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## The Impact of Financial Literacy Dimensions on Youths' Financial Well-Being

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**Abstract:** *The purpose of the research is to assess how financial literacy affects young people's well-being in accordance with the Theory of Planned Behavior (TPB). This research was designed to investigate how the theory's conception functions in the context of Indonesian youths, based on the theory's conceptual framework. The statistical analysis was performed on the sample of 150 respondents. To investigate this research idea, Partial Least Squares – Structural Equation Modeling (PLS-SEM) was selected. Financial well-being is positively impacted by one's financial attitude. Financial well-being is also influenced by financial behavior. However, financial knowledge has no impact on financial well-being. The research's findings contribute to the literature by adding another empirical confirmation from Indonesian youths' viewpoint. It offers useful information and provides youths with financial literacy skills. This research also contributes to the advancement of knowledge in relation to the financial literacy in youths. It could help governments to make decisions on youth financial well-being. Moreover, it highlights the direction which a government or policymaker can take to pursue youth financial literacy and its well-being.*

**Keywords:** *financial literacy, financial attitude, financial behavior, financial knowledge, financial well-being.*

### Uticaj finansijske pismenosti na finansijsku dobrobit mladih

**Apstrakt:** *Svrha istraživanja je procena kako finansijska pismenost utiče na dobrobit mladih u skladu s Teorijom planiranog ponašanja (TPB). Ovo*

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*istraživanje osmišljeno je kako bi se istražilo na koji način teorijska koncepcija funkcioniše u kontekstu mladih u Indoneziji. Statistička analiza sprovedena je na uzorku od 150 ispitanika. Za istraživanje odabrano je modeliranje metodom parcijalnih najmanjih kvadrata - strukturnih jednačina (PLS-SEM). Finansijski stav pozitivno utiče na finansijsku dobrobit. Finansijsko blagostanje takođe je pod uticajem finansijskog ponašanja. Međutim, finansijsko znanje nema uticaja na finansijsku dobrobit. Nalazi istraživanja doprinose literaturi dodavanjem još jedne empirijske potvrde iz gledišta mladih u Indoneziji. Ovo istraživanje takođe doprinosi unapređenju znanja u vezi sa finansijskom pismenošću mladih. Moglo bi pomoći vladama u donošenju odluka o finansijskoj dobrobiti mladih. Štaviše, ističe smer u kojem vlada ili kreatori politika mogu promicati finansijsku pismenost mladih i njihovu dobrobit.*

**Ključne reči:** *finansijska pismenost, finansijski stav, finansijsko ponašanje, finansijsko znanje, finansijsko blagostanje.*

## 1. Introduction

Indonesia Financial Services Authority (OJK) carried out a National Survey on Financial Literacy and Inclusion (Indonesian: Strategi Nasional Literasi Keuangan Indonesia-SNLKI) to evaluate the financial literacy and inclusion index of Indonesian citizens and to establish a basis for future improvement programs in these areas. According to Indonesian Financial Services Authority (2024), the financial literacy index scores are highest for ages 26-35 (74.82%), 36-50 (71.72%), and 18-25 (70.19%). Conversely, the lowest scores are for ages 15-17 (51.70%) and 51-79 (52.51%). SNLKI 2024 is essential for OJK and stakeholders in creating policies, strategies, and financial products that meet consumers' needs based on what they can afford. The findings show that the groups with the lowest financial literacy are rural residents, youth aged 15-17, older adults, and those with low education or specific occupations. The vision of the 2021 – 2025 SNLKI is to foster a financially literate Indonesian society to enable the use of suitable financial products and services for sustainable financial well-being. In conclusion, financial literacy and financial well-being are closely connected.

Since it enables people to make wise financial decisions that result in stability and long-term security, financial literacy is a major factor in financial well-being. They are linked in a loop whereby improved financial habits brought about by increased knowledge result in reduced financial stress and increased levels of pleasure overall. Numerous studies conducted over many years have demonstrated that financial literacy has a major impact on financial well-being (Alqam & Hamshari, 2024; Lusardi & Messy, 2023; Bai, 2023; Megananda & Fatur Rahman, 2022; Lusardi & Streeter, 2023; Abdurrahman & Nugroho, 2024;

Philippas & Avdoulas, 2020; Addin et al., 2023). A multidimensional approach to financial literacy is used by Atahau et al. (2023), which includes attitude, behavior, and knowledge. However, Atahau et al. (2023) only focus on calculating the financial literacy index. Financial literacy is divided into three main components: financial attitude, behavior, and knowledge (Fessler et al., 2020). Several studies have been conducted to analyze the impact of financial attitude (Shim et al., 2009; Utkarsh et al., 2020; Lusardi & Messy, 2023), behavior (Shim et al., 2009; Megananda & Faturohman, 2022; Alqam & Hamshari, 2024), and knowledge (Lusardi & Messy, 2023; Chaity et al., 2024) on financial well-being. The previous studies conducted intend to develop econometric models to predict financial well-being, but only a few research (Alqam & Hamshari, 2024) has explicitly focused on predicting the antecedents of youth's financial well-being. In Indonesia, Megananda and Faturohman (2022), Abdurrahman and Nugroho (2024) have predicted the determinants of financial well-being, but they do not focus on youths in their research.

This present research refers to an adequate influential paper and relevant past study by Alqam and Hamshari (2024). This present research is different from the study of Alqam and Hamshari (2024) in the following aspects. First, Alqam and Hamshari (2024) focused on the financial literacy, financial inclusion, and financial well-being of Jordanian youth. However, this present research focused on the financial literacy and financial well-being of Indonesian youth. Second, Alqam and Hamshari (2024) subdivided financial literacy into three key components: knowledge of financial products and services, consumer rights and protections, and financial decision-making skills. However, this present research subdivided financial literacy into three key components such as financial attitude, financial knowledge, and financial behavior. Apart from these differences, the study of Alqam and Hamshari (2024) is very beneficial for understanding the impact of financial literacy on financial well-being.

There are key gaps in research on financial literacy, especially relating to its impact on financial well-being. While many studies focus on developed countries, there is little research on developing economies, particularly in Asia. Indonesia is highlighted as an important case due to its economic challenges and youth population, yet it has been largely overlooked. Most existing studies focus narrowly on financial knowledge, neglecting other dimensions like attitude and behavior. This study aims to address this gap by adopting a multidimensional approach to financial literacy. Although the link between financial literacy and well-being is established, how this relationship operates among youths has not been adequately studied. This research seeks to explore these connections in Indonesia, aiming to fill crucial gaps in our understanding of financial literacy and well-being for youths. The findings could guide policymakers and educators in creating targeted programs to improve financial

literacy and promote inclusion for youths in Indonesia and similar developing countries.

The rest of this article has been divided down into the following sections. The development of hypotheses and the literature review are described in Section 2. In Section 3, the research methodology is presented. The discussions and empirical findings are outlined in Section 4. The final section outlines several points, such as conclusion, limitation, and recommendations for future research agenda.

## **2. Literature review and hypothesis development**

### **2.1. Theory of planned behavior**

According to the Theory of Planned Behavior (TPB), a person's actions depend on their intention to act, influenced by three main factors: attitudes, perceived behavior, and subjective norms (Ajzen, 1991). TPB specifically explains the relationship between financial attitude, behavior, knowledge, and well-being. Some financial attitudes, such as cash management, credit, and savings, can enhance financial well-being. Financial attitude can influence financial well-being, affecting savings patterns and individual expenditure. People with a positive financial attitude will improve their financial well-being.

TPB explains that individual behavior demonstrates actions or activities related to self-control carried out by individuals in managing personal finances (Ajzen, 1991). With good behavior, individuals will find it easier to manage resources and have the opportunity to practice self-control in managing personal finances, thereby improving their well-being. Xiao et al. (2009) state that individuals with positive financial behavior can avoid risks, control expenditure, create budgets, save, and avoid excessive purchases, which leads to strong financial well-being. Xiao and Porto (2017) utilized the TPB to analyze financial literacy. They concluded that financial knowledge affects attitudes, which in turn influence intentions and behaviors, suggesting that enhancing financial literacy can improve attitudes and financial conditions.

### **2.2. Financial well-being**

Brüggen et al. (2017) postulate that financial well-being includes individual factors like personality, age, and income, as well as contextual factors such as economic climates and peer pressures. It is shaped by both material conditions (current economy) and personal perceptions of financial status. Different age groups, especially youth, exhibit varying trends in financial well-being. The Consumer Financial Protection Bureau (2015) also described financial well-

being as a state where individuals can meet their financial obligations, feel secure about their future, and have the freedom to make life choices. This definition emphasizes the importance of current and future employment, available funds for necessary expenses, and the freedom to live life as one chooses.

### **2.3. Financial literacy**

The broad focus of the Organisation for Economic Co-operation and Development (OECD) approach to financial literacy, which includes not just financial knowledge but also financial conduct and attitudes, which are crucial components of financial health in the OECD's opinion, makes it ideal in this regard. When taken as a whole, these facts can serve as the foundation for novel approaches to financial education that close knowledge gaps, encourage wise financial practices, and assist the most vulnerable households (Fessler et al., 2020). Furthermore, Fessler et al. (2020) provide mediation analyses to investigate how much of the causal effect of knowledge on behavior is mediated through financial attitude. Mediation analysis specifies that about 13% of the effect is mediated via attitude. Atkinson and Messy (2012) also highlight that financial literacy is essential for understanding financial behaviors and outcomes. It includes awareness, knowledge, skills, attitudes, and behaviors needed to achieve specific financial goals. This definition emphasizes that financial literacy involves applying knowledge correctly. Kaiser and Menkhoff (2017) also highlight that financial literacy consists of three main areas, such as understanding interest rates, grasping inflation, and recognizing risk dispersion. Their research revealed minimal improvement in personal finance knowledge among respondents globally, highlighting financial literacy as especially crucial for youth. The findings emphasize the need for better financial education worldwide. Many studies link financial literacy to various behaviors (Lusardi, 2015; Lusardi & Messy, 2023; Lusardi & Mitchell, 2011). Financial literacy is crucial for saving habits and investment choices (Lusardi & Tufano, 2015). Financial literacy significantly influences financial decision-making at personal, community, national, and societal levels (Lusardi, 2015). According to Alqam and Hamshari (2024), financial literacy includes knowledge of financial products, consumer rights, and decision-making skills. In addition, Atahau et al. (2023) state that financial literacy depends on financial attitude, behavior, and knowledge. Their findings show that financial literacy in formal and non-formal education curriculum and policies related to financial inclusion provide greater access to financial services for the poor. Their findings emphasized the lasting impact of low financial literacy in young people, highlighting its importance for financial behaviors and outcomes.

## **2.4. The impact of financial attitude on financial well-being**

This summary discusses the concept of attitude as it relates to behavioral intention and financial preparedness. Attitude influences a person's intention to behave in a certain way, based on their evaluation of that behavior (Quan et al., 2022). An individual's attitude towards money reflects their readiness to save and manage future expenses, particularly among young adults seeking financial independence (Shim et al., 2009; Utkarsh et al., 2020). Financial attitude is a psychological tendency that involves the acceptance or rejection of financial management practices (Talwar et al., 2021). To sum it up, emotions, attitudes, and behavioral biases can play an important role in financial decisions (Lusardi & Messy, 2023). A positive financial attitude is an important aspect of forming healthy financial habits. Overall, attitudes significantly impact how individuals prepare for financial challenges and make decisions regarding money management. Based on these findings, the following hypothesis is proposed:

H1: Financial Attitude has a positive and significant impact on Financial Well-Being.

## **2.5. The impact of financial behavior on financial well-being**

Financial behavior refers to how individuals manage their money, including cash flow, credit, and savings. Financial behavior is crucial for assessing a person's ability to manage their finances (Chong et al., 2021; Xiao, 2008). A person's behavior towards their financial situation impacts their overall financial well-being. Confidence in money management improves financial behavior. Good financial literacy leads to better financial management and well-being (Shim et al., 2009; Megananda & Faturohman, 2022). Effective financial behavior is essential for achieving financial well-being (Alqam & Hamshari, 2024). With good behavior, individuals will gain ease in resource management and the opportunity to practice self-control in managing personal finances, thereby enhancing their well-being. Based on these findings, the following hypothesis is proposed:

H2: Financial Behavior has a positive and significant impact on Financial Well-Being.

## **2.6. The impact of financial knowledge on financial well-being**

Financial knowledge is a person's mastery of financial tools and skills. It involves understanding, analyzing, and managing finances to make informed decisions and prevent financial issues (Ilyas et al., 2022). Over the last decades, financial literacy has become essential for financial well-being, especially among youth, and the need for financial knowledge to handle

economic challenges (Alqam & Hamshari, 2024). Changes in the pension system, complex financial instruments, inflation, and rising risks highlight the urgent need for individuals to gain knowledge and skills for better financial resilience and well-being (Lusardi & Messy, 2023). For financial well-being, financial knowledge is crucial. Investment and saving are influenced by financial knowledge. Credit and the temporal worth of money are important ideas to grasp. Possessing sound financial knowledge improves wellbeing and lowers stress (Chaity et al., 2024). Based on these findings, the following hypothesis is proposed:

H3: Financial Knowledge has a positive and significant impact on Financial Well-Being.

### **3. Research method**

#### **3.1. Population and sample**

This research employed quantitative research to examine the impact of youth's financial literacy on financial well-being. The target population consisted of Indonesian youth aged 15–29 years. According to the Indonesia Central Bureau of Statistics (2024), this age group comprised approximately 66 million individuals. This cross-sectional research was carried out in Indonesia. A sampling strategy with multiple stages was used. Neighborhoods within each province were chosen by cluster selection, and individual participants were chosen by systematic random sampling. In collecting data, this research collaborated with the Alfamart chain of stores in distributing its questionnaires. Over the course of five months, from January 2025 to May 2025, an online survey disseminated via email and social media channels was used to gather the data. I was able to meet my goal sample size and carry out follow-ups to boost the response rate because of this extended duration. Currently, Alfamart has 20,000 outlets in 29 provinces in Indonesia. A multistage sampling strategy was used in this study to guarantee a representative sample from Indonesia's various regions and demographic groups. Stratified random sampling was used in the first step to guarantee representation from all 29 provinces in Indonesia. This methodology enabled the study to encompass the nation's geographic and socioeconomic heterogeneity. In order to reach a geographically distributed population at a reasonable cost, this research selected neighborhoods within each province using cluster sampling. Individual participants within each cluster were then chosen using systematic random sampling. This is to ensure that regional representatives with different characteristics can be reached. With the collaboration with Alfamart, this research was able to strike a compromise between practicality and representativeness because to the combination of

sample strategies. According to Hair et al. (2010), the minimum sample size is 5 times the number of indicators studied. In this research, the number of variable indicators is  $30 \times 5 = 150$ . This research's sample size is 150 respondents, with a total of 150 questionnaires given to individuals who fit the target data source. Hair et al. (2010) said that the ideal sample size is between 100 and 200 respondents. This research employed Likert scales with five response options: Strongly agree = 5, Agree = 4, Neutral = 3, Disagree = 2, and Strongly Disagree = 1.

### 3.2. Variable measurement

This research sets its measuring indicators to measure each variable, as shown in Table 1. In addition, each indicator is set to be capable of representing the corresponding variable.

*Table 1. Variable measurement*

Variable	Items	Source
Financial Well-Being	1. I could handle a major unexpected expense 2. I am securing my financial future 3. Because of my money situation, I feel like I will never have the things I want in life 4. I can enjoy life because of the way I'm managing my money 5. I am just getting by financially 6. I am concerned that the money I have or will save won't last 7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month 8. I have money left over at the end of the month 9. I am behind with my finances 10. My finances control my life	Consumer Financial Protection Bureau (2015)
Financial attitude	1. I want to know more about money management 2. I feel more satisfied spending money than saving it for the long term 3. I know how to manage money 4. I am ready to risk some of my own money to save or invest 5. I am interested in reading and learning more about financial literacy 6. I think money is available to spend 7. I can control my financial situation	Atahau et al. (2023)
Financial behaviour	1. Before I buy something, I consider carefully whether I can afford it 2. I put a close attention to my personal financial affairs	Atahau et al. (2023)



	3. I think make a saving plan is important 4. I create a plan to manage my revenue 5. I create a plan to manage my investments 6. I plan my expenses	
Financial knowledge	1. A high return investment tends to have a high risk 2. If someone offers me the opportunity to make a lot of money, I will lose a lot of money too 3. The high price of goods causes the cost of living to increase rapidly 4. Apart from saving at the bank, I bought assets 5. It is unlikely that I will lose all my money if I diversify it 6. Saving in a bank is safe and risk-free 7. If prices rise rapidly, the money people have in savings accounts will lose its value	Atahau et al. (2023)

This research has four main variables (three independent and one dependent variable), such as perceived financial well-being (FWB) with 10 indicators, financial attitude (FA) with 7 indicators, financial behavior (FB) with 6 indicators, and financial knowledge (FK) with 7 indicators. This research creates a research framework based on the selected hypothesis.

*Figure 1. Research framework*

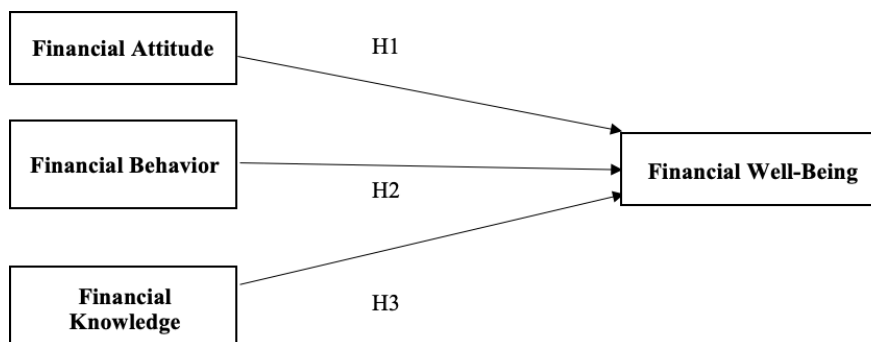


Figure 1 shows the cause-and-effect relationships among variables, linking each causality to specific hypotheses, with H1 connecting financial attitude to financial well-being, and H2 and H3 are also identified.

### 3.3. Analysis technique

To analyze the path hypothesis, this research used Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. The methodology involves the bootstrap technique, repeated for at least 500 subsamples up to 5,000. The following Equation 1 represents an unrestricted cross-sectional regression model that is proposed in this research.

$$FWB_i = \beta_0 + \beta_1 FA_i + \beta_2 FB_i + \beta_3 FK_i + \varepsilon_i \quad (1)$$

Where,

$FWB_i$  : Financial Well-Being of the  $i$  youth respondent

$FA_i$  : Financial Attitude of the  $i$  youth respondent

$FB_i$  : Financial Behavior of the  $i$  youth respondent

$FK_i$  : Financial Knowledge of the  $i$  youth respondent

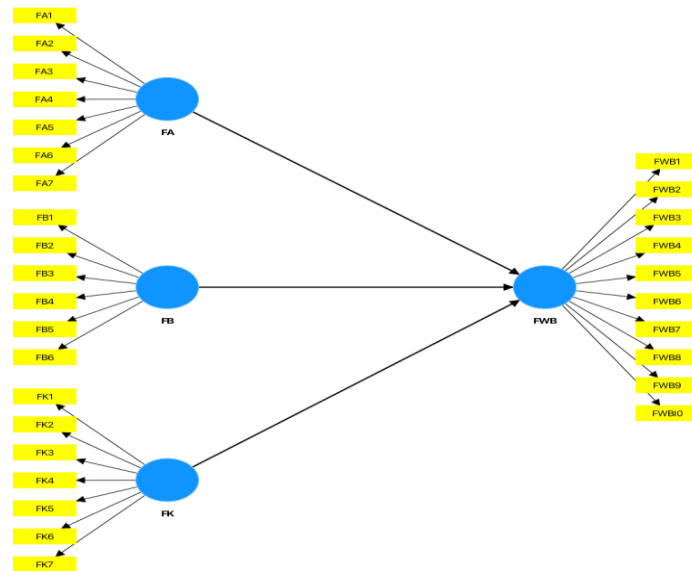
$\beta_0$  : Constant parameter

$\beta_1, \dots, \beta_3$  : Slopes

$\varepsilon_i$  : Error term of the  $i$  youth respondent

Based on the proposed model, this research presents a PLS-SEM path diagram in Figure 2.

Figure 2. PLS-SEM diagram



The process of data analysis involves two main steps (Hair et al., 2017, 2018). Variables are evaluated for internal consistency, convergent validity, and discriminant validity. Internal consistency is assessed using Cronbach's alpha, composite reliability (Rho\_A), and Rho\_C. An alpha over 0.7 is deemed acceptable. Convergent validity requires an average variance extracted (AVE) of 0.5 or more, with individual indicators having loadings greater than 0.6 for reliability. Discriminant validity is assessed using cross-loadings. The loading score obtained on the same indicator block must be greater than the correlation value between constructs. The second step involves assessing the impact of financial attitude, behavior, and knowledge on financial well-being. Two steps in data analysis involve measuring the reflective model and testing direct effects on financial well-being. The hypothesis testing results were consistent for both tests, using Prob. values and t-statistics. Typically, Prob. < 0.05 or 0.01 or 0.1 will accept the hypotheses (H1, H2, and H3). As possible Type I error won't cause significant issues, 10% is a highly common percentage in economic research. A threshold p-value of 5% is frequently used by scholars to establish the significance level. In this case, it is appropriate to raise the significance level from 5% to 10%. A cut-off p-value of 10% will also be employed to assess the findings of the current study because this is a frequently used criterion in economic research (Shi et al., 2022).

## **4. Empirical results and discussion**

The outer loadings, convergent validity, internal consistency, discriminant validity, and the hypothesis testing section make up the findings section's four subsections.

### **4.1. Outer loadings**

A construct's outer loadings are more than 0.6 when compared to its indicators after removing FK7. This suggests that the convergent validity is supported by the indicator reliability of every indicator. This can be shown in Figures 3 and 4.

Figure 3. The first outer loadings of PLS-algorithm

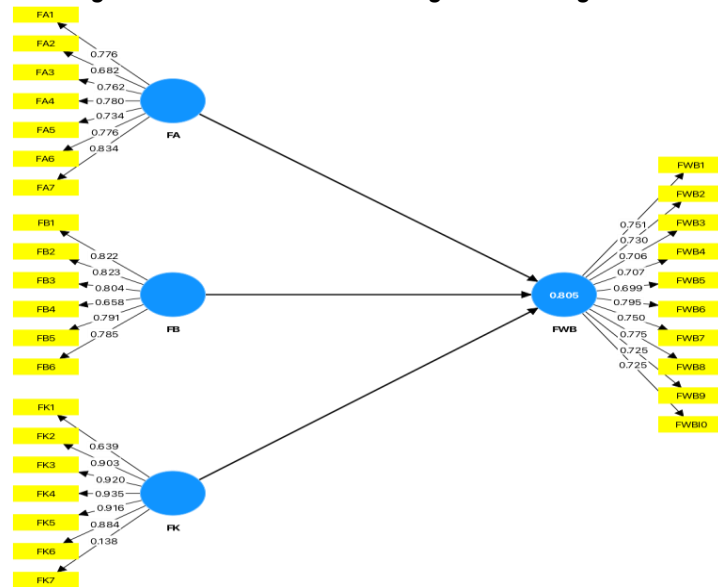
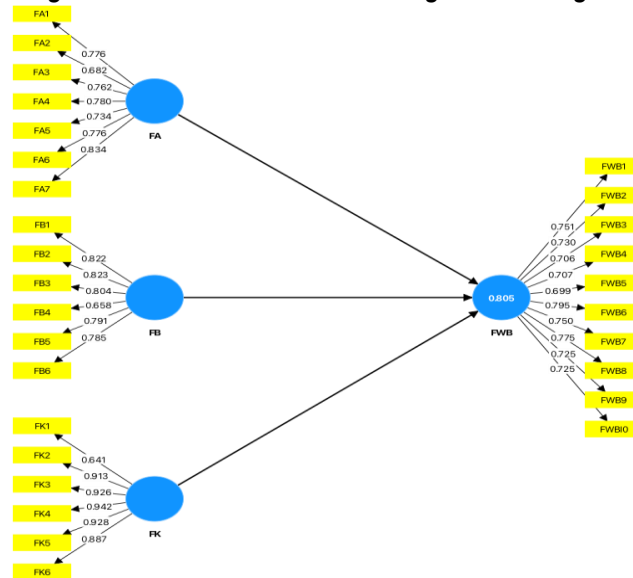


Figure 4. The second outer loadings of PLS-algorithm



Other validity and reliability tests should be conducted after all indicators have reached the threshold value.

#### 4.2. Internal consistency and convergent validity

The degree to which the items on a test evaluating the same concept yield comparable responses is known as internal consistency. In contrast, convergent validity evaluates a test's ability to correlate with other tests that

measure the same or related constructs (Henseler et al., 2015). Table 2 also shows all construct fulfill convergent validity and internal consistency criteria.

*Table 2. Internal consistency and convergent validity*

Construct	Cronbach's alpha	Rho_A	Rho_C	AVE
FA	0.881	0.884	0.908	0.585
FB	0.872	0.882	0.904	0.612
FK	0.938	0.962	0.953	0.773
FWB	0.906	0.908	0.922	0.543

When Cronbach's alpha, Rho\_A, and Rho\_C scores are higher than 0.7, it indicates that internal consistency is fulfilled. Furthermore, an AVE larger than 0.5 implies convergent validity is satisfied.

#### **4.3. Discriminant validity**

The factor loading items on constructions other than the one they are designed to measure are known as cross-loadings. When the items load more on the targeted construct than any other construct, discriminant validity is supported. Table 3 shows that the cross loadings justify the discriminant validity.

*Table 3. Cross loadings*

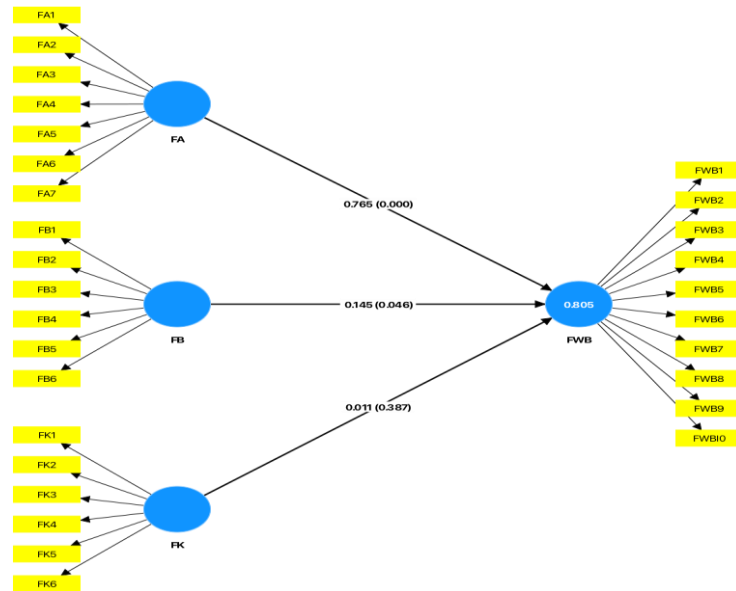
Indicator	FA	FB	FK	FWB
FA1	<b>0.776</b>	0.665	0.062	0.786
FA2	<b>0.682</b>	0.578	0.102	0.625
FA3	<b>0.762</b>	0.730	0.235	0.657
FA4	<b>0.780</b>	0.697	0.122	0.709
FA5	<b>0.734</b>	0.611	0.089	0.651
FA6	<b>0.776</b>	0.659	0.084	0.625
FA7	<b>0.834</b>	0.771	0.113	0.706
FB1	0.736	<b>0.822</b>	0.209	0.692
FB2	0.732	<b>0.823</b>	0.073	0.689
FB3	0.750	<b>0.804</b>	0.130	0.700
FB4	0.521	<b>0.658</b>	0.033	0.471
FB5	0.690	<b>0.791</b>	0.123	0.671
FB6	0.679	<b>0.785</b>	0.274	0.597
FK1	0.091	0.095	<b>0.641</b>	0.106
FK2	0.092	0.139	<b>0.913</b>	0.113
FK3	0.135	0.173	<b>0.926</b>	0.122
FK4	0.182	0.202	<b>0.942</b>	0.169
FK5	0.123	0.146	<b>0.928</b>	0.154
FK6	0.143	0.190	<b>0.887</b>	0.115
FWB1	0.719	0.677	0.051	<b>0.751</b>
FWB2	0.658	0.628	0.168	<b>0.730</b>
FWB3	0.613	0.547	0.124	<b>0.706</b>
FWB4	0.617	0.567	0.188	<b>0.707</b>
FWB5	0.595	0.529	0.035	<b>0.699</b>
FWB6	0.737	0.666	0.211	<b>0.795</b>
FWB7	0.652	0.585	0.099	<b>0.750</b>
FWB8	0.709	0.609	0.016	<b>0.775</b>
FWB9	0.631	0.584	0.067	<b>0.725</b>
FWB10	0.639	0.644	0.156	<b>0.725</b>

The factor loading on the related constructs has a higher value than the cross loadings value. Thus, it can be said that all constructs in this study have good discriminant validity.

#### 4.4. Hypothesis testing

Hypothesis testing in this research uses the bootstrapping technique which can be seen in Figure 5 and Table 4 below.

Figure 5. The output diagram of PLS-SEM with bootstrapping technique



Financial attitude, behavior, and knowledge explain 80.5% of the variance in financial well-being, as seen in Figure 5. In addition, Table 4 completes the explanation in Figure 5.

Table 4. Hypothesis testing

Path	$\beta$	T statistics	P values
FA $\rightarrow$ FWB	0.765	9.448	0.000***
FB $\rightarrow$ FWB	0.145	1.684	0.046**
FK $\rightarrow$ FWB	0.011	0.287	0.387

Notes: \*\* and \*\*\* indicate statistical significance at the 5% and 1% levels.

Apart from hypothesis 3 (H3), all of the direct hypotheses (H1 and H2) are supported. Financial attitude has a positive impact on financial well-being ( $\beta = 0.765$ ;  $p < 0.01$ ). Financial behavior had a positive impact on financial well-



being ( $\beta = 0.145$ ;  $p < 0.05$ ). Nevertheless, the hypothesis is not supported by the impact of financial knowledge on financial well-being ( $\beta = 0.011$ ;  $p = 0.387$ ).

This research is to examine financial literacy's role in the development of youth financial well-being based on the Theory of Planned Behavior. This research established three hypotheses and checked their validity and reliability. The findings demonstrate that financial well-being is positively correlated with financial attitude and behavior, but not with knowledge. Hypothesis 1 suggested that financial attitude has a positive influence on financial well-being. This aligns with the Theory of Planned Behavior, which suggests that financial attitude can increase financial well-being. This implies that youth's attitude tends to have a significant effect on financial well-being (Shim et al., 2009; Utkarsh et al., 2020). This situation represents the priorities of youths who are getting ready to face financial uncertainty in the future. In all aspects of financial well-being, financial attitudes are essential. Financial attitude was chosen as an indicator due to people's financial well-being can be impacted by the way they adopt a saving and monitoring attitude. According to Quan et al. (2022), attitude plays an important role in increasing behavior intention. The findings are also in line with Lusardi and Messy (2023), who are expanding behavioral finance's findings that attitudes can influence financial decisions, as well as research on the psychological and personality differences between investors and non-investors. According to these current empirical findings, youths who have a positive outlook are more likely to have higher expectations for their financial well-being since they have been instilled with the habits of saving and managing their expenses.

Hypothesis 2 suggested that financial behavior has a positive influence on financial well-being. This aligns with the Theory of Planned Behavior, which suggests that financial behavior can enhance financial well-being. Financial education encourages positive financial behaviors and thought to increase consumer financial well-being (Xiao, 2008). To attain financial well-being, financial capability engages in desired financial behaviors (Megananda & Faturohman, 2022). Megananda and Faturohman (2022) highlight that financial behavior is crucial for improving financial well-being. In Addition, this is in line with Shim et al. (2009) that financial behavior can assess a person's financial well-being. In this case, achieving financial well-being requires effective financial behavior (Alqam & Hamshari, 2024).

Hypothesis 3 suggested that financial knowledge has no impact on financial well-being. This result is similar with the findings of Siregar et al. (2024), Lindiawati et al. (2023), Riitsalu and Murakas (2019) that financial knowledge has no effect on financial well-being. This phenomenon happened because a person has financial experience which fosters awareness of money

management. Youths who enhance their levels of knowledge in finance will have better confidence and ability to implement the information into action to make wise financial decisions in real-life situations. This is due to a better understanding of the financial responsibilities they must fulfill overtime. Therefore, those who lack financial knowledge need to be pushed to increase financial knowledge to understand how the money works to achieve financial well-being. Theoretically, this result is not aligned with the Theory of Planned Behavior, which suggests that knowledge and skills can boost financial well-being. This is different from the previous research of Alqam and Hamshari (2024). They underscore the importance of educating young people about various financial products and services to enhance their participation in the formal financial system. Alqam and Hamshari (2024) highlight the consumer rights and protections to financial inclusion are noteworthy. Youths are more willing to interact with formal financial institutions when they are aware of their rights and the safeguards that are in place for them. One of the possible explanations is related to Fear of Missing Out (FOMO) behavior that occurs in youth people. According to Ilyas et al. (2022), FOMO behavior is very dangerous if it is not balanced with knowledge. For example, youths who do not have knowledge will easily experience a pump and dump by uncertainty in managing their finances. A person's financial knowledge becomes a benchmark in seeing how well they manage their financial situation. Hamid et al. (2019) postulate that saving and investing require knowledge and understanding to get a positive gain. Youths lack sufficient understanding about investing and saving. Most respondents are unaware of the definition of saving and investing, as well as their mechanisms. Additionally, respondents are unfamiliar with the ease with which authorities allow them to invest and save.

## **5. Conclusions**

This research examines factors that are associated with financial well-being among young people. The hypothesis testing found that financial attitude and behavior all have a favorable effect on youth financial well-being in the context of Indonesia. This research demonstrates how youths' financial well-being is influenced by their financial attitude and behavior. Financial literacy contributes to a financial attitude that leads to financial well-being. Positive financial behaviors throughout life increase the likelihood of a better financial future for those who exhibit them. However, financial knowledge did not impact on financial well-being in this causality. Offering favorable experiences when selecting and utilizing financial services is one potential strategy to increase

financial knowledge. Programs for financial education that are gamified can provide such experiences for youths.

Financial literacy is very important for young people. Those with high financial literacy manage money differently and use better strategies. In contrast, youths with low financial literacy often overspend, save less, and struggle with cash flow management. Without good financial literacy, youth can make wrong decisions that cause financial burdens. For youth, financial literacy is essential because it gives them the information and abilities they need to make wise financial decisions. It assists youth in comprehending ideas that are critical to their future financial security, such as debt management, investing, saving, and budgeting. Youth who possess financial literacy are also more equipped to set objectives and strive toward financial independence by navigating the complicated world of personal finance. This research gives the literature review an additional empirical input about the significance of financial literacy from the viewpoint of Indonesian's youth. It offers helpful guidance on how to impart financial knowledge and skills to young people. This research adds to the existing knowledge of the variables influencing youths' financial well-being. It could be used by governments to decide on financial literacy initiatives.

The theoretical foundation was developed from the Theory of Planned Behavior, utilizing the financial literacy indicators as explanatory variables. By examining predictors of financial well-being, the theoretical implication contributes to the literature on financial well-being. Individual attitudes and perceived behavioral control have an impact on people's conduct, according to the Theory of Planned Behavior. Additionally, this research offers practitioners a crucial suggestion. The results would have enormous practical implications for improving youths' financial literacy, expanding the body of knowledge regarding youths' financial well-being, and providing them with financial literacy skills. Perceptions of one's financial behavior and attitude toward the area have a big impact on the intention to improve financial well-being. Apart from the theoretical and practical implications, the application of the bootstrapping technique in PLS-SEM is the methodological implication of the research. Bootstrapping strategies were employed to make up for the problem of the limited sample size. The research contains several limitations in addition to its benefits. Even though the sample size is sufficient to test the structural model, a bigger sample size is required to boost the model's validity. Other test should be carried out in Indonesia's other regions to improve the predictors' applicability. To assess the true financial well-being of young people, it might be crucial to find out how long the school has been teaching financial literacy skills. The longitudinal research that considers the effects of time series and

the cross-sectional broadness of youth financial well-being is highly recommended to boost research validity.

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