



Financial Literacy: Unravelling The Interplay of Psychological Dynamics and Social Influences on Financial Behaviours

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ABSTRACT

Purpose – This study investigates key determinants of personal financial management behaviour among Indonesian millennials, focusing on the roles of financial literacy, attitude toward money, locus of control, and financial socialisation sources, including parents, peers, media, and social media.

Methodology – Data were collected through an online questionnaire using purposive sampling and analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM).

Findings – The results show that financial socialisation, parental socialisation, social media, and peer and media influences positively affect millennials' attitudes toward money and financial management behaviour. External locus of control does not directly influence financial behaviour but indirectly mediates the effects of financial socialisation and peer and media influence. Attitude toward money mediates the influence of family financial socialization and peer and media exposure. In contrast, financial literacy mediates the impact of family financial socialisation, peers, media, and locus of control on financial behaviour.

Originality/Novelty – This study offers an integrated model that combines psychological factors and diverse financial socialisation agents to explain millennial financial behaviour. This area remains underexplored in the Indonesian context.

Implications – The findings highlight the need for targeted financial education initiatives that strengthen socialisation pathways and enhance financial literacy to improve millennials' financial management practices.

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INTRODUCTION

The governance of personal finance among young adults has emerged as a pressing structural concern in emerging economies, particularly Indonesia. The rapid proliferation of digital financial services, including online lending platforms, buy now, pay later (BNPL) schemes, and fintech-based consumer credit, has fundamentally reconfigured the financial landscape for millennials and Generation Z. While this digital transformation has expanded financial access at an unprecedented pace, it has simultaneously lowered the psychological and transactional barriers to impulsive borrowing, creating what economists describe as a temporal discounting trap in which the immediacy of consumption systematically overrides long-term financial planning (Goyal et al., 2023). The empirical urgency of this problem is evidenced by the fact that outstanding BNPL debt in Indonesia reached approximately Rp 29.59 trillion by April 2025, with millennials and Generation Z accounting for the majority of usage (Tempo, 2025). Similarly, paylater debt recorded by the Financial Services Authority (OJK) reached Rp 30.36 trillion in November 2024, marking a consecutive monthly increase and reflecting the structural entrenchment of short-term consumer credit dependency among Indonesia's younger workforce (CNBC, 2025).

These aggregate debt trends, however, must be interpreted against the demographic profile of their contributors. Millennials constitute approximately 43.9% of all paylater users in Indonesia, followed closely by Generation Z (Muhamad, 2024), and individuals aged 19–34 represent the single largest cohort of digital lending borrowers (Meilina, 2025). Critically, these are not marginal economic actors; they are the productive core of Indonesia's labour force. Their susceptibility to overleveraging therefore carries macroeconomic implications that extend well beyond individual financial distress. The deeper analytical question is not merely that young adults are borrowing excessively, but why financially connected individuals who, by definition, have access to financial tools continue to make decisions that undermine their long-term financial resilience. This paradox points to a fundamental insufficiency in explanatory frameworks that treat financial access or financial knowledge as proxies for financial capability (Hwang & Park, 2023).

Indonesia's national financial literacy and inclusion data partially illuminate this paradox. The OJK's 2024 national survey reports that individuals aged 18–35 and 36–50, representing the millennial and Generation X cohorts, demonstrate financial literacy rates exceeding 72%, while financial inclusion rates surpass 85% (Otoritas Jasa Keuangan, 2024). The co-existence of relatively high literacy and inclusion scores with rising debt levels is theoretically significant: it invalidates simple deficit-model assumptions and suggests that the knowledge-behaviour gap in personal finance is mediated by psychological and social processes that conventional literacy frameworks have not adequately operationalised. This empirical inconsistency aligns with meta-analytic evidence demonstrating that subjective financial knowledge, that is, perceived confidence rather than measured competence, shows stronger associations with financial behaviour and financial well-being than objective knowledge alone (Hwang & Park, 2023). Consequently, effective financial management requires a broader explanatory architecture that encompasses dispositional, attitudinal, and social dimensions.

Financial literacy has long been recognised as a critical determinant of sound financial behaviour. Individuals with higher financial literacy are better able to budget, save, and make informed financial decisions (Morgan et al., 2022). However, financial knowledge



alone does not guarantee responsible behaviour. Recent research shows that attitudes toward money, self-control, and future orientation play essential roles in shaping financial decisions and well-being (Shanmugam et al., 2023). Psychological characteristics such as locus of control also influence financial outcomes, as individuals with an external locus of control tend to exhibit poorer financial management practices (Goyal et al., 2022; Ardyansyah & Indrawati, 2024).

Social environments play a crucial role in shaping financial behavior. Family financial socialization serves as an early mechanism through which individuals acquire financial values and habits (LeBaron & Kelley, 2021). Families, particularly parents, serve as primary agents in fostering children's financial literacy through early socialization (Pak et al., 2024). Previous research recommends that parental involvement in their children's financial education programs can enhance success, thereby boosting financial literacy and ultimately embedding their children's behavior and knowledge into adulthood (LeBaron-Black et al., 2023). Moreover, effective financial management is supported by a future-oriented attitude, in which budgeting and saving become habitual rather than externally imposed practices (van Raaij et al., 2023).

In addition, peer influence and social media exposure increasingly shape consumption norms, lifestyle aspirations, and financial decisions in the digital era (Ernasari et al., 2025). Empirical evidence shows that social influences affect financial behavior and investment decisions (Alfando et al., 2025; Faturohman et al., 2024). These influences become more significant when interacting with financial literacy and behavioral tendencies, suggesting that financial behavior emerges from complex cognitive and social processes (Alfando et al., 2025). Consistent with this view, peer and media exposure play a strategic role in shaping financial management behavior (Faturohman et al., 2024).

Despite growing scholarly attention, several limitations remain. First, many studies examine financial literacy as a direct predictor of financial behavior, overlooking the simultaneous interaction of psychological and social determinants. Second, empirical findings remain fragmented, with inconsistent evidence regarding the relative importance of financial literacy, attitudes, and social influence (Morgan et al., 2022; Goyal et al., 2022). Third, integrative models that position financial literacy as a keystone variable within a broader behavioral framework remain limited. Finally, empirical evidence from the Indonesian context remains scarce despite the country's rapid digital financial adoption and unique socio-cultural environment.

Addressing these gaps, this study proposes an integrative framework that examines personal financial management behavior through the combined influence of financial literacy, psychological factors (attitude toward money and external locus of control), and social influences (family financial socialization, peers, and media exposure). By positioning financial literacy as a central enabling factor within a broader behavioral system, this study contributes to a more comprehensive understanding of financial behavior.

This research focuses on Generation X and Y professionals in Indonesia who need more financial resources to engage in financial planning and achieve financial well-being. Therefore, this study is important to examine the relationships among cognitive (i.e., financial literacy), social (i.e., family financial socialization, peers, and media), and psychological (i.e., attitude toward money and external locus of control) characteristics, and personal financial management behavior among young professionals. The findings are

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expected to provide policymakers with insights for designing more effective financial education and intervention programs, while highlighting the role of family and social environments in fostering responsible financial behavior.

Hypothesis Development

Financial literacy and discipline in personal financial management are essential for individuals' financial stability and well-being. This study adopts the Theory of Planned Behavior (TPB) as the overarching theoretical framework. In the financial domain, financial socialization agents (family, peers, media) correspond to subjective norms; attitude toward money corresponds to behavioral attitude; and locus of control corresponds to perceived behavioral control. Critically, this study extends the basic TPB model by incorporating financial literacy as a mediating mechanism, following Goyal et al. (2023), who empirically demonstrate that financial literacy partially mediates the translation of socialization inputs and psychological dispositions into behavioral outcomes among young professionals.

The Influence of Financial Socialization on Personal Financial Management Behavior

Financial socialization plays an important role in shaping personal financial management behavior. Financial learning is a lifelong process through which individuals develop knowledge, attitudes, and perceptions about money through interactions with family, social environments, and institutions. Parents are often the primary agents of financial socialization because they introduce financial practices through everyday activities such as saving, budgeting, and spending. Through observation and conversations about money, children gradually form financial attitudes and habits that influence their financial behavior later in life. Studies by LeBaron-Black et al. (2023) and Kaur & Singh (2024) highlight the role of parents, peers, and educational institutions as key agents in financial socialization. Parents model financial behavior within the household, while peers and educational institutions provide additional experiences and information that shape individuals' financial understanding. Media exposure also contributes by transmitting social norms and influencing perceptions of consumption and saving behavior.

The financial socialization process reflects a complex interaction of social influences that shape financial decisions throughout an individual's life (LeBaron & Kelley, 2021). More recently, Pak et al. (2024) demonstrated that financial socialization improves financial capability, which, in turn, enhances financial well-being among emerging adults, validating the socialization-to-behavior pathway. In the Indonesian context, Zhao & Zhang (2020) show that family financial conversations significantly predict responsible adult financial behavior. However, some studies report inconsistent findings: Phung (2022) finds that the direct effect of parental socialization on budgeting behavior is weakened when financial literacy is low, suggesting that family financial socialization may not translate directly to behavioral outcomes without adequate cognitive mediation. This is precisely why this study positions financial literacy as a mediator. Based on these arguments:

H1: Family financial socialization has a direct effect on personal financial management behavior

Peers and media play an influential role in shaping individuals' financial behavior, particularly during adolescence and early adulthood. Peer relationships often influence



financial attitudes, spending patterns, and decision-making processes. Friends can act as an important source of financial information, social comparison, and behavioral norms related to money management (Goyal et al., 2023; LeBaron-Black et al., 2023). Individuals may adjust their financial behaviors, such as spending, saving, or consumption, to align with peer expectations or lifestyles. As a result, peer influence can significantly affect financial attitudes and habits, especially when individuals rely on their social circles for guidance in financial matters.

Faturohman et al. (2024) empirically confirm that social media exposure mediates the relationship between financial literacy and financial well-being in the Indonesian context, operating as both an information channel and a normative influencer. However, the direct effect of peers and media on PFMB without literacy mediation remains contested: Goyal et al. (2023) find significant positive effects among Indian young professionals, while Phung (2022) observes that limited financial literacy weakens the translation of peer influence into behavioral outcomes. Based on theoretical and empirical grounds:

H2: Peers and media have a direct influence on personal financial management behavior

The Influence of Psychological Characteristics on Personal Financial Management Behavior

The Theory of Planned Behavior (TPB), a well-known social psychology theory formulated, seeks to predict and explain human behavior by examining the contribution of psychological attributes to the development of intentions and, eventually, behavior. TPB assumes that one's beliefs, attitudes, and perceptions of social influence and control are central to behavioral prediction. This theory believes that the interaction among attitudes, subjective norms, and perceived behavioral control triggers the intention to perform a behavior. In behavioral finance, these psychological elements must be understood to explain financial decisions. Kaur & Singh (2024) highlight through research that people with greater financial self-efficacy will more readily adopt positive money behaviors like budgeting, saving, and investing since confidence in financial ability increases motivation and resistance to financial problems.

In the TPB model and in Goyal et al.'s (2023) study, attitude toward money, subjective norms regarding family, peers, and media financial socialization, and perceived behavioral control (external locus of control) are independent variables, while personal financial management behavior is the dependent variable. Key predictors of financial behavior and decision-making include attitudes toward money (i.e., thoughts, emotions, and beliefs regarding money) (Goyal et al., 2023). A positive money attitude is linked to healthy financial behavior, whereas a negative attitude can lead to irresponsible or risky behavior. Identifying people's attitudes toward money is important for creating interventions to promote financial responsibility (Goyal et al., 2023). Past research also affirmed that attitudes toward money strongly influence individuals' financial behaviors, and a positive attitude toward money is strongly correlated with responsible financial management, such as budgeting, saving, and smart investing (Pandey & Utkarsh, 2024; Riaz et al., 2022; Furnham & Fenton-O'Creevy, 2024). Based on this literature, we hypothesize:

H3: Attitude towards money directly affects personal financial management behavior.



External locus of control is an important psychological factor that influences how individuals manage their finances. According to Rotter (1966), an external locus of control refers to the belief that events and outcomes in one's life are primarily determined by external forces such as luck, fate, or other people rather than by personal actions. Within the TPB, External locus of control corresponds to perceived behavioral control: low perceived control (high externality) reduces the individual's belief in their capacity to manage financial outcomes, thereby weakening behavioral intention and actual behavior. The causal mechanism operates through motivational pathways: individuals who attribute financial success to external factors have reduced incentive to engage in proactive planning activities such as budgeting, saving, or debt management, because such behaviors are perceived as ineffective in influencing outcomes.

A strong external locus of control can therefore negatively influence financial responsibility and long-term financial planning. Individuals who believe that financial outcomes depend mainly on external circumstances may be less likely to engage in budgeting, saving, or investment activities. Conversely, strengthening individuals' sense of control and financial responsibility may encourage better financial decision-making and financial management behavior. Recent studies also confirm that psychological factors such as locus of control significantly influence financial literacy, financial confidence, and financial behavior, particularly among young adults (Sabri et al., 2023; Ardyansyah & Indrawati, 2024). These findings highlight the importance of developing financial education and intervention programs that increase individuals' sense of personal control and accountability in financial management. Based on this reasoning, the following hypothesis is proposed:

H4: External locus of control directly affects personal financial management behavior.

The Influence of Psychological Characteristics on Financial Literacy

Within the Theory of Planned Behavior (TPB) framework, attitude reflects an individual's positive or negative evaluation of a behavior. Individuals with a positive attitude toward money tend to view financial planning activities such as budgeting and increasing financial knowledge as important and beneficial. Therefore, they will be more motivated to seek financial information and develop their financial competencies. Thus, a positive attitude toward money encourages individuals to be more actively involved in the financial learning process and improve their ability to understand financial concepts. Previous research has shown that psychological factors, particularly attitudes toward money, significantly influence an individual's financial knowledge and financial capability (Goyal et al., 2023; Pandey & Utkarsh, 2024). Therefore, individuals with more positive attitudes toward money tend to have higher levels of financial literacy.

H5: Attitudes toward money have a positive effect on financial literacy.

An external locus of control reflects the belief that various life outcomes are determined more by external factors, such as luck, fate, or other people, than by personal effort. Therefore, individuals with a high external locus of control tend to believe that financial outcomes are beyond their control, thus reducing their motivation to acquire financial knowledge and improve their financial competence. Consequently, they are less motivated to actively seek financial information or engage in financial learning activities.



Previous research has shown that locus of control is an important determinant of financial literacy and financial capability (Sabri et al., 2023; Ardyansyah & Indrawati, 2024). Individuals who attribute financial success or failure to external factors generally have lower levels of financial knowledge and financial self-confidence. Therefore, the following hypothesis is proposed:

H6: External locus of control has a negative effect on financial literacy.

The Influence of Family Financial Socialization on Psychological Characteristics and Financial Literacy

Family financial socialization plays a crucial role in shaping individuals' financial attitudes, perceptions, and knowledge from an early age. This influence begins through financial communication, observation of parental behavior, and experiences in family financial management. Consequently, individuals tend to develop attitudes toward money, perceptions of control over financial outcomes, and an understanding of financial concepts. Parents, as primary socialization agents, can shape positive financial attitudes. This can reduce individuals' tendency to attribute financial outcomes to external factors and improve financial literacy through financial learning and experiences (Goyal et al., 2023; Pak et al., 2024; Kaur & Singh, 2024). Therefore, the following hypotheses are proposed:

H7: Family financial socialization has a positive effect on attitudes toward money.

H8: Family financial socialization has a negative effect on external locus of control.

H9: Family financial socialization has a positive effect on financial literacy.

The Influence of Financial Literacy on Personal Financial Management Behavior

Individuals with a high level of financial literacy generally have a better understanding of budgeting, saving, investing, and debt management. This knowledge enables individuals to make more rational and responsible financial decisions. Based on the Theory of Planned Behavior (TPB), adequate knowledge and understanding can improve an individual's ability to control financial behavior and encourage the implementation of better financial management practices. Previous research has shown evidence that financial literacy positively influences personal financial management behavior. Logically, individuals with higher financial literacy tend to be more disciplined in managing their finances, saving, planning, and making appropriate financial decisions (Goyal et al., 2023; Hwang & Park, 2023; Pak et al., 2024). Therefore, the proposed hypothesis is:

H10: Financial literacy positively influences personal financial management behavior.

The Influence of Peers and Media on Psychological Characteristics and Financial Literacy

Peers and media are agents of contemporary financial socialization, playing a role in shaping individuals' attitudes, perceptions, and financial knowledge. Interactions with peers enable individuals to gain information, experience, and social norms related to financial management. However, media provides access to a variety of financial information that can influence individuals' perspectives on money and financial decision-making. Financial information from peers, influencers, and media can foster a more positive attitude toward money, reduce individuals' tendency to attribute financial outcomes to external factors, and



improve financial literacy through learning processes and broader access to information (Goyal et al., 2023; LeBaron-Black et al., 2023; Faturohman et al., 2024). Therefore, the following hypotheses are proposed:

H11: Peers and media have a positive effect on attitudes toward money.

H12: Peers and media have a negative effect on external locus of control.

H13: Peers and media have a positive effect on financial literacy

The Indirect Effect of Financial Socialization on Personal Financial Management Behavior: The Role of Financial Literacy as a Mediating Variable

Financial socialization refers to the process through which individuals acquire financial knowledge, attitudes, and behaviors through interactions with social agents such as family, peers, and educational institutions (Pak et al., 2024). This process significantly shapes financial literacy and financial behavior throughout an individual's life. Within the family context, parents play a crucial role in introducing financial concepts, modeling financial practices, and providing guidance on money management. Early financial discussions and parental role modeling contribute to the development of financial literacy and responsible financial habits (Kaur & Singh, 2024). Empirical studies show that parental influence is positively associated with responsible financial behaviors, such as budgeting, saving, and effective cash-flow management (Zhao & Zhang, 2020; Goyal et al., 2023). Similarly, Pak et al. (2024) found that family financial socialization is positively related to desirable financial behaviors, indicating that early financial learning within the household contributes to improved financial management practices.

Beyond the family environment, peers and media also contribute to financial socialization by exposing individuals to financial information, social norms, and consumption patterns (LeBaron-Black et al., 2023). These influences can shape financial knowledge and attitudes, which in turn affect financial literacy levels. Financial literacy plays a key mediating role by helping individuals translate financial knowledge and social experiences into effective financial decision-making. Previous studies indicate that individuals who experience stronger financial socialization tend to develop higher financial literacy, which subsequently supports responsible financial management behavior (Goyal et al., 2023). Recent research also highlights that financial literacy strengthens the relationship between social influences and financial behavior by enabling individuals to evaluate financial information and make informed decisions (Hwang & Park, 2023). Understanding the interactions between family financial socialization, peer and media influence, financial literacy, and financial management behavior can help policymakers and educators design more comprehensive financial education programs. Based on the Theory of Planned Behavior and prior empirical findings, financial literacy is expected to serve as an important mechanism by which family financial socialization, peers and the media influence personal financial management behavior. Therefore, the mediating role of financial literacy is further examined in the structural model. Therefore, we develop the hypothesis :

H14: Financial literacy mediates the relationship between family financial socialization and personal financial management behavior.



H15: Financial literacy mediates the relationship between peers and media and personal financial management behavior.

The Indirect Effect of The Relationship Between Psychological Characteristics on Personal Financial Management Behavior Through Financial Literacy as a Mediating Variable

Psychological characteristics, such as attitudes toward money and locus of control, play an important role in shaping individuals' financial behavior. Attitudes toward money reflect individuals' beliefs, values, and emotional responses related to financial matters, which influence their financial decision-making and resource management (Goyal et al., 2023). Individuals with positive financial attitudes tend to demonstrate responsible financial behaviors such as budgeting, saving, and planning for future financial needs. In addition, locus of control also influences financial behavior. According to Rotter (1966), individuals with an external locus of control tend to believe that financial outcomes are determined by external forces, such as luck, fate, or other people, rather than by their own actions. These psychological characteristics can affect how individuals approach financial learning and financial decision-making. Previous research suggests that such psychological factors contribute to differences in financial literacy levels, which in turn influence financial management behavior (Goyal et al., 2022). Recent studies also show that financial attitudes and psychological traits are closely related to individuals' financial knowledge and financial capability (Shanmugam et al., 2023; van Raaij et al., 2023).

Although psychological characteristics influence financial decision-making, financial literacy plays a crucial role in translating these psychological tendencies into effective financial behavior. Financial literacy enables individuals to apply financial knowledge, evaluate financial information, and make informed financial decisions. Hwang & Park (2023) argue that financial literacy encompasses financial knowledge, attitudes toward money, and financial behavior, highlighting its integrative role in financial capability. Empirical evidence suggests that individuals with positive financial attitudes and stronger financial knowledge tend to exhibit better financial management practices (Hwang & Park, 2023; Goyal et al., 2023). Conversely, individuals with a strong external locus of control may rely more on external circumstances when making financial decisions. However, adequate financial literacy can mitigate these tendencies by improving financial understanding and confidence. Therefore, financial literacy can serve as a mediating variable linking psychological characteristics to personal financial management behavior. Understanding the relationships between attitudes toward money, external locus of control, financial literacy, and financial management behavior is essential for developing effective financial education and behavioral interventions. Based on these arguments, financial literacy is expected to translate psychological characteristics into actual financial behavior. Consequently, the mediating role of financial literacy in the relationships between attitude toward money, external locus of control, and personal financial management behavior is examined in the structural model.



H16: Financial literacy mediates the relationship between attitude toward money and personal financial management behavior.

H17: Financial literacy mediates the relationship between external locus of control and personal financial management behavior.

The Indirect Effect of The Relationship Between Financial Socialization and Personal Financial Management Behavior Through Psychological Characteristics as a Mediating Variable

Financial socialization plays a crucial role in shaping individuals' psychological characteristics, which in turn influence personal financial management behavior. Through interactions with family, peers, and media, individuals develop financial values, beliefs, and attitudes that affect how they understand and manage financial matters (Goyal et al., 2023). Within the family context, parents are often the most influential agents of financial socialization because they provide early financial experiences and serve as role models. Positive financial discussions and practices within families tend to foster constructive attitudes toward money and stronger financial self-efficacy (Kaur & Singh, 2024; Kaur et al., 2025). These psychological characteristics shape how individuals interpret financial information and develop financial decision-making patterns. Research suggests that individuals with positive attitudes toward money are more likely to engage in responsible financial behaviors such as budgeting, saving, and investing (Pandey & Utkarsh, 2024). Furthermore, young adults often model their parents' financial behaviors, which can influence their psychological orientation toward money management and financial responsibility in adulthood (Goyal et al., 2023).

Beyond directly influencing financial behavior, family financial socialization also contributes to the development of financial literacy. Financial knowledge, skills, and competencies acquired through family interactions enable individuals to better understand financial concepts and make informed financial decisions. As a result, financial literacy serves as an important mechanism through which family financial socialization translates into personal financial management behavior (Goyal et al., 2023; Pak et al., 2024).

Beyond family influence, peers and media also contribute to the formation of psychological characteristics that shape financial behavior. Social interactions with peers and exposure to financial messages in the media can influence individuals' attitudes toward money and their perceptions of control over financial outcomes. These experiences may shape both attitudes toward money and locus of control, which subsequently influence financial decision-making and management practices. Individuals who develop positive financial attitudes and a stronger sense of control over financial outcomes tend to demonstrate more responsible financial management behavior (Goyal et al., 2023). Recent studies also highlight that social learning environments and financial communication significantly affect psychological financial traits and long-term financial behavior (Putri et al., 2024).

Peers and media also provide individuals with access to financial information, experiences, and social learning opportunities that enhance financial literacy. Through exposure to financial content and interactions with knowledgeable peers, individuals are able to improve their financial understanding and capability, which subsequently influence their personal financial management behavior. Therefore, financial literacy is expected to



mediate the relationship between peers and media and personal financial management behavior.

In addition, psychological characteristics such as attitude toward money and external locus of control may influence personal financial management behavior indirectly through financial literacy. Individuals with positive attitudes toward money are generally more motivated to acquire financial knowledge and improve their financial capability, leading to higher levels of financial literacy and better financial behavior. Conversely, individuals with a strong external locus of control tend to have lower motivation to learn about financial matters, which may reduce their financial literacy and ultimately weaken their financial management behavior. Therefore, financial literacy serves as an important mechanism linking psychological characteristics to personal financial management behavior.

Understanding these relationships is essential for designing financial education strategies that address both social influences and psychological determinants of financial behavior. Based on this reasoning, the following hypotheses are proposed:

H18: Attitude toward money mediates the relationship between family financial socialization and personal financial management behavior.

H19: External locus of control mediates the relationship between family financial socialization and personal financial management behavior.

H20: Attitude toward money mediates the relationship between peers and media and personal financial management behavior.

H21: External locus of control mediates the relationship between peers and media and personal financial management behavior.

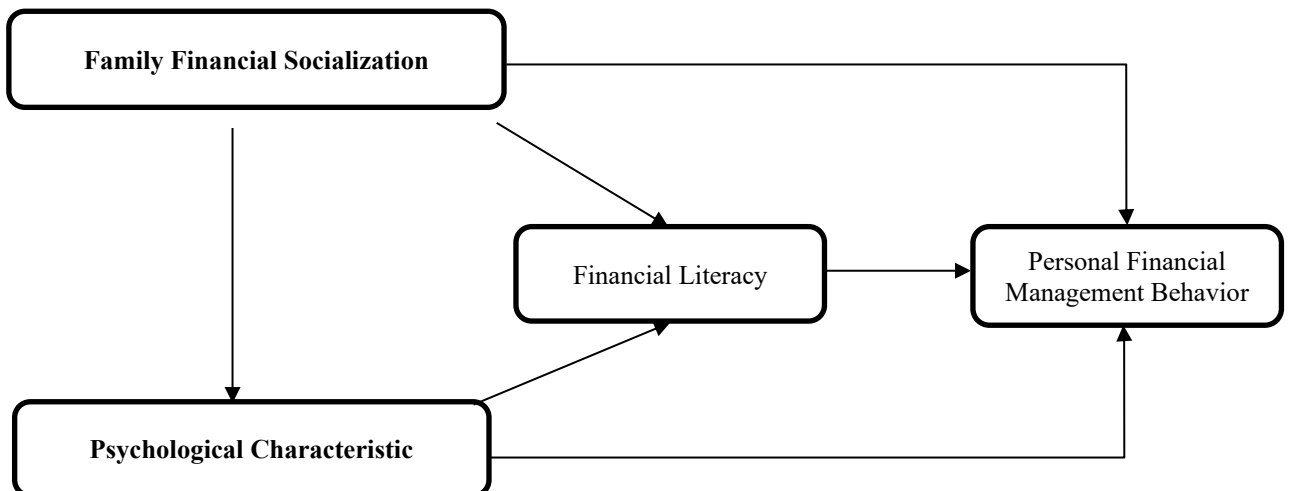


Figure 1. Conceptual Frame Work

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METHOD

Research Design; This study employed a quantitative cross-sectional research design to empirically examine the relationships among financial literacy, psychological characteristics, financial socialization, and personal financial management behavior among Generation X and Y professionals in Indonesia. Quantitative methods are appropriate when testing theoretically derived hypotheses using structured instruments and when the objective is to establish the relative magnitude and directionality of relationships among latent constructs (Hair et al., 2022).

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4. The selection of PLS-SEM over covariance-based SEM (CB-SEM) was guided by three criteria established by Hair et al. (2022): first, the study's model is predictive-exploratory in nature, seeking to explain variance in PFMB rather than confirm an established factor structure; second, the structural model involves multiple mediating pathways, including both parallel and serial mediation chains, for which PLS-SEM is methodologically well-suited; and third, the sample size of 100, while adequate for PLS-SEM based on the 10-times rule (Hair et al., 2022), would risk inadmissible solutions under CB-SEM's more stringent requirements for degrees of freedom. PLS-SEM also imposes no assumptions of multivariate normality, making it robust for behavioral research where attitudinal variables often exhibit non-normal distributions (Hair et al., 2022).

Population and Sample; The target population comprised young professional workers in Indonesia from Generation X (born 1965–1980, aged approximately 44–59) and Generation Y/millennials (born 1981–1996, aged approximately 28–43). This demographic was selected because it represents the most financially active segment of the Indonesian workforce, holding primary household financial decision-making authority, while also exhibiting the highest rates of digital financial service adoption and paylater usage (Muhamad, 2024; OJK, 2024).

Purposive sampling was employed as a non-probability technique appropriate when the research requires respondents with specific characteristics. Eligibility criteria were: (1) aged 28–59 years (covering Generation X and Y), (2) holding professional employment requiring formal qualifications or specialized training (including but not limited to: educators, healthcare professionals, accountants, legal professionals, managers, consultants, government employees, and entrepreneurs), and (3) earning a regular income. These criteria ensure that respondents possess sufficient financial agency and decision-making autonomy to meaningfully report on personal financial management practices.

The initial sample comprised 113 respondents. Following data screening—which excluded 13 responses due to incomplete data ($n = 8$) or failure to meet eligibility criteria ($n = 5$)—the final analytical sample was $N = 100$. This sample size satisfies the minimum PLS-SEM requirement: for the most complex structural equation in this model (PFMB regressed on five predictors), a sample of 100 yields statistical power exceeding 80% at $\alpha = 0.05$, consistent with Hair et al.'s (2022) power analysis guidelines for PLS-SEM.

Variables Measurement; The dependent variable in this study is personal financial management behaviour, evaluated through 15 items assessing its various dimensions: cash flow management, savings, investment, credit management, and insurance. The constructs

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were evaluated on a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The independent variables examined in this research include family financial socialization, financial attitudes, and external locus of control. Family financial socialization was evaluated through a questionnaire that asked respondents about the degree of financial education they received from their parents, the influence of social groups, and their learning experiences with finances during childhood. Financial attitudes were gauged using 12 items from the money ethics scale, which consists of three dimensions: success (cognitive aspect), budget (behavioural aspect), and crime (affective aspect). The external locus of control was assessed using seven indicators that blend concepts from both internal and external locus of control as adapted from Rotter (1966) and Mien & Thao (2015), covering aspects such as problem-solving, environmental pressures, and one’s capacity to initiate actions. This includes the ability to make significant changes in life, influence the future, solve life challenges, and manage various opportunities. All constructs were measured on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

Financial literacy serves as a mediating variable assessed through three components: financial knowledge, financial skills, and financial self-efficacy. Financial knowledge was evaluated through nine questions addressing topics related to risk and return, stocks and bonds, risk diversification, life insurance, credit cards, housing, and mortgages. Financial self-efficacy was determined with a single question that inquired about respondents' confidence in achieving their financial goals, with questions also rated on a 5-point Likert scale. The definition operational variables can simply see in this table:

Table 1. Operational Definition of Variables

Variable	Operational Definition	Indicator	Scale	Source
Personal Financial Management Behavior	An individual's ability to manage personal finances effectively	Cash flow management, savings, investment, credit management, insurance (15 item)	Likert 1–5	(Goyal et al., 2021, 2023)
Family Financial Socialization	The financial learning process is obtained from the family and social environment from an early age.	Education from parents, influence of environment, and childhood experiences	Likert 1–5	(Zhao & Zhang, 2020)
Financial Attitude	The financial learning process obtained from the family and social environment from an early age	success (cognitive aspect), budget (behavioural aspect), and crime (affective aspect) (12 items)	Likert 1–5	(Goyal et al., 2023; Silva & Dias, 2023)
External Locus of Control	The Belief that life outcomes are influenced by external factors	problem-solving, environmental pressures, and one’s capacity to initiate actions. (7 items)	Likert 1–5	Adapted from Rotter (1966); Mien and Thao (2015)



Variable	Operational Definition	Indicator	Scale	Source
Financial Literacy	Level of understanding, skills and confidence in managing finances	Financial knowledge (risk and return, stocks and bonds, risk diversification, life insurance, credit cards, housing, and mortgages) (9 items), financial skills, financial self-efficacy (1 item)	Likert 1–5	(Goyal et al., 2021, 2023)
Peers and Media	Financial socialization process through interactions with peers and exposure to media sources that influence individuals' financial knowledge and behavior	Financial information obtained from friends/colleagues; internet; TV programs; radio; newspapers/magazines/books (5 items)	Likert 1–5	(Goyal et al., 2023; Silva & Dias, 2023)
Attitude toward Money	Individual's attitude toward money reflecting perceptions, values, and judgments about money	Success (cognitive); Budget (behavioral); Evil/Crime (affective) (12 items)	Likert 1–5	(Goyal et al., 2023)

Data Collection Techniques; The core data used in this study include financial literacy, financial attitudes, family financial socialization, external locus of control, and personal financial management details. Primary data were collected via an online survey administered via Google Forms, using structured questionnaires. Data collected around 3-4 weeks in July-August 2024. To reduce bias, screening questions were used to ensure the respondents' characteristics matched. The research was conducted in Indonesia, and the questionnaire was compiled anonymously to increase the objectivity of the responses. Data analysis was conducted using partial least squares structural equation modelling (PLS-SEM) with SmartPLS 4. This model was chosen because it is suitable for models with complex latent constructs and is capable of processing data with relatively small sample sizes without requiring strict normality.

Validity and Reliability; Measurement quality was evaluated following the two-step assessment procedure recommended by Hair et al. (2022). In the outer model assessment, indicator reliability was confirmed with all factor loadings exceeding 0.50. Internal consistency reliability was established through Cronbach's alpha ($\alpha > 0.70$) and composite reliability ($\rho_A > 0.70$) for all constructs. Convergent validity was supported by average variance extracted (AVE > 0.50) for all reflective constructs. Discriminant validity was assessed using two complementary criteria: the Fornell-Larcker criterion (diagonal AVE square roots exceeding all inter-construct correlations) and the Heterotrait-Monotrait (HTMT) ratio (all values below the conservative threshold of 0.90). Full measurement model results are reported in Tables 4 and 5.



RESULTS AND DISCUSSION

Data for this research was collected through an online survey from August to September 2023, targeting young professional workers and entrepreneurs from Generation X and millennials in Indonesia. The sample consisted of 100 respondents, selected using a purposive sampling method. Initially, a pilot test was conducted with 30 respondents, which revealed minor issues with some indicators. These were subsequently corrected, and the revised questionnaire was distributed, yielding 113 responses. After removing 13 respondents who did not meet the criteria, the final sample included 100 respondents. The research focused on professional workers in Indonesia, defined as individuals with formal qualifications or specific expertise, such as lawyers, lecturers, doctors, accountants, consultants, and pharmacists. Below is the demographic profile data of respondents:

Table 2. The Respondent's Demographic Profile

Characteristics	Group	Frequency	Percentage
Gender	Male	35	35%
	Female	65	65%
Age range	27-42 years (Generation Y)	85	85%
	43-58 years (Generation X)	15	15%
Marital Status	Single	39	39%
	Married	60	60%
Number of children	Divorced	1	1%
	0	51	51%
	1-2	40	40%
Education	3-4	9	9%
	Senior High School	9	9%
	Graduate (Bachelor's Degree)	53	53%
	Post-graduate (Master's Degree)	38	38%
	Management	31	31%
Study Program	Accounting	22	22%
	Healthcare	8	8%
	Education	7	7%
	Engineering	4	4%
	Others (Law, informatics, agriculture, livestock, Social, Statistics, etc.)	28	28%
Profession	Business Owner	13	13%
	Healthcare Professionals	6	6%
	Government Employees	10	10%
	Financial/Accounting/Banking Professional	17	17%
	Teaching/Education Professional	28	28%
Annual Income	Others (Marketer, Laboratory Assistant, Data Analyst, Police, etc.)	26	26%
	< IDR 60,000,000	48	48%
	IDR 60,000,000 - IDR 250,000,000	49	49%
	IDR 250,000,000 - IDR 500,000,000	2	2%
Length of work	> IDR 500,000,000	1	1%
	< 1 Year	19	19%
	1 - 5 Years	49	49%

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	> 5 Years	32	32%
	Central Java	62	62%
	West Java	8	8%
	East Java	2	2%
Regions	Yogyakarta	8	8%
	Jakarta	7	7%
	Others (Jambi, Bali, Bengkulu, Banten, Riau, etc.)	13	13%
Have taken a financial management course	Yes	32	32%
	No	68	68%

Table 2 above is a summary of the demographic characteristics of the respondents of this study. The sample comprises 35% male respondents and 65% female respondents out of 100 respondents. The majority of respondents' annual income ranges between IDR 60,000,000-IDR 250,000,000 (49%), and less than IDR 60,000,000 (48%), only 1% of respondents have income above IDR 500,000,000 and 2% of respondents have income of IDR 250,000,000- IDR 500,000,000. The majority of respondents, namely 60%, were married, 39% were single, and only 1% of respondents were divorced. Regarding respondents' education, 9% were high school graduates, 53% had bachelor's degrees, and 38% had master's degrees. Regarding the respondents' profession, 10% work as civil servants, 6% in health professions such as doctors, nurses, and pharmacists, 17% in financial professions such as bankers, accountants, and insurance agents, 28% work in academic professions such as teachers, lecturers, and trainers, while the remaining 26% are from other professions such as police, marketers, data analysts, entrepreneurs and so on.

Data Analysis Results; To analyze the data, this research uses partial least squares structural equation modeling (PLS-SEM) using SmartPLS4 software. It also uses the ordinary least squares (OLS) approach adopted by the SEM-PLS method (Hair et al., 2011). This research tests the outer model to assess unidimensionality, reliability, discriminant, and convergent validity. Then, it tests the hypothesis through a structural model to find the influence or relationship based on the path coefficient value.

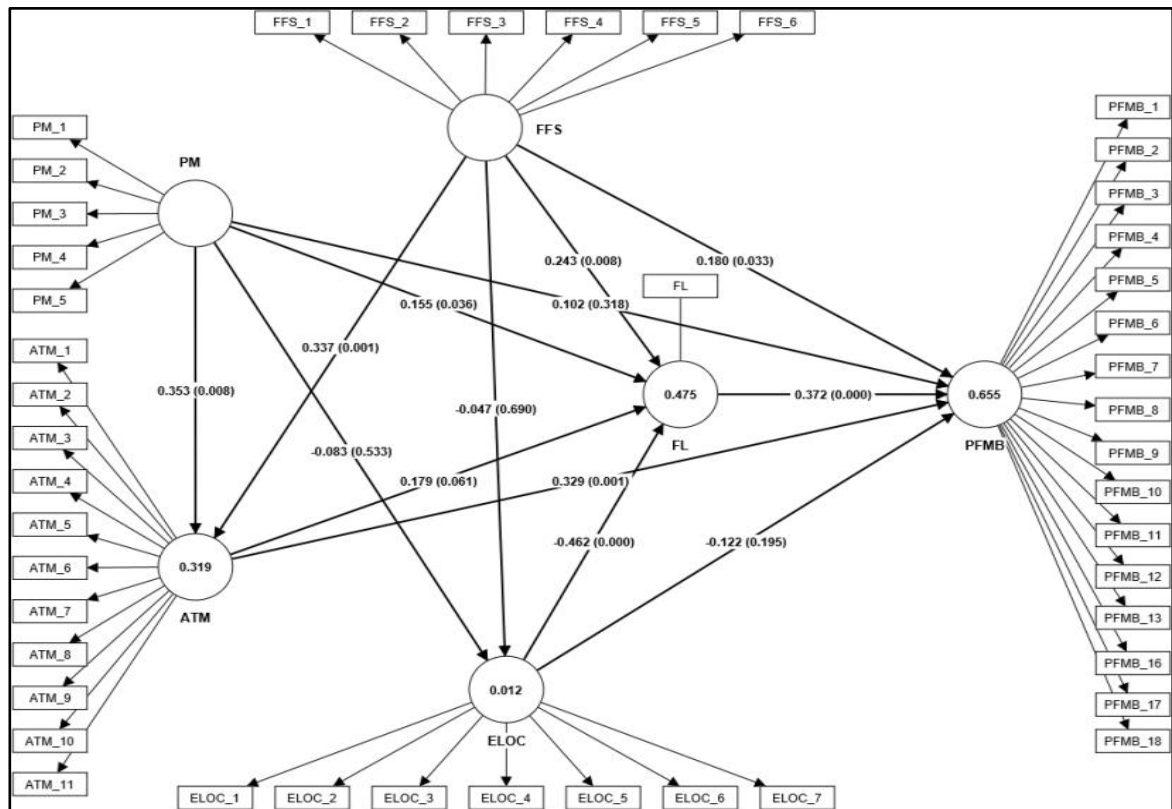


Figure 2. Results of confirmatory factor analysis

Figure 2 above shows the research model and the relationships between variables. Figure 2 shows that the proposed model exhibits acceptable relationships among the constructs, with several variables making significant contributions to explaining financial literacy and personal financial management behavior. Furthermore, the model indicates that financial literacy acts as a mediator, while the external locus of control exerts a relatively weaker influence than the other variables.

Table 3. Summary of Means, Standard Deviations, and Correlations

Variables	Mean	SD	1	2	3	4	5	6
1. FFS	3.77	0.84	1					
2. PM	3.81	0.70	.339**	1				
3. ATM	3.80	0.65	.383**	.425**	1			
4. ELOC	2.48	0.90	-0.243**	-0.349**	-0.128**	1		
5. FL	9.46	0.83	.399**	.352**	.386**	-.520**	1	
6. PFMB	4.15	0.67	.497**	.463**	.579**	-.370**	.675**	1

Notes. ** correlation significant at the 0.01 level, * correlation significant at the 0.05 level; M = mean; SD = standard deviation; ATM = Attitude toward Money; ELOC = External Locus of Control; FFS = Family Financial Socialization; FL = Financial Literacy; PFMB = Personal Financial Management Behavior; PM = Peers and Media.

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Table 3 presents the descriptive statistics and bivariate correlations for all study constructs. The mean PFMB score of 4.15 (SD = 0.67) indicates that respondents generally perceive themselves as engaging in above-average financial management practices, a finding consistent with the professional profile of the sample, which skews toward educated, income-earning adults. The relatively high mean for ATM (M = 3.80, SD = 0.65) and FFS (M = 3.77, SD = 0.84) suggests that respondents received meaningful financial socialization from their families and hold moderately positive money orientations.

Notably, ELOC has the lowest mean (M = 2.48, SD = 0.90), indicating that most respondents do not strongly attribute financial outcomes to external forces, consistent with a professional population that exercises meaningful financial agency. The correlation matrix reveals several theoretically meaningful patterns: PFMB is most strongly correlated with FL ($r = .675, p < .01$), followed by ATM ($r = .579, p < .01$) and FFS ($r = .497, p < .01$). ELOC shows a significant negative correlation with PFMB ($r = -.370, p < .01$) and a strong negative correlation with FL ($r = -.520, p < .01$), suggesting that individuals who attribute outcomes to external forces not only manage finances less effectively but also possess lower financial literacy, consistent with the motivational deprivation mechanism described in H4b. No multicollinearity was detected among the predictor constructs, as all Variance Inflation Factor (VIF) values in the structural model ranged between 1.0 and 3.3, well below the threshold of 5.0 recommended for PLS-SEM (Hair et al., 2022). This confirms that each variable contributes independently to the prediction of personal financial management behavior and that the path coefficient estimates are stable and reliable.

Table 4. Validity and Reliability Measurement Instrument

Constructs	Items	I_i	α	ρ_A	AVE
Peers and Media	PM_1	0.832	0.881	0.903	0.681
	PM_2	0.927			
	PM_3	0.695			
	PM_4	0.845			
	PM_5	0.810			
Family Finance Socialization	FFS_1	0.629	0.866	0.906	0.597
	FFS_2	0.841			
	FFS_3	0.884			
	FFS_4	0.733			
	FFS_5	0.680			
	FFS_6	0.834			
Attitude toward Money	ATM_1	0.751	0.911	0.923	0.530
	ATM_2	0.816			
	ATM_3	0.767			
	ATM_4	0.693			
	ATM_5	0.706			
	ATM_6	0.764			
	ATM_7	0.764			
	ATM_8	0.844			
	ATM_9	0.666			
	ATM_10	0.664			
	ATM_11	0.516			



Constructs	Items	l_i	α	ρA	AVE
External Locus of Control	ELOC_1	0.810	0.864	0.887	0.553
	ELOC_2	0.712			
	ELOC_3	0.884			
	ELOC_4	0.775			
	ELOC_5	0.720			
	ELOC_6	0.709			
	ELOC_7	0.556			
Financial Literacy	FL	1.000	1.000	1.000	1.000
Personal Financial Management Behavior	PFMB_1	0.758	0.944	0.948	0.551
	PFMB_2	0.565			
	PFMB_3	0.756			
	PFMB_4	0.819			
	PFMB_5	0.792			
	PFMB_6	0.586			
	PFMB_7	0.718			
	PFMB_8	0.780			
	PFMB_9	0.691			
	PFMB_10	0.905			
	PFMB_11	0.748			
	PFMB_12	0.702			
	PFMB_13	0.815			
	PFMB_16	0.743			
	PFMB_17	0.837			
	PFMB_18	0.560			

Note : l_i = factor loadings; ρA (rho_a) = Composite reliability; α = Cronbach's alpha; AVE = Average Variance Extracted

Table 4 presents the results on the internal reliability of all constructs, as measured by Cronbach’s alpha, which must be above the recommended limit of 0.70 (Nunnally, 1978). In addition, Composite Reliability (CR), Factor Loading, and average variance extracted (AVE) are used to determine convergent validity, namely the extent to which the latent construct is explained by the observed variables (Hair et al., 2014). The CR value in this study is greater than 0.70, indicating that the scale is reliable (Hussain et al., 2019). In addition, Table 3 shows that all factor loadings are above 0.50. The AVE values in this study range from 0.551 to 1.00, with a threshold value of > 0.50 (Hair et al., 2011); all AVE constructs are above the threshold of 0.5, thus indicating convergent validity. Based on Table 4 above, the results indicate that all constructs are measured reliably and consistently, reflecting stable internal measurement across variables. Hence, the findings confirm that the indicators adequately represent their respective constructs, demonstrating that the measurement model is valid for further analysis.

Discriminant validity measures how a construct differs from others in the same model (Hair et al., 2011). This study tested discriminant validation using the Fornell-Larcker criteria (Fornell & Larcker, 1981) and the Heterotrait-Monotrait ratio (HTMT). Table 5 shows that all the diagonal values of the Fornell-Larcker test are greater than the off-diagonal values, and the HTMT values are below the threshold of 0.9, further strengthening the discriminant validity of this research.



Table 5. Validity Discriminant

FLC	1	2	3	4	5	6
1. ATM	0.728					
2. ELOC	0.218	0.744				
3. FFS	0.345	0.430	0.773			
4. FL	0.139	0.117	0.185	1.000		
5. PFMB	0.513	0.543	0.535	0.268	0.742	
6. PM	0.341	0.244	0.344	0.290	0.464	0.825
HTMT	1	2	3	4	5	6
1. ATM						
2. ELOC	0.235					
3. FFS	0.327	0.433				
4. FL	0.126	0.191	0.172			
5. PFMB	0.515	0.594	0.561	0.279		
6. PM	0.347	0.259	0.394	0.302	0.508	

Note: Fornell-Larcker Criterion: The diagonal element in bold is the square root of AVE. Off-diagonal elements are correlations between constructs. The diagonal value must exceed the off-diagonal value to obtain discriminant validity. HTMT Criteria: Off-diagonal elements are correlations between constructs. Discriminant validity, which measures the distinctiveness of a construct, is achieved if the elements are lower than a cutoff score of 0.90. ATM = Attitude toward Money; ELOC = External Locus of Control; FFS = Family Financial Socialization; FL = Financial Literacy; PFMB = Personal Financial Management Behavior; PM = Peers and Media.

Table 5 shows the direct and indirect effects of hypothesis testing. Family Financial Socialization directly influences PFMB, which is significant at the 5% level, thereby supporting H1a. Furthermore, the H2a test results also show that attitude toward money positively influences Personal Financial Management Behavior (PFMB), with a significance level of 1%. On the other hand, Peers and Media and External Locus of Control do not significantly influence PFMB, so they do not support the statements H1b and H2b. This research also tests the indirect influence on PFMB with the mediating effect of Financial Literacy and psychological factors, including External Locus of Control and Attitude toward Money. Financial literacy can mediate the influence of financial socialization through Family Financial Socialization and Peers and Media as well as psychological factors, namely External Locus of Control on PFMB, with significance levels of 10%, 5%, and 5%, respectively, thus supporting the statements H3a, H3b, and H4b. However, Financial Literacy cannot mediate the influence of psychological factors on Attitude toward Money, thereby failing to support H4a. Furthermore, the results for H5a and H6a show that attitude toward money can mediate the influence of family financial socialization and peer and media influences on PFMB, with a significance level of 5%. On the other hand, testing H5b and H6b yields insignificant results, so the external locus of control cannot mediate the influence of financial socialization through family, peers and media on PFMB.



Table 6. Model Structure and Mediator Results

Number	Hypotheses	β	T Statistics	P values	BC 95% CI		Results
					Lower	Upper	
1	Family Financial Socialization → Personal Financial Management Behaviour	0.18	2.134	0.033	-	-	Significant
2	Peers and Media → Personal Financial Management Behaviour	0.102	0.998	0.318	-	-	N/A
3	Attitude toward Money → Personal Financial Management Behaviour	0.329	3.32	0.001	-	-	Significant
4	External Locus of Control → Personal Financial Management Behaviour	-0.122	1.295	0.195	-	-	N/A
5	Attitude toward Money → Financial Literacy	0.179	1.872	0.061	-	-	Significant
6	External Locus of Control → Financial Literacy	-0.462	5.775	0	-	-	Significant
7	Family Financial Socialization → Attitude toward Money	0.337	3.215	0.001	-	-	Significant
8	Family Financial Socialization → External Locus of Control	-0.047	0.399	0.69	-	-	N/A
9	Family Financial Socialization → Financial Literacy	0.243	2.667	0.008	-	-	Significant
10	Financial Literacy → Personal Financial Management Behaviour	0.372	3.558	0	-	-	Significant
11	Peers and Media → Attitude toward Money	0.353	2.671	0.008	-	-	Significant
12	Peers and Media → External Locus of Control	-0.083	0.624	0.533	-	-	N/A
13	Peers and Media → Financial Literacy	0.155	2.1	0.036	-	-	Significant
14	Family Financial Socialization → Financial Literacy → Personal Financial Management Behaviour	0.09	2.277	0.023	0.027	0.192	Significant
15	Peers and Media → Financial Literacy → Personal Financial Management Behaviour	0.058	1.871	0.061	0.009	0.137	Significant
16	Attitude toward Money → Financial Literacy → Personal Financial Management Behaviour	0.067	1.61	0.108	0	0.161	N/A
17	External Locus of Control → Financial Literacy → Personal Financial Management Behaviour	-0.172	2.766	0.006	-0.322	-0.069	Significant
18	Family Financial Socialization → Attitude toward Money → Personal Financial Management Behaviour	0.111	2.496	0.013	0.041	0.219	Significant
19	Family Financial Socialization → External Locus of Control → Personal Financial Management Behaviour	0.006	0.322	0.747	-0.02	0.059	N/A
20	Peers and Media → Attitude toward Money → Personal Financial Management Behaviour	0.116	1.97	0.049	0.03	0.263	Significant
21	Peers and Media → External Locus of Control → Personal Financial Management Behaviour	0.01	0.447	0.655	-0.015	0.084	N/A

Notes: Significance of estimates; ***p < 0,001, **p < 0,01, *p < 0,05; † p> 0.05; ; N/A = Not significant BC = Bias Corrected' CI = Confidence Intervals; β = Path Coefficients.

DISCUSSION

Financial socialization factors, which include family financial socialization and peers and media, show different influences on personal financial management behavior. The

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analysis supports a statistically significant positive relationship between financial socialization in the family and responsible financial management practices, consistent with past research findings (Phung, 2022; Zhao & Zhang, 2020), demonstrating a positive relationship between financial socialization and financial behavior and financial well-being. In addition, Goyal et al. (2023) show that financial socialization in the family environment, such as parental influence and education, is a significant factor influencing individuals' financial management behavior. Individuals raised in families that prioritize financial education, model appropriate money management behavior and encourage behaviors such as saving, investing, and long-term financial planning are more likely to connect financial planning with their financial goals. Taking advantage of a positive family financial socialization may also lay a strong foundation for sustainable financial behaviour, ultimately to help individuals achieve their financial goals.

In contrast, financial socialization through peers and the media shows no significant effects on personal financial management behaviour. The limited effect of peers and media on personal financial management behaviour may result from varied financial literacy and family values. Phung (2022) found that a lack of financial literacy might weaken the effects of peer and media influences on financial decisions, while contextual variables such as family-developed financial cognitions and practices were apparent determinants. The studies presented here collectively indicate that peers and the media can play both information-giving and modelling roles, which are likely contingent on the individual's financial literacy and the family context and experiences.

Further findings indicate that family financial socialization significantly influences attitudes toward money and financial literacy. These results suggest that individuals who frequently engage in financial discussions with family members and observe responsible financial practices tend to have more positive attitudes toward money and stronger financial knowledge. Similarly, peers and the media significantly contribute to the formation of attitudes toward money and financial literacy by providing financial information, social learning experiences, and financial role models. These findings suggest that financial socialization agents not only directly influence financial behavior but also form the psychological and cognitive foundations necessary for effective financial management. However, family financial socialization, along with peers and the media, did not significantly influence external locus of control. These results suggest that perceptions of financial outcomes may be more strongly shaped by individual personality traits and personal experiences than by socialization processes.

Logically, financial literacy influences how individuals apply their financial knowledge through effective actions, integrating values and knowledge from family, peers, and media into financial decisions. Families are the primary agents of financial socialization, while peers and the media provide additional influence. With good financial literacy, individuals can manage information from various sources, fostering sound financial decision-making. However, financial literacy only mediates the relationship between an external locus of control and financial behavior, not the relationship between attitude towards money and financial behavior. According to Goyal et al. (2023) Individuals with an external locus of control are less involved in financial learning and are more vulnerable to financial helplessness. Low motivation to acquire financial knowledge can lead to low financial literacy, hindering responsible financial decisions. Although financial literacy is



important, it does not fully capture the complexities of attitudes, motivations, and emotions towards money. Individuals can have a positive attitude towards money but may still lack the skills or motivation to manage their finances effectively. As a result, reliance on external controls can lead to a passive approach to financial decision-making, potentially hindering the effectiveness of budgeting, savings, and investment behavior. Therefore, this perception can reduce the direct impact of the external locus of control on personal financial management behavior.

Furthermore, attitudes toward money positively influence financial literacy. Individuals who view money as an important resource that must be managed responsibly are generally more motivated to acquire financial knowledge and improve their financial capabilities. Conversely, this study found that an external locus of control negatively influences financial literacy because individuals who believe financial outcomes are determined by external forces tend to be less engaged in financial learning activities. These findings highlight the importance of psychological characteristics in shaping financial literacy, which in turn contributes to responsible financial management behavior.

Although financial socialization can be categorized into family, peers, and media, family is the predominant agent. Individuals with strong financial literacy can navigate information from various sources and develop smart financial management behaviours. In the context of responsible financial management, we want an individual's financial literacy skills to act as a mediator among other variables. Financial literacy only mediates the relation between an external locus of control and financial behavior, but not the relation between an external locus of control and attitude towards money. Individuals with low motivation to develop financial knowledge will subsequently have low levels of financial literacy and, as a result, are unable to make responsible financial decisions. While financial literacy is a very important contributor, it does not paint the full picture of how attitudes, motivations, and emotions influence money. Individuals can report having positive attitudes towards money, yet lack the skills or motivation to manage their finances effectively, as noted by (Goyal et al., 2021, Silva & Dias, 2023).

In summary, the implications of this study suggest that attitude toward money may mediate relationships between financial socialization through the family, peers, and media, and personal financial management behavior. Pak et al. (2024); Phung, (2022) identified family as a primary contributor in socializing an individual's attitudes and beliefs about money. Values and practices that are learned through family financial socialization serve as building blocks for developing a person's attitude toward money. Furthermore, peers and media serve a similar purpose by providing learned financial socialization that introduces financial norms and behaviours (Goyal et al., 2023; Pak et al., 2024). Those individuals with positive attitudes towards money usually have better financial decision-making practices, which demonstrate financially responsible behaviour such as budgeting, saving and investing. (Goyal et al., 2021; Pandey & Utkarsh, 2024; Riaz et al., 2022) also referred to the mass media that includes advertising media and social media as one of the elements that shape an individual's financial viewpoint and thus has a direct effect on their financial perspective on decisions, consumer style of behaviour, and spending direction.

Furthermore, the findings of this study also indicate that attitudes toward money significantly mediate the relationship between family financial socialization and personal financial management behavior, as well as between peer and media exposure and personal

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financial management behavior. These findings suggest that financial socialization influences financial behavior by shaping positive attitudes toward money, which in turn encourages responsible financial practices.

Alternatively, the results of the study suggested that psychological characteristics, as defined by the external locus of control, were not a mediating influence in shaping the relationship between financial socialization and personal financial management behavior; thus, external locus of control is not particularly relevant, when it relates to financial behavior, and is not a primary influence on financial socialization nor personal financial management behavior. According to (Goyal et al., 2023; Widyastuti et al., 2021), mediated psychological influences such as self-efficacy and the prevailing psychological influence of financial literacy would each constitute a direct pathway linking financial socialization with financial behavior.

Our research reveals that financial behavior is deeply influenced by personality traits, social interactions, and psychological factors. Enhancing financial management skills requires improving social influence and psychological characteristics to translate knowledge into responsible actions. These findings offer practical guidance for financial planning consultants and educators, helping them develop strategies for better financial management, savings, and avoiding financial hardship. Governments can use these insights to design educational programs that improve financial literacy and attitudes.

For Generation X and Y professionals, fostering early family socialization and developing psychological traits are crucial for good financial behavior. Parents should be equipped to provide formal financial counseling and set positive examples. Reducing the perception of external control and increasing financial education can empower individuals to manage their finances better. Self-management skills and a positive support network can enhance financial control and prosperity.

CONCLUSION

This study examined personal financial management behavior (PFMB) among Generation X and Y professionals in Indonesia using an integrative PLS-SEM framework. The findings reveal that attitude toward money is the strongest direct predictor of PFMB, while family financial socialization exerts both direct and indirect effects through attitudinal pathways. Critically, financial literacy functions as a keystone mediator, bridging socialization inputs and locus of control to behavioral outcomes, rather than as a primary predictor. This repositioning challenges conventional literacy-centric intervention approaches and advances a more nuanced model in which cognitive, social, and psychological factors interact systemically.

These findings carry direct implications for policymakers and practitioners. Effective financial management programs for young professionals must extend beyond knowledge delivery to target attitudinal transformation and internalization of personal financial agency. Intergenerational programs engaging parents as financial role models, combined with workplace financial wellness initiatives addressing both literacy and attitudinal dimensions, offer greater leverage for sustained behavioral change than knowledge-only approaches.

This study is not without limitations. The cross-sectional design precludes causal inference, the sample of 100 respondents concentrated in Central Java (62%) limits geographic generalizability, and financial literacy was operationalized as a single composite

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indicator. Future research should employ longitudinal designs, larger nationally representative samples, multidimensional literacy scales such as the OECD/INFE measure, and extend inquiry to digital financial behaviors including BNPL usage and cryptocurrency investment.

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