ABSTRACT

This study examines the impact of the automatic expense categorization feature in mobile banking on the perception of budget control effectiveness of Generation Z, using financial literacy as a moderating variable under the mental accounting theory approach.

Primary data were gathered via online Likert-scale questionnaires distributed to university students in Semarang City. Samples were selected through purposive sampling, and data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) *via* SmartPLS 4.0.

The structural model testing confirmed that the utilization of the automatic categorization feature has a positive effect on the perception of budget control effectiveness by directly reducing cognitive load. Financial literacy also exerts a positive direct effect. However, financial literacy does not moderate the primary relationship. This demonstrates that the practical utility of banking automation is highly inclusive, benefit-driven, and accessible to all users regardless of their financial literacy levels.

Keywords*: Mental Accounting Theory, Automatic Expense Categorization, Budget Control, Financial Literacy.*