and digital platforms (social media, fintech, e-commerce). (Qorib, A., Siregar, S., 2021) | 2. Usage & Adoption<br>3. Digital Skills & Literacy<br>4. Innovation & Application<br>5. Security & Ethics |
| Behavioral Finance | Behavioral finance is a field of study that combines psychology and finance to explain how psychological factors, biases, and emotions influence individuals' financial decisions (Muhammad Syahbandi, 2022). | 1. Financial Literacy<br>2. Regularity<br>3. Digital Technology |

Using SPSS 27, the research employed multiple linear regression techniques to evaluate how financial literacy, religiosity, and digital technology affect Islamic financial behavior, which was positioned as the dependent variable. The analysis seeks to deliver an evidence-based and unbiased perspective on Generation Z in Medan City. Quantitative data analysis techniques using SPSS generally include instrument validity and reliability tests to ensure data quality, descriptive analysis to describe respondent characteristics, followed by classical assumption tests (normality, multicollinearity, heteroscedasticity) if using regression. After that, inferential analysis is carried out according to the research objectives, such as correlation tests to see the relationship between variables, t-tests or ANOVA for differences between groups, and simple or multiple linear regression to test the effect of independent variables on dependent variables, and the results are interpreted to answer the research hypothesis.

## RESULTS AND DISCUSSION

### Research Result

Based on survey data collected from 100 Generation Z individuals in Medan, the study examined how financial literacy, religiosity, and digital technology affect Islamic financial behavior, employing multiple linear regression with SPSS 27 as the analytical tool.

1. Respondent Characteristics

**Table 2.** Respondents Characteristics

| | |
|---|---|
| Gender | 55% female, 45% male. |
| Age | The majority are 20-24 years old (72%), followed by 17-19 years old (28%). |
| E-Wallet Usage | 89% of respondents use e-wallets in daily transactions. |
| Use of Islamic Financial Products | 41% have an Islamic bank account, but only 27% use it regularly. |

2. Statistical Analysis

a. Validity and Reliability Test

1) Validity Test

Validity Test (Pearson Correlation) All indicators in each variable (Financial Literacy, Religiosity, Financial Technology, and Sharia Financial Behavior) produced r values bigger than the r table value (calculated $r > 0.195$, $n = 100$), so all question items are valid. For example, the Religiosity variable shows the highest correlation with a value of $r = 0.700$, which is higher than 0.195 and $p = 0.000$, which is lower than 0.05, indicating that the item is very representative of the construct being measured. Overall, the instrument used has met the requirements for good validity.

**Table 3.** Validity Statistics
**Item-Total Statistics**

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| X1.1 | 127.86 | 395.011 | .542 | .825 |
| X1.2 | 127.51 | 403.141 | .398 | .829 |
| X1.3 | 127.63 | 402.195 | .426 | .828 |
| X1.4 | 127.66 | 398.489 | .468 | .827 |
| X1.5 | 127.58 | 398.812 | .506 | .826 |
| X1.6 | 128.33 | 419.153 | .138 | .836 |
| X1.7 | 127.85 | 430.189 | -.068 | .842 |
| X1.8 | 127.84 | 422.095 | .066 | .838 |
| X1.9 | 127.94 | 424.905 | .018 | .839 |
| X1.10 | 127.76 | 416.608 | .188 | .834 |
| X2.1 | 127.59 | 400.345 | .424 | .828 |
| X2.2 | 127.31 | 398.822 | .520 | .826 |
| X2.3 | 127.73 | 398.684 | .441 | .828 |
| X2.4 | 127.55 | 401.220 | .494 | .827 |
| X2.5 | 127.52 | 402.030 | .449 | .828 |
| X2.6 | 127.48 | 395.242 | .579 | .824 |
| X2.7 | 128.13 | 418.033 | .146 | .836 |
| X2.8 | 128.09 | 422.123 | .068 | .838 |
| X2.9 | 127.80 | 417.051 | .165 | .835 |
| X2.10 | 128.09 | 417.780 | .150 | .836 |
| X3.1 | 127.67 | 405.274 | .374 | .830 |
| X3.2 | 127.68 | 406.361 | .344 | .831 |
| X3.3 | 127.79 | 404.814 | .361 | .830 |
| X3.4 | 127.42 | 401.478 | .432 | .828 |
| X3.5 | 127.67 | 396.951 | .519 | .826 |
| X3.6 | 127.76 | 416.608 | .188 | .834 |
| X3.7 | 128.08 | 416.297 | .172 | .835 |
| X3.8 | 128.07 | 415.136 | .195 | .834 |
| X3.9 | 127.95 | 421.260 | .076 | .838 |
| X3.10 | 127.91 | 417.194 | .155 | .836 |
| X3.11 | 127.48 | 400.939 | .509 | .827 |
| Y.1 | 127.61 | 402.058 | .458 | .828 |
| Y.2 | 127.61 | 398.220 | .536 | .826 |
| Y.3 | 127.48 | 400.495 | .466 | .827 |
| Y.4 | 127.72 | 400.365 | .471 | .827 |
| Y.5 | 127.42 | 398.610 | .538 | .826 |
| Y.6 | 127.58 | 417.721 | .174 | .835 |
| Y.7 | 128.00 | 419.354 | .128 | .836 |
| Y.8 | 127.95 | 415.098 | .207 | .834 |
| Y.9 | 127.79 | 420.370 | .101 | .837 |
| Y.10 | 128.11 | 422.200 | .068 | .838 |

Source: Primary Data, SPSS 27.0 data processing, 2025

2) Reliability Test

The consistency of the measuring tool was examined through reliability testing, resulting in a Cronbach's Alpha value of 0.835 for all 41 items. This figure indicates excellent reliability, as it exceeds the minimum standard of 0.7.

**Table 4.** Reliability Statistics

| Cronbach's Alpha | N of Items |
|---|---|
| .835 | 41 |

Source: Primary Data, SPSS 27.0 data processing, 2025

b. Normality Test

The normality of the regression residuals was evaluated using the Kolmogorov-Smirnov test, and a p-value of 0.200 ($p > 0.05$) confirmed that the residuals are normally distributed.

**Table 5.** Normality Test
**One-Sample Kolmogorov-Smirnov Test**

| | | | Unstandardized Residual |
|---|---|---|---|
| N | | | 100 |
| Normal Parameters[a,b] | Mean | | .0000000 |
| | Std. Deviation | | 4.58400531 |
| Most Extreme Differences | Absolute | | .064 |
| | Positive | | .044 |
| | Negative | | -.064 |
| Test Statistic | | | .064 |
| Asymp. Sig. (2-tailed)[c] | | | .200[d] |
| Monte Carlo Sig. (2-tailed)[e] | Sig. | | .392 |
| | 99% Confidence Interval | Lower Bound | .380 |
| | | Upper Bound | .405 |

Source: Primary Data, SPSS 27.0 data processing, 2025

c. Multiple Linear Regression Test

The influence of each variable on Islamic financial behavior was analyzed using multiple linear regression, and the findings are provided hereafter:

**Table 6.** Multiple Linear Regression Test and Multicollinearity Test

| Independent Variable | Regression Coefficient (B) | t-test | Significance (p) | Multicollinearity | |
|---|---|---|---|---|---|
| | | | | Tolerance | VIF |
| Constant | 11.232 | 4.598 | 0.000 | - | - |
| Financial Literacy(H1) | 0.375 | 6.170 | 0.000 | 0.769 | 1.300 |
| Religiosity (H2) | 0.592 | 7.829 | 0.001 | 0.624 | 1.602 |
| Sharia Fintech (H3) | 0.492 | 5.749 | 0.000 | 0.523 | 1.912 |
| R-Square | 0.690 | - | - | - | - |
| F-Test | 71.324 | - | 0.000 | - | - |

Source: Primary Data, SPSS 27.0 data processing, 2025

Drawing on the previously discussed data analysis, the regression equation derived in this study can be written in the form shown below:

$$Y = 11.232 + 0.375X_1 + 0.592X_2 + 0.492X_3$$

With description:
Y = Islamic Financial Behavior
$X_1$ = Financial Literacy
$X_2$ = Religiosity
$X_3$ = Financial Technology

The regression equation reveals an intercept of 11.232, meaning that if Financial Literacy, Religiosity, and Sharia Fintech variables do not change, the predicted Sharia Financial Behavior score is 11.232 points. This represents the baseline value of Sharia financial behavior before being influenced by the three independent variables.

With a positive coefficient of 0.375, Financial Literacy demonstrates a direct effect on Sharia Financial Behavior, meaning each one-point increase in Financial Literacy corresponds to a 0.375-point influx in Sharia Financial Behavior. The results indicate that individuals with deeper knowledge of Sharia principles, alongside financial concepts, have better behavior in managing finances in accordance with Islamic values. This reflects that the knowledge acquired is truly applied in real life, resulting in more responsible, halal, and planned financial behavior. The coefficient value for Religiosity is 0.592 and is positive. The analysis confirms a direct association between Religiosity and Sharia Financial Behavior. Every 1-point increase in Religiosity will increase Sharia Financial Behavior by 0.592 points. Therefore, the stronger a person's religiosity, the more inclined they are to follow Sharia-compliant financial practices.

Furthermore, the coefficient value of Sharia Fintech, 0.492, is also positive. This means this variable has a direct relationship with Sharia Financial Behavior. Every 1-point increase in the use of and trust in Sharia Fintech leads to a 0.492-point increase in Sharia Financial Behavior. This indicates that Sharia-compliant financial technology is an effective tool in shaping Islamic financial behavior, particularly within Gen Z. All three independent variables had a significance value <0.05 based on a t-test, indicating a significant partial effect on Sharia Financial Behavior. The t-value for Financial Literacy was 6.170, Religiosity was 7.829, and Sharia Fintech was 5.749, with all p-values = 0.000 or 0.001, confirming that each of the three variables significantly impacts the outcome. Based on the F-test, the computed F-value of 71.324 with a p-value of 0.000 (<0.05) validates the significance of the regression model, indicating a joint effect of Financial Literacy, Religiosity, and Sharia Fintech on Sharia Financial Behavior. These variables explain 68.1% of the variation, as reflected by an Adjusted $R^2$ of 0.681, with 31.9% accounted for by factors outside the model.

## Discussion

### The Influence of Financial Literacy on Sharia Financial Behavior (H1)

Regression analysis revealed a Financial Literacy coefficient of 0.375 and a p-value of 0.000 (<0.05), confirming its significant positive influence on Generation Z's Sharia Financial Behavior in Medan. Thus, each additional point in Financial Literacy corresponds to a 0.375-point influx in Sharia Financial Behavior. The outcome corroborates Huston's theory, suggesting that greater financial literacy is associated with more informed understanding, positive attitudes, and sound financial behavior. In the context of Sharia finance, knowledge of rules such as the ban on usury, zakat duties, and fair and transparent practices guides individuals toward Islamic-compliant financial behavior. H1 is validated by the finding that Financial Literacy contributes positively to Generation Z's Sharia financial behavior.

Several studies have examined the relationship between financial literacy and Sharia financial behavior. Research by Lusardi & Mitchell (2021) shows that higher financial literacy leads to better financial decision-making and more responsible financial behavior. In the context of Islamic finance, Antara, Musa, and Hassan (2019) found that financial literacy significantly influences Muslims' intention to adopt Islamic financial products.

### The Influence of Religiosity on Sharia Financial Behavior (H2)

Religiosity has a regression coefficient of 0.592 and a p-value of 0.001 (<0.05), indicating a significant positive effect on Shariah financial behavior. Greater religiosity increases the likelihood of individuals adopting Sharia-compliant financial behavior. This finding supports Glock's theory of religiosity, which states that the dimensions of religious belief, worship, and religious knowledge can shape attitudes and actions, including financial decisions. Intense religiosity serves as a moral and ethical guideline for financial management, such as avoiding usury, conducting halal transactions, and channeling funds to Sharia-compliant sectors. Therefore, hypothesis H2 is accepted, as the direction of the expected positive influence is expected.

Aji, Berakon, and Husin (2020) revealed that religiosity significantly drives the intention to use Islamic financial technology (fintech), as individuals align financial activities with their faith. In addition, Akhtar, Yousaf, and Husnain (2019) confirmed that religiosity enhances ethical financial behavior, such as avoiding riba, gharar, and promoting zakat and sadaqah, which are key aspects of Sharia financial behavior.

**The Influence of Sharia Fintech on Sharia Financial Behavior (H3)**

Sharia Fintech exhibits a regression coefficient of 0.492 and a p-value of 0.000 ($<0.05$), demonstrating its significant positive effect on Sharia Financial Behavior. Any increase in the use of and trust in Sharia-compliant fintech services will significantly improve Sharia-compliant financial behavior. Aligning with Harahap's study, it indicates that Sharia fintech applications, such as halal digital wallets and Sharia-compliant financing platforms, can increase awareness and Sharia-compliant financial practices among the younger generation. Fintech provides easy access to financial services, transaction transparency, and features that encourage compliance with Sharia principles. Therefore, hypothesis H3 is accepted, as Sharia Fintech has been shown to play a role in simultaneously encouraging more Islamic and modern financial behavior.

Rabbani, Khan, and Thalassinos (2020) found that fintech adoption significantly influences Islamic financial behavior, particularly in digital payments, savings, and investments aligned with Sharia. In the Indonesian context, Putri & Rachmawati (2021) reported that Sharia fintech positively impacts millennial users' Sharia financial behavior by increasing awareness and practice of halal financial management. Similarly, Nasution & Rafiki (2019) concluded that the availability of Sharia fintech platforms strengthens financial discipline, encourages zakat and sadaqah payments, and reduces reliance on conventional (non-halal) financial services.

**The Simultaneous Influence of Financial Literacy, Religiosity, and Sharia Fintech on Sharia Financial Behavior (H4)**

With an F-value of 71.324 and a significance level of 0.000, the F-test confirms that Financial Literacy, Religiosity, and Sharia Fintech simultaneously exert a significant influence on Sharia Financial Behavior. With an Adjusted $R^2$ of 0.681, the three variables—Financial Literacy, Religiosity, and Sharia Fintech—account for 68.1% of the differences in Sharia Financial Behavior, leaving 31.9% to other unexplored factors. This underscores that financial behavior results from the interaction of knowledge, religious adherence, and technological facilitation, supporting the acceptance of H4.

A literature review reveals a striking contradiction regarding the role of fintech: several studies document the accelerated adoption of digital financial services during the COVID-19 pandemic, driving inclusion—for example, a surge in financial app downloads and digital payment adoption—which suggests a positive role for fintech in expanding access to financial services. However, other literature highlights the opposite side—that acceleration also widens risks and potential exclusion (e.g., regulatory barriers, uneven digital literacy, concentration of large providers, and data protection issues) so that the net impact on inclusion is contextual and not uniform across countries/groups. Furthermore, recent research shows that Generation Z's behavior and preferences towards Islamic financial products and Islamic fintech differ geographically but generally show a high interest in services that are ethical/halal and easily accessible. These findings underscore the need for cross-country studies on Islamic financial literacy, the digitalization of Islamic services, and how adoption rates are influenced by factors such as religiosity, digital literacy, and the pandemic. Therefore, further research should adopt a mixed-methods and comparative approach (cross-region and cross-generation), incorporating sensitivity analysis to the pandemic period and regulatory/literacy variables, to explain when and for whom fintech increases inclusion or exacerbates inequality, while integrating international studies on Gen-Z and Islamic finance to capture the cultural nuances and religious preferences that influence adoption.

## CONCLUSION

From the analysis and discussion, it is evident that Financial Literacy, Religiosity, and Sharia Fintech play a significant role in shaping the Sharia Financial Behavior of Generation Z in Medan City. Supporting earlier findings, this study confirms that the growth of financial technology and strong religious values enhance Sharia-compliant financial practices. Specifically, Religiosity is the factor with the most dominant and positive influence on Sharia Financial Behavior, indicating that the higher an individual's religious level, the greater their tendency to apply Islamic financial principles in their daily lives. Meanwhile, Sharia Fintech also has a positive and significant influence, as easy access to Sharia-compliant digital financial services encourages financial behavior that is more compliant with Islamic values. Furthermore, Financial Literacy also has a positive and significant influence, indicating that the greater an individual's understanding of Sharia financial concepts such as zakat, usury, halal investment, and Islamic financial management, the greater their tendency to adopt responsible financial behavior in accordance with Islamic teachings. Regression analysis demonstrates that Financial Literacy, Religiosity, and Sharia Fintech collectively have a significant impact on Sharia Financial Behavior, with an Adjusted $R^2$ value of 0.681, explaining 68.1% of the behavioral variation. Furthermore, these results illustrate that strengthening religious values, utilizing Sharia-based technology, and increasing literacy oriented toward Islamic principles are crucial in shaping wiser and Sharia-compliant financial behavior among Generation Z.

A concrete recommendation is the development of a Sharia financial literacy program based on fintech applications, such as interactive educational modules on the principles of halal and haram transactions, sharia investment simulations, and digital consultation features with Islamic financial experts that can be accessed directly by the younger generation, especially Gen Z. This program will not only improve basic understanding of Sharia literacy but also encourage trust and sustainable adoption of Islamic fintech services. For future research, it is recommended to conduct longitudinal studies examining post-adoption behavior, such as user retention rates, changes in transaction patterns, and loyalty to digital sharia services, so as to provide a more in-depth picture of the factors that support the sustainable use of sharia fintech in the community.

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