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The role of financial behaviour in an integrated model of financial well-being

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Abstract:

Having a stable financial situation is one of every person's or household's primary objectives. Previous studies have shown that a variety of variables affect financial well-being. The goal of this study is to construct an integrated model of family financial wellbeing by looking at the numerous contributing components. Data from 1,158 homes collected via an online survey were used in this research. Utilizing a structural equation model, the data is examined. The findings demonstrate that financial well-being is strongly influenced by financial experience, financial knowledge, financial position, and marital status. Financial conduct has a crucial mediating role in the relationship between financial behavior, financial knowledge, and locus of control. Additionally, having a spouse enhances the impact of financial knowledge on financial well-being but does not enhance the impact of financial experience. According to this report, the government and financial authorities need to promote a more frugal lifestyle among families and work to increase the efficacy of initiatives that promote financial inclusion and literacy.

1.0.Introduction:

The importance of financial security cannot be overstated. Success in boosting financial security might also indicate success in lowering the poverty rate. For emerging nations like Indonesia that are working to lower poverty rates, this research of financial wellbeing is becoming more and more crucial. According to the World Bank research, 9.8% of Indonesia's population, or up to 25.9 million people, still live in poverty in 2018, which is a tiny decline from 10.6% in 2017. If this proportion of the population living in poverty is combined with the percentage at risk of falling into poverty, the figure would soar to 73.9 million, or over 30% of Indonesia's entire population (World Bank, 2019). Financial well-being is the state of being able to satisfy one's needs both now and in the future, feel secure about the future, enjoy one's life, and deal with unforeseen expenses (Prendergast et al., 2018). As a result, rising financial wealth reduces poverty and has an impact on many

facets of human existence. A person's health and psychological state might be impacted by their financial situation (Arber et al., 2014; Shim et al., 2009). Financial difficulties may worsen social interactions, emotional discomfort, and life satisfaction (Kim et al., 2003). (Shim et al., 2009). Models of monetary well-being have been established via several investigations. The first researchers to test a conceptual model of financial well-being were Porter and Garman (1993). They looked at the impact of demographic factors like gender, ethnicity, education, and employment status, as well as objective and perceived financial well-being indicators like income and the number of dependents in the family. They also evaluated indicators like past financial experience and financial expectations. They demonstrate how financial well-being is influenced by the demographic factor index, objective qualities, perceived attributes, and appraised attributes. Sabri et al. (2012) construct a financial well-being model with a focus on the mediating function of financial literacy. They demonstrate how financial well-being is influenced by saving behaviors, financial socialization from parents and religion, and financial knowledge. A structural model of financial health and its connection to financial well-being, with an emphasis on financial literacy, is developed by Gerrans et al. (2014). They discovered that factors such as financial contentment, financial position, financial conduct, financial attitude, and financial knowledge affect one's financial well-being.

The numerous aspects that affect financial well-being are not thoroughly examined in the earlier studies. Financial well-being is a multifaceted notion that cannot be quantified by a single metric and includes financial contentment, the objective state of one's financial condition, financial attitudes, and financial conduct. According to Brüggen et al. (2017), financial behavior, which is impacted by several financial interventions like financial education, affects financial well-being. Financial knowledge and skills have an impact on financial behavior, according to Brüggen et al. (2017). (Joo & Grable, 2004; Shim et al., 2009; Xiao et al., 2014). Financial position and financial experience both have an impact on one's financial well-being (Xiao et al., 2009). (Davis & Helmick, 1985). However, financial conduct has an impact on financial well-being (Joo & Grable, 2004; Shim et al., 2009; Xiao et al., 2009). Financial conduct and self-control are interdependent (Ainia & Lutfi, 2019; Ajzen, 1991; Xiao et al., 2011). Financial conduct is influenced by views of self-control, according to Perry and Morris (2005). As a result, financial conduct modulates how these different factors affect financial well-being (Gutter & Copur, 2011). Demographic characteristics including marital status and the number of family dependents

have an impact on financial behaviour and financial health as well (Brüggen et al., 2017; Gutter & Copur, 2011; Joo & Grable, 2004; Porter & Garman, 1993). However, these demographic characteristics could have a greater role in enhancing or reducing the impact of certain financial well-being determinants. When a family's income is insufficient to cover basic needs due to the high number of family dependents, solid financial knowledge and expertise will not translate into financial well-being (Baek & DeVaney, 2004; Joo & Grable, 2004). On the other hand, having a family may make someone more likely to act responsibly with their money if they are married. This feeling of accountability motivates him to better handle resources to increase the financial security of the family (Headey & Wooden, 2004). Thus, the effect of financial knowledge and experience on financial well-being is strengthened by married status while it is weakened by the presence of dependents. The concept of financial well-being and financial behavior, which takes into account the importance of financial literacy, financial experience, financial status, locus of control, and demographic factors, are investigated in this study in order to provide a thorough discussion of the dimensions of financial well-being. As a result, the primary uniqueness of this research is in its thorough examination of the factors that influence financial well-being in light of factors like financial position, financial knowledge, financial experience, and locus of control. The investigation of the mediating function of financial conduct in the relationship between these many characteristics and financial well-being is another innovative aspect of this study. The demographic characteristics of income and marital status have a crucial role in reducing the impact of financial knowledge and status on financial well-being. This is the last crucial point.

2.0. Literature Review and Hypothesis Development

Financial well-being is the state of having enough money for oneself or one's family to live comfortably. Being financially healthy, content, and worry-free are all characteristics of financial well-being. Indicators that are both objective and subjective may be used to gauge financial well-being. Commonly used objective indicators include income, spending, debt, assets, net worth, and the debt-to-income ratio. A family's financial standing is assessed by contrasting it with the median or national average statistics that the government, such as the Central Bureau of Statistics, provides. For instance, the typical household income in America in 2012 was around $51,000. (Ackerman et al., 2012; DeNavas-Walt et al., 2013; Porter & Garman, 1993). In 2019, Indonesia's average annual income was IDR 59.1 million (Statistics, 2019). Additionally, a number of combination metrics, such as the

median or average net worth or debt-to-income ratio, may be utilized. A person is said to be financially wealthy if their financial situation is better than the national average. Debt is a unique metric for gauging financial health. However, it might be difficult to directly gauge financial health by debt load. Financial troubles are measured using a number of debt-related metrics. For instance, according to specialists from the Central Bank of America, a debt-to-income ratio of more over 40% is seen as a sign of financial trouble (Ackerman et al., 2012). The problematic installment ratio to monthly income is around 35%, according to the Indonesia Financial Services Authority (OJK) (OJK, 2016). Financial satisfaction or contentment with certain financial characteristics, such as income satisfaction and savings satisfaction, are examples of subjective financial well-being metrics (Xiao, 2016). Life contentment is significantly influenced by financial satisfaction. When Easterlin (2006) looked at the link between overall satisfaction and happiness for four different life domains—finance, family, health, and work—she found that overall happiness was most influenced by financial contentment. Financial contentment is the best indicator of life satisfaction, according to statistics from the Gallup World Poll (Ng & Diener, 2014). Financial contentment is the most significant predictor of financial concern after accounting for debt and numerous demographic factors (Archuleta et al., 2013).

Financial experience is one of the variables that have been discovered to affect financial wellness. The degree to which a person has utilized financial products including savings, deposits, loans, capital market instruments, insurance, mutual funds, and other financial goods is indicated by their financial experience (Hogarth & Hilgert, 2002). Financial well-being rises with improved access to fundamental financial services. Someone with more financial expertise may better manage their funds (Brilianti & Lutfi, 2020; Lewis et al., 2008). A person with extensive financial knowledge is better equipped to manage his resources and income in order to enhance his financial situation. A person who has handled credit, investments, and other forms of money management has a more accurate perspective of their financial situation (Sabri et al., 2012).

H_1: *The higher the financial experience, the better financial well-being.*

One of the key factors in determining the degree of financial well-being is financial knowledge (Perry & Morris, 2005; Purniawati & Lutfi, 2017). To handle funds effectively, one must have financial understanding (Brilianti & Lutfi, 2020; Mudzingiri et al., 2018; Perry & Morris, 2005; Purniawati & Lutfi, 2017). People who are knowledgeable about

money are more likely to invest and save money for the future (Henager & Mauldin, 2015; Lusardi & Mitchelli, 2007; Pangestu & Karnadi, 2020; Van Rooij et al., 2012); they also tend to avoid getting into an excessive amount of debt that puts them in financial trouble (French & McKillop, 2016; Lusardi & Tufano, 2015). As a result, people might utilise their understanding of finance to enhance their financial security (Bannier & Schwarz, 2018; Brüggen et al., 2017; Gerrans et al., 2014). Knowledgeable people often accumulate more money and see their financial well-being as being better (Behrman et al., 2012). (Falahati & Sabri, 2015).

H_2: *The higher the financial knowledge, the better the financial well-being.*

Financial position and financial well-being are interrelated concepts (Hong & Swanson, 1995). Based on their degree of wealth, income, and debt, a person or family's financial situation is reflected by their financial status (Gerrans et al., 2014). The level of income has a significant role in shaping a family's financial situation. The financial situation of the family is better the greater the family income level (Hsieh, 2004). This thus has a favorable effect on the family's financial well-being. On the other hand, debt is a duty that the family must meet using the money they make or the riches they own. The amount of payments required increase with the size of the debt. Therefore, the family's financial well-being will be poorer the higher the ratio of debt payments to income, or alternatively, the lower the debt ratio, the richer a family will be (Gerrans et al., 2014)

H_3: *The higher the financial status, the better the financial well-being.*

How someone perceives the elements that affect his or her status has an impact on their financial well-being as well. A person with an internal locus of control thinks that his actions, not outside forces or destiny, determine what will happen to him and his family (Grable et al., 2009; Perry & Morris, 2005). People who have an internal locus of control will work to increase their financial security because they do not want to be dependent on the goodwill of others in the future. Good self-control will drive people to follow through on goals and make them more accountable for their activities. As a result, individuals are happier with their financial situation and are less concerned about financial issues (Strömbäck et al., 2017; Sumarwan & Hira, 1993).

H_4: *The higher the internal locus of control, the better the financial well-being.*

According to Joo and Grable (2004), these factors' effects on financial pleasure are indirect and occur as a result of financial conduct. In other words, the relationship between financial position, financial knowledge, and financial status and financial well-being is mediated by financial conduct. Better financial knowledge is associated with better saving habits, better retirement fund planning (Bucher-Koenen & Lusardi, 2011; Lusardi & Mitchelli, 2007), less debt (French & McKillop, 2016; Lusardi & Tufano, 2015), and more accumulated wealth (Henager & Mauldin, 2015; Jappelli & Padula, 2013; Joo & Grable, 2004; Lewis et al (Behrman et al., 2012; Van Rooij et al., 2012). Financial well-being is further boosted by this wise spending (Gutter & Copur, 2011; Henager & Mauldin, 2015; Joo & Grable, 2004; Shim et al., 2009). Financial activity may also have an impact on the locus of control's ability to affect financial well-being (Shim et al., 2009). The idea of planned behavior states that perceptions of self-control may influence behaviour intentions, which are subsequently manifested in actual conduct (Ajzen, 1991). Better financial management practises are encouraged by internal locus of control (Ariani et al., 2016; Britt et al., 2013; Perry & Morris, 2005). A person with an internal locus of control is more likely to create a budget for their finances (Lim et al., 2003), put money away for the future (Cobb- Clark et al., 2016), and feel more at ease with their financial situation in the future (Strömbäck et al., 2017). Self-control issues may result in impulsive purchases (Gathergood, 2012), excessive debt (Achtziger et al., 2015), and insufficient retirement savings (Kim et al., 2016). Financial well-being will increase as internal locus of control over financial conduct is encouraged (Shim et al., 2009).

3.0.Methodology :

The family's financial situation is also influenced by the marital status of the parents. Being married motivates someone to better manage their money as a sign of their commitment to their family (Headey & Wooden, 2004). This leads to a married individual having greater financial health as a result (Delafrooz & Paim, 2011; Porter & Garman, 1993; Sahi, 2013). Additionally, the financial stability of the family may suffer due to the number of dependents (Baek & DeVaney, 2004). To meet their everyday demands, a bigger family need a greater income. This makes more family members with dependents owing more money and have less. liquid assets (Hong & Swanson, 1995). The impact of marital status and the number of dependent family members on financial well-being may also be moderated. A married individual with strong financial knowledge and experience will be more driven in the future to satisfy requirements and enhance family welfare. Financial

contentment may be increased when family status and financial understanding are combined (Gerrans et al., 2014). However, the financial burden must also grow as the number of family dependents rises. As a result, the impact of financial expertise and knowledge on financial wellbeing is diminished.

H_6: Marital status and number of dependents moderate the effect of financial experience on financial well-being. H_7: Marital status and number of dependents moderate the effect of financial knowledge on financial well-being.

4.0.Research Methods

Purposive sampling and convenience sampling were the sample methods utilized. These two methods were used to make data collecting easier and guarantee that respondents were picked in accordance with the study's goals. The respondent requirements for this research were East Java-based families with a minimum monthly income of IDR 5,000,000. The minimum wage is calculated using Indonesia's annual per capita income, which is IDR 56 million. Because respondents in this research earn more than the country's per capita income, it is projected that they would have enough money to cover their basic necessities and have extra money for savings or investments. A Google form is used to disseminate surveys online in light of the COVID-19 epidemic. 1,284 out of the 10,905,696 households in East Java took part in this survey. There are 72 respondents who don't meet the sample's requirements, particularly those related to residence and the required minimum income. 1158 respondents make up the study's final sample.

Financial stability is the research's endogenous variable. A individual or family is in this state if they have enough money to live comfortably. Financial stress, financial happiness, financial comfort, financial anxieties, and financial confidence are among the measures utilized in this research to gauge financial well-being (Archuleta et al., 2013; Ng & Diener, 2014). A Likert scale from 1 to 5 is used to gauge this characteristic. Exogenous factors in the research include internal locus of control, financial knowledge, financial experience, and financial position. An individual's comprehension of financial concepts serves as the foundation for their financial management. Basic understanding of finances, savings, credit, insurance, and investment are among the markers for this variable (Brilianti & Lutfi, 2020; Hilgert et al., 2003; Huston, 2010). Based on the proportion of accurate responses to total questions, this variable is measured. The amount of financial items a person owns or utilizes is related to their financial experience (Brilianti & Lutfi, 2020; Hilgert et al., 2003).

Bank goods, pension fund products, insurance products, and investment products are all included in the financial experience variable indicator. From an income and wealth standpoint, financial status is connected to a person's financial situation (Gerrans et al., 2014). Locus of control refers to a person's viewpoint on and ability to influence an event that befalls him. This research makes use of the respondent's internal locus of control, or self-control. The indications include executing savings and investment plans, managing expenditures, and resolving money issues (Ariani et al., 2016; Grable et al., 2009). The interval scale with a Likert scale that ranges from "1" for "never" to "5" for "always" is the data scale that was employed. Financial conduct is the mediating factor. It refers to how someone handles and maintains control over their money. Bill payments, the regular supply of money for savings and investments, financial control, the provision of emergency funds, pension funds, and insurance funds are some of the indications for this variable. The Likert scale, which ranges from "1" for "never" to "5" for "always," is used to measure this trait. Demographic characteristics, which include marital status and the number of dependents, function as a moderating influence. A nominal data scale is used to assess marital status, with a score of "1" for married and "0" for single. The number of family members that are not the responder is the number of dependents in the family.

The validity and reliability test results are shown in Table 1. The validity test is a measuring scale used to determine the validity of the instruments employed in the research. The average variance-extracted (AVE) is over 0.50, and all indicators have factor loadings more than 0.70. Consequently, the metrics utilized in this research are reliable (Hair Jr et al., 2016). A reliability test is used to determine how consistently stable a score and measuring instruments are. Cronbach's alpha and composite reliability for each construct are both higher than 0.60. As a result, the study's questionnaire is trustworthy since it exhibits a high degree of consistency and accuracy (Hair Jr et al., 2016).

5.0.Results and Discussion

The descriptive statistics and relationships between the variables are shown in Table 1. This table reveals that an average of two dependents are shared by 67 percent of respondents who are married. With an average score of 62 percent, the respondents' financial knowledge is typically fairly strong. In other words, responders can, on average, reply to six of ten questions. This degree of financial literacy is far higher than the findings of a study by the Indonesian Financial Services Authority, which indicate that just 41% of

Indonesians are financially literate (OJK, 2017). But this outcome is comparable to that of Ariani et al. (2016) and Purniawati and Lutfi (2017). Two items regarding financial knowledge—the usage of credit cards and the advantages of diversification—had relatively low test results. Only 27% of respondents and 31% of respondents, respectively, are aware that credit cards may be used to withdraw money from ATMs and that diversifying one's portfolio's assets helps lower risk. In general, respondents have solid financial habits and are relatively rich, as shown by their average scores of 3.257 and 3.774, respectively.

Table 1

Descriptive Statistics & Variable Correlation

Variables	Mean	SD	FW	FB	FE	rrelation FS	LC	FK
Financial Well-being	3.247	0.730						
Financial Behavior	3.764	0.853	0.5789					
Financial Experience	2.114	0.768	0.4438	0.4893				
Financial Status	2.456	1.441	0.422	0.3107	0.415			
Locus of Control	3.532	0.730	0.416	0.5219	0.4318	0.289		

Financial Knowledge	61.959	14.462	0.482	0.538	0.378	0.350	0.439	
Marital Status	0.658	0.431	0.582	0.334	0.213	0.256	0.226	0.2394
Family Dependent	2.114	0.840	0.3672	0.146	0.2568	0.4231	0.1355	0.2101

With a coefficient of 0.589, the relationship between financial conduct and well-being is positively correlated, as would be predicted. Every factor examined had a favorable link with financial well-being. There is no issue with discriminant validity, as shown by the correlation coefficient between the variables, which is still less than 0.6. Results of discriminant validity tests utilizing the Fornell-Larcker criteria and the Heterotrait-Monotrait correlation ratio also corroborate this (HTMT).

The findings of evaluating the financial well-being model are shown in Table 2. The fundamental model explicitly investigates how all external factors affect financial well-being. The second model makes use of financial decision-making as a mediating factor. The final model takes into account marital status (SP) as a moderating factor. Because the direct test findings (basic model) of this variable do not substantially impact financial well-being, it is not employed as a moderating variable.

Table 2

The Results of the Financial Well-being Model

	Coefficient		Sig.	Coefficient		Sig.	Coefficient		Sig.
FE □FW	0.117		0.002	0.116		0.002	0.129		0.001
FK □FW	0.118		0.001	0.120		0.001	0.119		0.001
FS □ FW	0.112		0.004	0.111		0.005	0.099		0.018
LC □ FW	0.038		0.308	0.039		0.303	0.049		0.189
MS □ FW	0.482		0.000	0.485		0.000	0.484		0.000
FD □ FW	0.043		0.231	0.045		0.222	0.041		0.271
FB □ FW	0.236		0.000	0.228		0.000	0.206		0.000
FK□FB				0.291		0.000	0.291		0.000
FS □ FB				0.000		0.996	0.000		0.996
LC □ FB				0.299		0.000	0.299		0.000
FE*MS □ FW							0.060		0.155
FK*MS □ FW							0.089		0.005

R-Square		0.665			0.662			0.670	
Adjusted R-Square		0.659			0.656			0.662	
SRMR		0.071			0.071			0.071	

Notes: FW=Financial Wellbeing; FB = Financial Behavior; FK= Financial Knowledge; FS=Financial Status; LC = Internal Locus of Control; MS = Marital Status; FD = Family

Except for the internal locus of control (LC) and the number of family dependents (FD), which have negligible impacts on financial well-being (FW), all external factors in the basic model have a considerable positive impact on FW. Financial behavior (FB) strongly mediates the effects of financial experience (FE), financial knowledge (FK), and internal locus of control (LC) on financial well-being when this variable is taken into account as a mediating variable. The findings of the marital status moderation test show that although this variable fails to moderate the influence of financial experience on financial well-being, it moderates the effect of financial knowledge on financial well-being. The test findings for each study premise are covered in great depth in the sections that follow.

With a coefficient range of 0.117-0.129 and a significance level of 0.001-0.002 for all models, Table 2 demonstrates that financial experience significantly improves financial well-being. As a result, the study's initial hypothesis is accepted. Financial experience with bank savings products, insurance products, insurance products, and capital market products aids respondents in lowering financial stress, lowering concerns about meeting their life's needs, raising their level of satisfaction with money, increasing their level of comfort with money, and enhancing their capacity to handle emergencies. The findings back with Lewis et al(2008) .'s assertion that having a background in finance aids in good money management. The average score for financial experience is 2.104, according to Table 1. Respondents often have some familiarity with financial goods, which is why this is the case. According to complete data on respondents' answers, respondents typically possess two bank savings products and one product for insurance, pension funds, or the stock market. An someone with more financial expertise uses their resources and income more effectively to enhance their financial well-being (Sabri et al., 2012). Owning two bank deposit products, one of which may be used for regular expenses and the other for emergencies, helps people manage their assets. Owning two bank savings can lessen respondents' worry in relation to unexpected emergency costs (such as sickness, accidents). The responder owns two savings products in addition to an insurance product, a pension

fund, and maybe a stock market. The respondent's contentment with the financial condition is boosted by this ownership. The fact that respondents have enough money to cover their retirement financing demands makes them feel secure. The higher the level of financial experience, the greater the financial wellbeing, is one explanation for this occurrence. With a coefficient range of 0.118 to 0.120 and a significance level of 0.001 for the three models, it has been shown that financial knowledge significantly improves financial well-being. This indicates that the study's second hypothesis is correct. The fundamental human resource that has an impact on financial well-being is financial knowledge. A person may get richer by saving and investing more if they have a solid knowledge of the concepts of inflation, interest rates, time value of money, saves, credit, insurance, and investment (Henager & Mauldin, 2015; Van Rooij et al., 2012). (Behrman et al., 2012). Additionally, having sound financial understanding helps avoid taking on too much debt, which raises borrowing prices and raises the risk of bankruptcy (French & McKillop, 2016). Overall, having sound financial understanding lowers stress related to meeting urgent and everyday demands and enhances financial pleasure. This research backs up Falahati and Sabri's (2015) assertion that views of financial well-being are raised by financial literacy.

The test's findings indicate that a person's financial situation significantly affects their financial well-being. As a result, the third hypothesis of this research is confirmed. Families with higher monthly incomes and wealth are more likely to be able to escape the stress that comes with having trouble paying their bills. These families have a sizable emergency reserve for things like hospitals and children's education, in addition to more than enough money for everyday requirements. The family has enough money in addition to a monthly salary that is more than sufficient. The family feels content and secure with its existing financial situation when it has enough assets. Families with higher incomes and wealth therefore feel more secure financially and have more fun in life (Gerrans et al., 2014). The fourth theory proposes that financial well-being is positively impacted by an internal locus of control. The test findings don't support the claim that internal locus of control significantly improves monetary well-being. For all models, the influence of locus of control on financial well-being is statistically significant at a level larger than 5%. These findings would suggest that locus of control influences financial conduct rather than financial well-being directly (Ajzen, 1991). The findings of this research contradict those of Strömbäck et al. (2017), who found that a sense of internal control lessens financial stress and boosts financial stability. The fact that this research utilizes a composite score

with a larger variety of variables, including the capacity to satisfy the requirements of different emergency funds, may explain why the findings of the two studies vary. The test findings likewise show a robust correlation between marital status and financial well-being, with coefficients ranging from 0.482 to 0.485 for all models. A person becomes more accountable for his family after being married. This motivates the individual to save money and build wealth for his family's needs, both now and in the future. As a consequence, this guy is more at ease with his current financial situation and is less concerned about his capacity to cover his family's living expenses (Gerrans et al., 2014). However, this research is unable to demonstrate that having dependents has a beneficial impact on financial security. Therefore, this research solely looks at the moderating effect of married status in the discussion of the moderating effect of demographic characteristics that follows.

According to Table 4, financial conduct is strongly positively influenced by financial experience, financial knowledge, and internal locus of control, but not by financial position. Financial well-being is also significantly positively impacted by financial conduct. We might thus draw the conclusion that financial conduct mediates the relationship between financial experience, financial knowledge, and internal locus of control. Financial experience and knowledge, in this scenario, have a strong positive direct influence on financial well-being as well as a considerable positive indirect effect through financial conduct. As a result, financial behavior modulates this impact to some extent. Better financial literacy motivates people to save more (Henager & Mauldin, 2015; Jappelli & Padula, 2013; Joo & Grable, 2004; Lewis et al., 2008); plan better retirement accounts (Bucher-Koenen & Lusardi, 2011; Lusardi & Mitchelli, 2007); and pay off debts on time because delaying payments increases one's debt burden (French & McKillop, 2016; Lusardi & Tufano, 2015). As a result of their wise financial decisions, they get wealthy (Behrman et al., 2012; Van Rooij et al., 2012). The findings of this research are consistent with those of other studies showing that financial conduct acts as a mediator for financial well-being (Gutter & Copur, 2011; Joo & Grable, 2004). Internal locus of control, on the other hand, does not significantly impact financial well-being directly, but it does so significantly indirectly via financial behavior. This indicates that the impact of locus of control on financial well-being is totally mediated by financial conduct. A person who believes that their financial future relies on themselves is more likely to pay their bills on time, set money away for savings and investments, keep costs under control, and put

money aside for pensions and insurance (Britt et al., 2013; Cobb-Clark et al., 2016; Perry & Morris, 2005). This wise financial management also improves feelings of financial well-being, including comfort with one's financial situation and the capacity to satisfy regular or urgent demands (Shim et al., 2009). When ordinary and emergency requirements are met, a person who is used to placing money away for savings and investments feels more secure and is less likely to experience anxiety in the case of an emergency requiring substantial sums of money. Consider someone who can only limit spending to what is necessary. Then, in order to attain financial security, that individual will focus more on saving money for retirement or purchasing insurance that will protect against hazards that might arise during retirement.

For married status, an examination of the function of moderation was done. According to the research's null hypothesis, married status amplifies the impact of financial experience and knowledge on financial well-being. The married status boosts the impact of financial knowledge on financial well-being, according to Table 4's mediation-moderation model column, but it does not give enough support for the claim that marital status enhances the impact of financial experience. Financially wealthy respondents were more likely to be married than those who had high financial knowledge but were single. This suggests that being married helps individuals to be more financially responsible for their family's well-being (Delafrooz & Paim, 2011; Gerrans et al., 2014; Sahi, 2013). An individual who is married considers his own life as well as the lives and survival of his wife and children. As a result, they are motivated to put in more effort in regards to money management, including saving, investing, and setting up a pension fund, which improves the comfort and stability of their family's financial situation.

6.0.Conclusion, Limitations, and Implications

In this work, the financial wellbeing model is investigated using a sample of 1,158 East Java, Indonesia, households that were examined using SEM PLS. The findings demonstrate that financial well-being is strongly influenced by financial experience, financial knowledge, financial position, and marital status. The locus and quantity of dependents do not seem to have any significant effects on financial wellbeing. Financial conduct has a crucial mediating role in the relationship between financial behavior, financial knowledge, and locus of control. The argument that financial conduct mediates the impact of financial position on financial well-being, however, is not supported by

enough data. Additionally, having a spouse enhances the impact of financial knowledge on financial well-being but does not enhance the impact of financial experience. This research has two primary drawbacks. First, families having a minimum monthly income of Rp. 5 million comprise the sample. This income amount is much higher than Indonesia's 2020 regional minimum wage, which is estimated to be roughly IDR 2.7 million per month. Therefore, low-income families may not be able to exploit the study findings. Future studies should concentrate on studying low-income families. Second, cross-sectional data for 2020 are used in this analysis. It fails to account for the phenomena of behavior change over time, which may occur both in times of prosperity and in times of hardship. The probability of this behavior shift will be investigated in future studies using longitudinal data, particularly when there is a crisis brought on by the COVID-19 pandemic in 2020. According to this survey, families need to increase their literacy, which is presently low with a score of 62. The findings indicate that financial literacy promotes better money management, which raises people's financial wellbeing. To enhance their financial well-being, households must also be better able to regulate their behavior about their spending patterns and raise their saving habits. The findings of this study, from the standpoint of a regulator, point to the need for the Government and financial authorities to further enhance the efficacy of the financial literacy and financial inclusion programs currently being implemented, as the level of financial literacy and inclusion among Indonesians is still unsatisfactory. The public has to be encouraged to be more thrifty, and this is particularly crucial during the present economic crisis to prevent individuals from running into financial difficulties.

7.0.|Acknowledgement :

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8.0.References

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