GOLDEN RATIO OF FINANCE MANAGEMENT
VOLUME 6, ISSUE. 1 (2026)
Website: https://goldenratio.id/index.php/grfm

GOLDEN RATIO
ISSN [Online]: 2776-6780

FINANCE | RESEARCH ARTICLE

Financial Knowledge, Self-Efficacy, and Financial Well-Being: The Role of Digital Inclusion in Indonesia

Hesniati[1], Anggriani[2], Yandi Suprapto[3], Hengky Arviano[4]

[1,2,3] Department of Management, Faculty of Business and Management, Universitas International Batam, Batam, Indonesia. Email: hesniati@uib.edu[1], 2241002.anggriani@uib.edu[2], yandi.suprapto@uib.edu[3]
[4] Department of Business Administration, National Taiwan University of Science and Technology, Taipei, Taiwan. Email: d11208812@mail.ntust.edu.tw

ARTICLE HISTORY

Received: October 02, 2025
Revised: November 18, 2025
Accepted: November 26, 2025

DOI
https://doi.org/10.52970/grfm.v6i1.1779

ABSTRACT
This research examines the role of financial knowledge and self-efficacy in shaping financial well-being, with digital financial inclusion tested as a mediating factor. Survey data were collected from 407 Indonesian respondents and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that both financial knowledge and self-efficacy significantly influence digital financial inclusion. Digital financial inclusion, in turn, positively affects financial well-being. Self-efficacy also directly improves financial well-being, whereas financial knowledge shows no direct impact. Instead, financial knowledge indirectly contributes to financial well-being through digital financial inclusion, underscoring the mediating role of digital access. This study adds to the financial behavior literature by highlighting digital financial inclusion as a crucial channel that converts capability into improved outcomes, and by showing that self-efficacy plays a stronger role than knowledge alone. The findings suggest that policies and programs should go beyond literacy campaigns to also strengthen financial confidence and digital readiness, particularly among younger groups and vulnerable communities. The study is limited by its reliance on self-reported, cross-sectional data and its focus on the Indonesian context, which may constrain causal inference and limit the generalizability of the results.

Keywords: Financial Well-being, Financial Knowledge, Self-Efficacy, Digital Financial Inclusion.
JEL Code: G53, G41, O16

I. Introduction

In recent years, financial well-being has gained increasing attention among policymakers and researchers. It is now recognized not only as an economic outcome but also as a broader indicator of quality of life. International organizations, such as the OECD, have emphasized that financial well-being should be a central goal of financial inclusion, financial education, and consumer protection initiatives (OECD, 2024). At its core, financial well-being reflects how individuals perceive their financial security, their ability to meet ongoing commitments, and their confidence in achieving longer-term financial goals (Radiman et al., 2025). Financial well-being refers to individuals or families having adequate financial resources to meet their needs

ISSN [Online]: 2776-6780

and feel secure and satisfied with their financial situation (Fitrianingsih & Mardiana, 2025). The academic debate on the determinants of financial well-being has produced mixed evidence. Financial knowledge is widely considered a fundamental prerequisite for sound financial behavior. Individuals with higher knowledge are expected to make more informed financial choices and avoid costly mistakes (Lusardi & Mitchell, 2014). It also provides the theoretical foundation for understanding key economic concepts such as budgeting, saving, and investing, which in turn enable individuals to adopt healthier financial behaviors (Çera et al., 2021; Nogueira et al., 2025). Among personal traits, financial knowledge has consistently been identified as one of the most important determinants of financial behavior (Santoso et al., 2024; Świecka et al., 2021). However, evidence also suggests that knowledge alone is insufficient for enhancing financial well-being (Lee et al., 2020; Sangeeta et al., 2022), suggesting that cognitive understanding must be supported by psychological factors.

To address this gap, scholars have turned to psychological resources such as financial self-efficacy. Rooted in social cognitive theory, self-efficacy refers to one's belief in their ability to perform tasks successfully (Bandura, 1991). In a financial context, individuals with higher financial self-efficacy are more confident in managing money, which enables them to translate knowledge into effective financial actions. Recent evidence shows that financial self-efficacy not only promotes desirable financial behaviors but also contributes to positive financial outcomes (Mathew et al., 2024). Nevertheless, how self-efficacy interacts with structural factors such as financial access remains underexplored, particularly in emerging economies. Indonesia provides a particularly relevant setting to explore this issue. The Financial Services Authority (OJK) has consistently reported gaps between literacy and inclusion rates. In 2019, financial literacy was recorded at just 38.03%, while financial inclusion reached 76.19% (OJK, 2022). Although both indicators improved significantly in 2025—with literacy at 66.46% and inclusion at 80.51%—the disparity persists. Over the same period, digital finance has grown rapidly, expanding access to financial services and contributing to improvements in financial well-being (Cuandra & Candy, 2024; Hesniati & Limgestu, 2023). However, these advances also highlight a critical tension: access to digital financial services alone does not automatically translate into greater well-being. Many Indonesians are digitally connected but still face financial vulnerability.

This tension highlights the crucial role of digital financial inclusion, which aims to broaden access to financial services through the use of technology. However, its true effectiveness relies heavily on whether individuals possess the necessary knowledge, skills, and confidence to use these digital tools in a meaningful and productive way. In other words, technology can open the door to financial access, but without adequate understanding and self-assurance, its potential benefits cannot be fully realized. While digital platforms may reduce transaction barriers, their transformative potential lies in enabling individuals to leverage financial knowledge and self-efficacy into meaningful improvements in well-being (Basnayake et al., 2024; Gallego-Losada et al., 2023). Financial inclusion empowers individuals with the tools and resources necessary to participate actively in the formal financial system (Idris, 2025). Against this background, the present study examines the direct and indirect effects of financial knowledge and self-efficacy on financial well-being, focusing on the mediating role of digital financial inclusion. This framework allows us to assess whether digital platforms merely broaden access or also help transform individual capabilities into tangible improvements in well-being. The study contributes in three ways.

II. Literature Review and Hypothesis Development

2.1. Financial Knowledge and Digital Financial Inclusion

Financial knowledge equips people with the capability to evaluate product features, compare alternatives, and avoid predatory practices. Prior studies argue that individuals with higher knowledge levels are more likely to embrace financial technologies, such as e-wallets, mobile banking, and digital investment platforms (Lusardi & Mitchell, 2014; Çera et al., 2021). In emerging economies, where rapid digitalization is not always accompanied by strong financial literacy, this relationship becomes even more critical (Nogueira et al.,

ISSN [Online]: 2776-6780

2025). Financial knowledge enables individuals to make informed decisions, manage their finances more effectively, and achieve long-term financial goals, ultimately fostering a more secure and prosperous future. (Kuutol et al., 2024). Therefore, financial knowledge can improve decision-making and enable individuals to navigate digital finance ecosystems effectively. Similar results were also found by (Al-shami et al., 2024), indicating that financial knowledge plays an important role in influencing financial inclusion, as it increases individuals' opportunities to access and use financial services and less likely to become victims of fraud (Munna et al., 2025).

2.2. Self-Efficacy and Digital Financial Inclusion

Self-efficacy refers to an individual's confidence in their ability to manage their finances effectively. (Bandura, 1991). In the financial domain, it manifests as confidence in managing resources, solving financial problems, and adopting new financial tools. (Lone & Bhat, 2024). Individuals with higher levels of financial self-efficacy tend to be more decisive in making financial decisions, better at managing risks, and more adept at formulating long-term financial strategies. (Chong et al., 2021). Several studies show that individuals with higher financial self-efficacy are more likely to utilize financial services effectively, thereby enhancing financial inclusion. (Al Rahahleh, 2024; Kartawinata et al., 2021). Recent evidence shows that technology self-efficacy significantly strengthens individuals' willingness to adopt mobile wallet services, highlighting its pivotal role in advancing digital financial inclusion. (Ghouse et al., 2025).

2.3. Digital Financial Inclusion and Financial Well-being

Financial inclusion has long been regarded as a catalyst for economic growth, social participation, poverty reduction, and improved financial well-being at both the individual and community levels. (Tulcanaza-Prieto et al., 2025). Building on this, digital financial inclusion extends these benefits by providing affordable and secure access to savings, credit, insurance, and payment services, which strengthen individual capabilities to accumulate assets, manage risks, and enhance resilience. (Kanungo & Gupta, 2021). More recently, digital channels have further broadened access to payments, borrowing, insurance, and investment services, enabling individuals to manage their finances more effectively and thereby improve their overall financial well-being. (Tan et al., 2025). Similarly, (Rashid et al., 2022) Found that higher levels of financial inclusion enhance individuals' financial orientation, which in turn contributes to improved financial well-being.

2.4. Financial Knowledge and Financial Well-being

Financial knowledge provides the cognitive foundation for making sound financial decisions. Individuals with higher knowledge are expected to better manage budgets, savings, and investments, ultimately fostering stronger financial well-being (Çera et al., 2021; Febriyanto et al., 2024). However, prior studies show mixed results. While some find that financial knowledge significantly improves financial well-being, others argue that knowledge alone is insufficient and may not directly translate into positive outcomes (Lee et al., 2020; Sangeeta et al., 2022). These inconsistencies suggest that the role of financial knowledge in shaping financial well-being remains an open empirical question.

2.5. Self-efficacy on Financial Well-being

A growing body of evidence confirms the significant role of self-efficacy in shaping financial well-being. Several studies demonstrate that individuals with higher self-efficacy are more likely to achieve better financial outcomes, as confidence enhances their ability to manage resources, plan effectively, and cope with financial challenges. (Elisan et al., 2025; Hernandez-Perez & Rambaud, 2025; Megananda & Faturohman, 2022).

ISSN [Online]: 2776-6780

Recent research highlights that self-efficacy not only enhances individuals' willingness to engage in financial planning but also improves their capacity to achieve financial security and resilience. (Chong et al., 2021; Mathew et al., 2024). These findings underscore the importance of psychological confidence as a complement to financial knowledge in enhancing financial well-being.

2.6. Mediating Role of Digital Financial Inclusion

Digital financial inclusion is defined as the accessibility of the underserved to use financial services through digital platforms and digital devices. (Gallego-Losada et al., 2023). While both knowledge and self-efficacy may directly influence financial well-being, their effects may also operate indirectly through digital financial inclusion. Digital financial platforms broaden access to payments, savings, credit, and insurance, but their benefits depend on individuals' ability and confidence to use them effectively. (Kanungo & Gupta, 2021; Tan et al., 2025). Financial knowledge provides the skills to evaluate options, while self-efficacy strengthens confidence in adopting and utilizing digital finance tools. Empirical studies confirm the mediating role of financial inclusion in enhancing financial well-being. (Al-shami et al., 2024; Basnayake et al., 2024). Accordingly, we hypothesize:

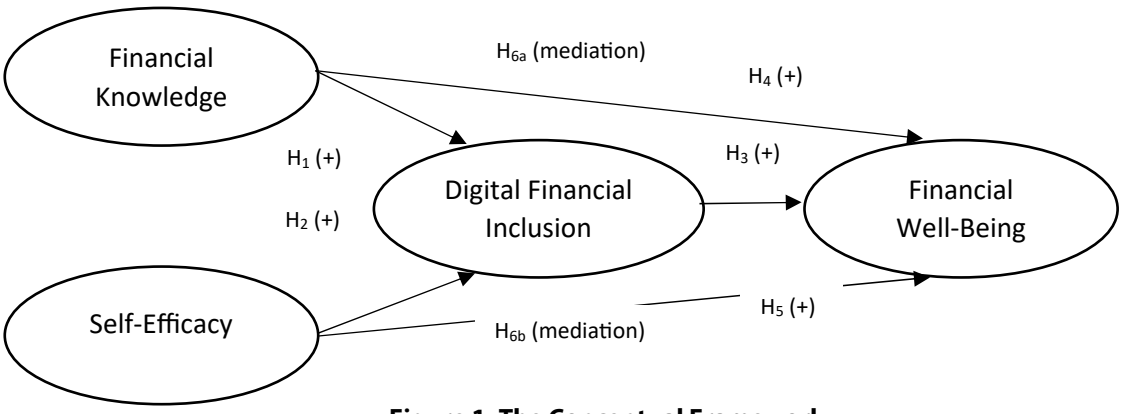

Figure 1. The Conceptual Framework

Based on the theoretical framework and empirical findings discussed in the previous sections, this study formulates several hypotheses as:

H1: Financial knowledge has a positive impact on digital financial inclusion.
H2: Self-efficacy has a positive impact on digital financial inclusion.
H3: Digital financial inclusion has a positive impact on financial well-being.
H4: Financial knowledge has a positive impact on financial well-being.
H5: Self-efficacy has a positive impact on financial well-being.
H6a: Digital financial inclusion mediates the relationship between financial knowledge and financial well-being.
H6b: Digital financial inclusion mediates the relationship between self-efficacy and financial well-being.

III. Research Method

The population of this study consists of Indonesian residents aged 15 years and older who are considered capable of managing their personal finances. According to Badan Pusat Statistik (BPS), as of February 2025, this group totaled 216,785,997 individuals (Badan Pusat Statistik, 2025). To determine the minimum sample size, an a priori power analysis was conducted using G*Power 3.1 (Kang, 2021) for a linear multiple regression model with three predictors and a medium effect size ($f^2 = 0.15$), following (Cohen, 1988) guidelines. With a significance level (α) of 0.05 and a statistical power of 0.80, the analysis indicated that a

ISSN [Online]: 2776-6780

minimum of 77 respondents was required. Given the very large population, the study applied a simple random sampling technique to ensure equal selection probability (Sekaran & Bougie, 2016). The survey was distributed via Google Forms through multiple channels of social media platforms in Indonesia. Out of 420 questionnaires distributed, 407 valid responses were obtained between February and July 2025, yielding a response rate of 96.9%. This study uses four main variables, namely Financial Knowledge (FK) and Self-Efficacy (SE) as independent variables, Digital Financial Inclusion (DFI) as a mediating variable, and Financial Well-Being (FWB) as a dependent variable. Each variable is measured using several indicators adapted from previous studies with adjustments to the research context in Indonesia.

Financial Knowledge (FK) was measured using four items adapted from (Çera et al., 2021), which assesses individuals' understanding of fundamental financial concepts such as inflation, risk, credit, and interest. Example items include statements such as "If the price goes up rapidly, the money people have in savings accounts could lose much of its value." "An investment with a high return is likely to be highly risky." And "I understand the cost of buying on credit." These indicators reflect respondents' ability to apply financial knowledge in making informed financial decisions. Responses were assessed using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Self-efficacy (SE) was assessed using three items adapted from (Lone & Bhat, 2024; Noor et al., 2020). This construct captures respondents' confidence in their ability to manage financial matters effectively and make appropriate financial choices. Example items include "I can develop a strategy to achieve my financial goals." "Set financial goals regarding my future well-being," and "Confident to choose the right financial product according to my needs." Responses were assessed using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Digital Financial Inclusion (DFI) was measured using four items derived from (Ratnawati et al., 2025). The items assess respondents' ease of access, usage, and satisfaction with digital financial products and services. Example statements include "It is easy for me to use digital financial products", "It is easy for me to use digital financial products." "I am satisfied with the quality of digital financial products/services," and "Digital financial products contribute to my financial well-being." This construct reflects the extent to which individuals are integrated into the digital financial system. Responses were assessed using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Financial Well-Being (FWB) was measured using five items adapted from (Kuutol et al., 2024; Ratnawati et al., 2025). These items evaluate respondents' perceived financial satisfaction, security, and ability to meet regular financial obligations. Example statements include "I am very satisfied with my current financial situation", "My current financial situation makes me feel great." "At present, my level of financial stress is zero." "I live up to date financially.", and "I am not worried about my ability to cope with normal monthly expenses." Responses were assessed using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

This study uses Partial Least Squares Structural Equation Modeling (PLS-SEM), supported by the SmartPLS software. PLS-SEM is well-suited for analyzing models that involve relatively small sample sizes or complex structures, as it does not require strict assumptions about data distribution. Moreover, PLS-SEM provides efficient parameter estimation and offers stronger statistical power, increasing the likelihood of detecting meaningful relationships within the population. Because of these advantages, PLS-SEM is considered appropriate for a wide range of research contexts. Consequently, selecting an adequate sample is essential—not only to enhance the accuracy and reliability of the data but also to ensure that the research objectives can be achieved more effectively. (Hair et al., 2017; Lady et al., 2025). The quality of the research instruments was tested through several stages of reliability and validity evaluation. Internal reliability was measured using Cronbach's Alpha (α) and Composite Reliability (CR), with criteria of $\alpha > 0.70$ and $CR > 0.70$ indicating adequate internal consistency. Convergent validity is examined using Average Variance Extracted (AVE), where an AVE value > 0.50 indicates that the indicators can explain the latent variables well. Meanwhile, discriminant validity is tested using the Fornell–Larcker criteria to ensure that each construct has clear differences from one another. (Hair et al., 2017)

GOLDEN RATIO
ISSN [Online]: 2776-6780

IV. Result and Discussion

4.1. Descriptive Statistics

Table 1. Respondent Demographic Profile

Characteristics	Indicators	n	Percentage
Gender	Man	140	34.40%
	Women	267	65.60%
Age	18-24	220	54.05%
	25-34	106	26.04%
	35-44	55	13.51%
	45-54	21	5.16%
	>54	5	1.23%
Education	Elementary School	1	0.25%
	Junior High School	3	0.74%
	Senior High School	220	54.05%
	Bachelor's Degree	170	41.77%
	Master's/Doctoral Degree	13	3.19%
Monthly Income (Rupiah)	<4 Million	173	28.75%
	4 Million - 10 Million	203	49.88%
	11 Million - 20 Million	24	5.90%
	>20 Million	7	1.72%
Marital Status	Unmarried	295	72.48%
	Married	112	27.52%

The demographic characteristics of the respondents indicate that the sample was largely composed of women, who accounted for 65.60% of the total participants. The age distribution also shows a predominantly young population, with more than half of the respondents falling within the 18–24 age group (54.05%), followed by an additional 26.04% who were between 25 and 34 years old. Educational attainment was generally high, as the majority had either completed senior high school (54.05%) or obtained a bachelor's degree (41.77%). Regarding income levels, almost half of the respondents reported earning between IDR 4 million and 10 million per month (49.88%), while 28.75% earned less than IDR 4 million. These figures suggest that most participants were situated within the lower-to-middle income categories. Consistent with the younger age structure, the majority of respondents were unmarried (72.48%). Taken together, these characteristics indicate that the sample represents a relatively young, educated, and predominantly single population with moderate income levels. These demographic patterns align with previous studies showing that younger and more educated individuals tend to be early adopters of financial technologies. Moreover, unmarried respondents often exhibit greater digital engagement and risk tolerance, which may influence both financial inclusion and well-being.

Table 2. Validity and Reliability Test

Variable	Indicator	Outer Loadings	CA	CR	AVE
Financial Knowledge	FK 1	0.817	0.636	0.805	0.580
	FK 2	0.712			
	FK 3	0.751			
Self-efficacy	SE 1	0.796	0.716	0.840	0.637
	SE 2	0.836			
	SE 3	0.760			
Digital Financial Inclusion	DFI 2	0.812	0.631	0.802	0.575
	DFI 3	0.698			

ISSN [Online]: 2776-6780

	DFI 4	0.761			
Financial Well-Being	FWB 1	0.711	0.764	0.840	0.513
	FWB 2	0.783			
	FWB 3	0.715			
	FWB 4	0.745			
	FWB 5	0.618			

According to (Hair et al., 2017; Latan & Ghozali, 2012)The evaluation of a measurement model involves several key criteria to ensure the validity and reliability of the constructs. The Outer loadings of the indicators should ideally exceed 0.70 as this reflects strong indicator reliability; however, loadings between 0.50 and 0.70 may still be deemed acceptable, particularly in exploratory research settings. Construct reliability is assessed using Cronbach's Alpha and Composite Reliability, with values of 0.70 or higher considered satisfactory, while values above 0.60 are acceptable for studies in the early stages of theoretical development. Convergent validity is examined through the Average Variance Extracted (AVE), where values greater than 0.50 indicate that a construct is capable of explaining more than half of the variance in its associated indicators. Based on these established benchmarks, the findings from the measurement model show that all constructs included in this research successfully satisfy the required standards for both reliability and validity.

Table 3. Discriminant Validity Test (Fornell-Larcker)

	Digital Financial Inclusion	Financial Knowledge	Financial Well-Being	Self-efficacy
Digital Financial Inclusion	0.758			
Financial Knowledge	0.435	0.761		
Financial Well-Being	0.526	0.292	0.716	
Self-efficacy	0.585	0.413	0.568	0.798

This test is used to ensure that each construct in the research model is unique and does not overlap with other constructs. Discriminant validity is met if the square root of the AVE for each construct is greater than the correlation between that construct and other constructs in the model. (Hair et al., 2017). The results indicate that all constructs in this study demonstrate satisfactory discriminant validity, confirming that each construct is capable of distinguishing itself clearly from the others in the structural model.

Table 4. R Square Test

Endogenous Variable	R Square	Adjusted R Square
Digital Financial Inclusion	0.387	0.384
Financial Well-Being	0.380	0.375

R^2 (R Square) is used to evaluate how well the independent variables account for the variance in the dependent variable. Following Hair et al. (2017 an R^2 value of approximately 0.25 indicates a weak explanatory power, 0.50 represents a moderate level, and 0.75 reflects a substantial level of explanatory power. The findings show that the model explains about 38% of the variance in both Digital Financial Inclusion and Financial Well-Being, indicating a moderate level of explanatory power. This finding implies that the independent variables included in the model, such as financial knowledge and self-efficacy, play a significant role in influencing these outcomes, although other external factors may also contribute to variations in digital financial inclusion and financial well-being.

Table 6. Direct Effect Test (Path Coefficient)

Direct Effect	Coefficient	T Statistics (|O/STDEV|)	P Values	Result
H_1: FK -> DFI	0.233	3.864	0.000	Accepted
H_2: SE -> DFI	0.488	10.825	0.000	Accepted

ISSN [Online]: 2776-6780

H_3:DFI -> FWB	0.295	4.903	0.000	Accepted
H_4: FK -> FWB	0.001	0.015	0.988	Rejected
H_5: SE -> FWB	0.395	5.955	0.000	Accepted

Hypothesis 1 shows that financial knowledge has a positive and significant influence on digital financial inclusion (coefficient = 0.233; p = 0.000). This indicates that individuals who understand essential financial concepts such as saving, interest rates, investments, and risk management—are more likely to engage with digital financial platforms like e-wallets, mobile banking, and online investment tools. Financial literacy enables people to recognize both the advantages and potential risks of digital financial services, fostering greater confidence to use them. This result aligns with the financial capability framework proposed by (Lusardi & Mitchell, 2014), which asserts that financial literacy underpins sound financial decision-making. Therefore, financial knowledge not only enhances understanding but also encourages active participation in the growing digital financial ecosystem, particularly in rapidly developing economies like Indonesia.

Hypothesis 2 shows that self-efficacy also demonstrates a positive and significant effect on digital financial inclusion (coefficient = 0.488; p = 0.000). This finding suggests that confidence in managing one's finances is a key driver of digital financial engagement. Individuals with higher self-efficacy are more open to experimenting with new technologies, trust their ability to handle financial tools, and are better equipped to overcome technical or psychological challenges. This is consistent with (Bandura, 1991), theory, which posits that self-efficacy influences motivation and how individuals respond to difficulties. In digital finance, confidence empowers users to explore financial applications, complete transactions, and make informed decisions. Thus, self-efficacy acts as a psychological catalyst for digital inclusion, enabling individuals to integrate technology into their financial practices.

Hypothesis 3 reveals that digital financial inclusion significantly and positively affects financial well-being (coefficient = 0.295; p = 0.000). This suggests that individuals who actively use digital financial services tend to experience greater financial satisfaction and security. Through digital access, they can efficiently monitor expenses, perform transactions, and manage savings or investments, enhancing their sense of control and reducing financial stress. This result supports findings by (Ozili, 2023), who argue that digital inclusion strengthens financial empowerment by improving efficiency and accessibility. By enabling informed decision-making and timely financial actions, digital technologies contribute to greater financial resilience and independence.

Hypothesis 5 also shows that self-efficacy has a positive and significant influence on financial well-being (coefficient = 0.395; p = 0.000). Individuals with strong financial self-efficacy generally feel more secure, satisfied, and in control of their finances. They tend to save consistently, manage financial risks effectively, and maintain emotional stability when facing uncertainty. According to (Bandura, 1991)Self-efficacy affects both cognitive and emotional processes, shaping how individuals respond to challenges. In this study, self-efficacy emerges as the most powerful predictor of financial well-being, emphasizing the central role of psychological confidence in achieving financial stability.

The direct effect analysis indicates that four of the five proposed hypotheses are supported, with only Hypothesis 4 being rejected. Self-efficacy demonstrates the strongest influence on both digital financial inclusion and financial well-being, suggesting that psychological confidence plays a more decisive role than financial knowledge in shaping financial outcomes. This result resonates with social cognitive theory. (Bandura, 1991), which emphasizes that self-efficacy guides not only behavioral choices but also persistence in overcoming financial challenges. In this context, individuals who feel confident in their financial management skills are more likely to engage with digital financial platforms and experience a higher sense of financial well-being. The rejection of H4 suggests that financial knowledge alone does not directly translate into improved financial well-being. While knowledge about concepts such as inflation, credit, or investment risk is essential, it appears insufficient in shaping subjective well-being unless it is accompanied by the confidence to apply that knowledge in daily decision-making. (Lee et al., 2020; Sangeeta et al., 2022).

ISSN [Online]: 2776-6780

Moreover, the demographic structure of the respondents highlights the relevance of self-efficacy over knowledge. With 72% of participants being unmarried and almost half reporting moderate monthly income (between IDR 4–10 million), many are at an early stage of financial independence. According to (Lusardi & Mitchell, 2014)Young adults often display a gap between financial literacy and financial behavior, where adequate knowledge exists, but confidence and discipline determine whether knowledge is effectively applied. In this study, the strong predictive role of self-efficacy reflects the importance of psychological readiness in bridging this gap, enabling individuals to navigate uncertainty, use digital financial services more effectively, and achieve greater financial stability. However, the cross-sectional nature of the data and the self-reported responses may limit causal interpretations of these relationships.

Table 7. Indirect Effect Test (Mediation Analysis)

Indirect Effect	Coefficient	T Statistics (|O/STDEV|)	P Values	Result
H_{6a}:FK -> DFI -> FWB	0.069	2.700	0.007	Accepted
H_{6b}: SE -> DFI -> FWB	0.144	4.833	0.000	Accepted

The results of the mediation test reveal that both indirect hypotheses are supported. Financial knowledge has a significant indirect effect on financial well-being through digital financial inclusion (H6a), even though its direct effect on financial well-being (H4) was not significant. This implies that financial knowledge contributes to positive financial outcomes only when individuals are able to utilize and integrate that knowledge into digital financial practices, such as online banking, e-wallets, or digital investment platforms. Similarly, self-efficacy also shows a significant indirect influence on financial well-being through digital financial inclusion (H6b), reinforcing its central role in shaping financial behavior. The relatively larger coefficient of the self-efficacy pathway highlights that psychological confidence not only directly enhances financial well-being but also strengthens the effective use of digital financial tools as a mechanism to achieve financial satisfaction and reduce financial stress. These findings suggest that digital financial inclusion acts as a critical mediator, bridging the gap between individual capacities (knowledge and confidence) and financial outcomes. In other words, having knowledge and confidence alone may not be sufficient—both must be translated into actual financial practices, which are increasingly digital in today's context.

4.2. Discussion

From a theoretical standpoint, this study enriches the financial behavior literature by integrating constructs of financial knowledge, self-efficacy, and digital financial inclusion in explaining financial well-being. The rejection of the financial knowledge's impact on financial well-being aligns with prior studies. (Lee et al., 2020; Sangeeta et al., 2022), which argues that financial knowledge in isolation does not guarantee better outcomes unless it is supported by behavioral enablers. The confirmation of indirect effects further highlights the mediating role of digital finance, offering empirical support to the notion that technology adoption is a key pathway through which financial capabilities are transformed into tangible well-being. Additionally, the strong influence of self-efficacy is consistent with social cognitive theory. (Bandura, 1991), which underscores the importance of confidence and self-belief in converting potential into actual performance.

In practice, the results suggest that financial education efforts should not stop at improving knowledge but also strengthen confidence and encourage digital financial use. Strengthening self-efficacy is essential because individuals who feel capable and empowered are more likely to apply their knowledge in real financial situations. To support this, regulators and financial institutions can play a major role by developing simpler and more intuitive digital platforms, providing step-by-step onboarding assistance, and offering interactive tools that guide users in making informed financial decisions. Such efforts can help bridge the gap between theoretical understanding and practical financial behavior. For younger individuals—who

ISSN [Online]: 2776-6780

constitute the majority of respondents in this study—interventions should prioritize the integration of both digital literacy and financial literacy. This combination is crucial for equipping them with the necessary skills and confidence to navigate an increasingly digital financial landscape, ultimately contributing to a more inclusive and sustainable financial ecosystem.

Additionally, policymakers should pay special attention to vulnerable segments of the population, including rural communities, women, and low-income households. Ensuring that financial services remain accessible, equitable, and free from structural barriers is essential to avoiding the reinforcement of existing inequalities. One effective strategy is to promote stronger collaboration between fintech providers and traditional banking institutions to design digital financial platforms that are transparent, user-friendly, and aligned with the behavioral tendencies of various user groups. By aligning product design with users' behavioral patterns, such initiatives can broaden outreach, empower individuals through both knowledge and self-efficacy, and ultimately foster greater financial inclusion. As an academic writer, I understand the critical role that the results and discussion section plays in a research paper. This section is where researchers present the key findings of their study and interpret the meaning and significance of those findings. (Şanlı et al., 2014) (Ghasemi et al., 2019)

The results and discussion section typically begins with a restatement of the main findings, concisely summarizing the key outcomes of the research. This provides the reader with a clear and focused overview of the study's results. Next, the discussion section delves into interpreting the meaning and implications of the results. This is where the researcher explains what the findings mean and how they relate to the existing body of research in the field. The discussion should go beyond simply restating the results and instead focus on evaluating the significance and broader context of the findings. (Ghasemi et al., 2019). Importantly, the discussion section should compare the study's results to those of other relevant research. This allows the researcher to situate their work within the larger scientific landscape, identifying areas of agreement or disagreement with prior studies. Additionally, the discussion should address the implications of the findings, explaining why the results matter and how they might be applied or built upon in future research. Finally, the discussion section should acknowledge the limitations of the study and highlight any unresolved questions or areas for future investigation. By carefully addressing these key elements, the results and discussion section helps to elevate the research paper, providing a comprehensive and insightful analysis of the study's significance and contribution to the field (Busse & August, 2020) (Şanlı et al., 2014) (Ghasemi et al., 2019).

V. Conclusion

This study sought to investigate how financial knowledge and self-efficacy contribute to financial well-being, with digital financial inclusion functioning as a key mediating pathway. The findings demonstrate that self-efficacy plays the most influential role, exerting a strong and consistent impact on both the adoption of digital financial services and overall financial well-being. This underscores the idea that individuals' confidence in managing their finances is essential not only for engaging with digital financial tools but also for achieving better financial satisfaction and stability. In contrast, financial knowledge does not directly improve financial well-being; rather, its positive effects emerge indirectly, becoming meaningful only when individuals are able to translate their understanding into practical financial behaviors through digital platforms.

From a theoretical standpoint, the study emphasizes the importance of integrating both psychological factors, such as confidence, and structural factors, such as digital access, in explaining financial outcomes. This approach broadens existing perspectives by showing that knowledge alone is insufficient without the capability and motivation to apply it effectively. On a practical level, the findings highlight the necessity for financial education programs that go beyond simply teaching financial concepts. Instead, initiatives should focus on enhancing self-efficacy and digital literacy to ensure that individuals—especially younger populations and vulnerable groups—are equipped to navigate an increasingly digital financial environment. Strengthening collaboration among policymakers, financial institutions, and fintech providers

ISSN [Online]: 2776-6780

is essential in developing inclusive, transparent, and user-friendly digital platforms. Such partnerships can help position digital finance as a powerful tool for improving financial well-being and promoting greater financial inclusion across diverse segments of society. This study is subject to several limitations that should be acknowledged. To begin with, the use of self-reported survey data introduces an element of subjectivity, as participants may unintentionally misrepresent their true financial behaviors, levels of confidence, or attitudes—either by overstating positive traits or minimizing perceived shortcomings. Such biases can influence the accuracy of the results.

Additionally, the demographic composition of the sample is heavily skewed toward younger and unmarried individuals. While this group offers valuable insights—especially in a digital financial context—it limits the extent to which the findings can be generalized to other populations, including older adults, married individuals, or households with dependents, whose financial priorities and digital usage patterns may differ significantly. A further limitation is that the research is situated within the Indonesian context. Although Indonesia provides a relevant setting due to its rapid digital financial growth, the findings may not fully apply to countries with different economic conditions, cultural backgrounds, or levels of technological and financial infrastructure. As a result, the external validity of the study may be constrained when considering broader global applications. To address the subjectivity and potential bias associated with self-reported survey data, future studies could incorporate a broader range of data sources. For example, researchers might combine traditional questionnaire responses with objective financial records, digital transaction histories, or behavioral data obtained through experimental or quasi-experimental methods. Such triangulation would allow for a more accurate and comprehensive understanding of individuals' financial behaviors and digital engagement.

Future research could also benefit from diversifying the demographic characteristics of the sample. Including a wider range of participants—such as older adults, married individuals, and households with dependents—would provide a more complete representation of the population and allow researchers to examine whether the observed relationships hold across different life stages and socioeconomic contexts. By capturing the financial experiences and digital usage patterns of more varied groups, subsequent studies could improve the external validity and relevance of their findings, offering deeper insights into how financial knowledge, self-efficacy, and digital financial inclusion interact across diverse demographic segments. Finally, future studies may incorporate other psychological or behavioral factors, such as financial anxiety. (Badrudin et al., 2025; Chhillar et al., 2025), impulsivity (Abrantes-Braga & Veludo-de-Oliveira, 2020; Raj et al., 2024), or trust in digital finance (Irimia-Diéguez et al., 2024; Saadah & Setiawan, 2024) —to offer a more comprehensive understanding of the mechanisms influencing financial well-being.

References

Abrantes-Braga, F. D. M. A. & Veludo-de-Oliveira, T. (2020). Help me, I can't afford it! Antecedents and consequences of risky indebtedness behaviour. *European Journal of Marketing*, *54*(9), 2223–2244. https://doi.org/10.1108/EJM-06-2019-0455

Al Rahahleh, N. (2024). From Literacy to Inclusion: The Essential Role of Financial Self-Efficacy. *Review of Development Finance*, *14*(2), 78–93. https://doi.org/10.10520/ejc-rdfin_v14_n2_a5

Al-shami, S. A., Damayanti, R., Adil, H., Farhi, F. & Al, A. (2024). Financial and digital financial literacy through social media use towards financial inclusion among batik small enterprises in Indonesia. *Heliyon*, *10*(15), e34902. https://doi.org/10.1016/j.heliyon.2024.e34902

Badan Pusat Statistik. (2025). *Jumlah penduduk usia 15 tahun ke atas menurut golongan umur*. https://www.bps.go.id/id/statistics-table/2/NzE1IzI=/jumlah-penduduk-usia-15-tahun-ke-atas-menurut-golongan-umur.html

Badrudin, R., Fahlevi, M., Dahlan, S. P., Dahlan, O. P., & Dandi, M. (2025). Financial stress and its determinants in Indonesia: Exploring the moderating effects of digital knowledge, age, and gender. *Journal of Open Innovation: Technology, Market, and Complexity*, *11*(2), 100528. https://doi.org/10.1016/j.joitmc.2025.100528

ISSN [Online]: 2776-6780

Bandura, A. (1991). Social cognitive theory of self-regulation. *Organizational Behavior and Human Decision Processes*, *50*(2), 248–287. https://doi.org/10.1016/0749-5978(91)90022-L

Basnayake, D., Naranpanawa, A., Selvanathan, S. & Bandara, J. S. (2024). Financial inclusion through digitalization and economic growth in Asia-Pacific countries. *International Review of Financial Analysis*, *96*(PA), 103596. https://doi.org/10.1016/j.irfa.2024.103596

Çera, G., Khan, K. A., Mlouk, A. & Brabenec, T. (2021). Improving financial capability: the mediating role of financial behaviour. *Economic Research-Ekonomska Istrazivanja* , *34*(1), 1265–1282. https://doi.org/10.1080/1331677X.2020.1820362

Chhillar, N., Sharma, K. & Arora, S. (2025). Exploring the role of digital financial literacy and personal financial behavior in shaping financial stress and well-being in the digital age. *Acta Psychologica*, *259*(April). https://doi.org/10.1016/j.actpsy.2025.105308

Chong, K. F., Sabri, M. F., Magli, A. S., Rahim, H. A., Mokhtar, N., & Othman, M. A. (2021). The Effects of Financial Literacy, Self-Efficacy, and Self-Coping on Financial Behavior of Emerging Adults. *Journal of Asian Finance, Economics and Business*, *8*(3), 905–915. https://doi.org/10.13106/jafeb.2021.vol8.no3.0905

Cohen, J. (1988). Statistical Power Analysis for the Behavioral Sciences, Second Edition. In *Lawrence Erlbaum Associates* (Second Edi). Lawrence Erlbaum Associates Publishers.

Cuandra, F. & Candy, C. (2024). Strategies and Innovations for Enhancing Sustainable Performance in SMEs During The 4.0 Digital Business Era. *Jurnal Organisasi Dan Manajemen*, *20*(1), 1–16. https://doi.org/10.33830/jom.v20i1.6449.2024

Elisan, G. B. R., Aquino, A. B., Niepes, J. O. & Magarao, Q. M. M. (2025). The Relationship Between Financial Self-Efficacy and Financial Behavior of College Students. *Melas Journal of Education*, *2*(1), 29–42. https://doi.org/10.70847/587962

Febriyanto, F., Pariyanti, E., Japlani, A. & Rinnanik, R. (2024). The Moderating Role of Islamic Financing Access in the Impact of Islamic Financial Knowledge and Financial Confidence on Financial Well-being among MSME Owners. *Jurnal Manajemen Bisnis*, *15*(2), 241–257. https://doi.org/10.18196/mb.v15i2.22164

Fitrianingsih, D. & Mardiana, M. (2025). The Role of Education in Moderating the Effects of Income and Consumption on Financial Welfare among Agricultural Families. *Golden Ratio of Finance Management*, *5*(2), 310–321. https://doi.org/https://doi.org/10.52970/grfm.v5i2.1134

Gallego-Losada, M. J., Montero-Navarro, A., García-Abajo, E. & Gallego-Losada, R. (2023). Digital financial inclusion. Visualizing the academic literature. *Research in International Business and Finance*, *64*(February 2022), 101862. https://doi.org/10.1016/j.ribaf.2022.101862

Ghouse, S. M., Shekhar, R. & Chaudhary, M. (2025). Driving financial inclusion: exploring mobile wallet adoption among rural Omani millennials. *Journal of Islamic Marketing*, *16*(4), 1229–1257. https://doi.org/10.1108/JIMA-02-2024-0073

Hair, J. F., Hult, G. T., Ringle, C. & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM) - Joseph F. Hair, Jr., G. Tomas M. Hult, Christian Ringle, Marko Sarstedt. In *Sage*.

Hernandez-Perez, J. & Rambaud, S. C. (2025). Uncovering the factors of financial well-being: the role of self-control, self-efficacy, and financial hardship. *Future Business Journal*, *11*(1). https://doi.org/10.1186/s43093-025-00498-7

Hesniati, H. & Limgestu, R. (2023). Determinants of Intention To Use Islamic Fintech During the COVID-19 Pandemic. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, *7*(4), 587–604. https://doi.org/10.24034/j25485024.y2023.v7.i4.5860

Idris, H. (2025). Understanding Financial Inclusion Through Fintech : A Qualitative Inquiry into the Role of Technology in Shaping Financial Landscapes. *Golden Ratio of Finance Management*, *5*(1), 260–269. https://doi.org/https://doi.org/10.52970/grfm.v5i1.1235

Irimia-Diéguez, A., Albort-Morant, G., Oliver-Alfonso, M. D. & Ullah, S. (2024). Predicting the intention to use Paytech services by Islamic banking users. *International Journal of Islamic and Middle Eastern Finance and Management*, *17*(1), 1–15. https://doi.org/10.1108/IMEFM-07-2022-0298

Kang, H. (2021). Sample size determination and power analysis using the G*Power software. *Journal of Educational Evaluation for Health Professions*, *18*, 1–12. https://doi.org/10.3352/JEEHP.2021.18.17

ISSN [Online]: 2776-6780

Kanungo, R. P. & Gupta, S. (2021). Financial inclusion through digitalisation of services for well-being. *Technological Forecasting and Social Change*, *167*(March), 120721. https://doi.org/10.1016/j.techfore.2021.120721

Kartawinata, B. R., Fakhri, M., Pradana, M., Hanifan, N. F., & Akbar, A. (2021). The role of financial self-efficacy: mediating effects of financial literacy & financial inclusion of students in West Java, Indonesia. *Journal of Management Information and Decision Sciences*, *24*(Special Issue 2), 1–9.

Kuutol, P. K., Mbonigaba, J. & Garidzirai, R. (2024). Financial Literacy and Financial Well-Being in Rural Households in Ghana: The Role of Financial Information Consumption. *Sustainability (Switzerland)*, *16*(19), 1–24. https://doi.org/10.3390/su16198380

Lady, Lady, Shevia, S., Melsen, F., Purwianti, L. & Liu, C. (2025). Exploring Gen-Z Online Fashion Purchase Intention Using SOR Model: The Moderating Role of Gender. *Jurnal Manajemen Bisnis*, *16*(2), 372–394. https://doi.org/10.18196/mb.v16i2.25591

Latan, H. & Ghozali, I. (2012). *Partial least square: konsep, teknik, dan aplikasi smart pls 2.0 m3*. Badan penerbit Universitas Diponegoro.

Lee, J. M., Lee, J., & Kim, K. T. (2020). Consumer Financial Well-Being: Knowledge is Not Enough. *Journal of Family and Economic Issues*, *41*(2), 218–228. https://doi.org/10.1007/s10834-019-09649-9

Lone, U. M. & Bhat, S. A. (2024). Impact of financial literacy on financial well-being: a mediational role of financial self-efficacy. *Journal of Financial Services Marketing*, *29*(1), 122–137. https://doi.org/10.1057/s41264-022-00183-8

Lusardi, A. & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, *52*(1), 5–44. https://doi.org/10.1257/jel.52.1.5

Mathew, V., Santhosh Kumar P K & Sanjeev M A. (2024). Financial Well-being and Its Psychological Determinants— An Emerging Country Perspective. *FIIB Business Review*, *13*(1), 42–55. https://doi.org/10.1177/23197145221121080

Megananda, T. B. & Faturohman, T. (2022). Improving Financial Well-being in Indonesia: The Mediating Role of Financial Behavior. *Review of Integrative Business and Economics Research*, *11*(4), 201–219.

Munna, N. N., Widiastuti, A., & Riyoko, S. (2025). The Impact of Financial Technology on Employee Well-Being in PDAM Jepara : Mediating Roles of Financial Literacy and Lifestyle. *Golden Ratio of Finance Management*, *5*(1), 239–251. https://doi.org/https://doi.org/10.52970/grfm.v5i1.1099

Nogueira, M. C., Almeida, L. & Tavares, F. O. (2025). Financial Literacy, Financial Knowledge, and Financial Behaviors in OECD Countries. *Journal of Risk and Financial Management*, *18*(3), 1–15. https://doi.org/10.3390/jrfm18030167

Noor, N., Batool, I. & Arshad, H. M. (2020). Financial literacy, financial self-efficacy, and financial account ownership behavior in Pakistan. *Cogent Economics and Finance*, *8*(1). https://doi.org/10.1080/23322039.2020.1806479

OECD. (2024). G20 policy note on financial well-being. In the *G20 policy note on financial well-being*. https://doi.org/10.1787/7332c99d-en

OJK. (2022). Survei Nasional Literasi dan Inklusi. In *Siaran Pers* (pp. 1–3).

Ozili, P. K. (2023). *The Future of Financial Inclusion*. https://doi.org/https://mpra.ub.uni-muenchen.de/118800/

Radiman, Wahyuni, S. F., Putri, L. P., Damaiyanti, A. & Anugrahwati, D. P. (2025). Lecturers' financial well-being: The role of religiosity, financial literacy, financial behavior, and financial stress with gender as a moderating variable. *Investment Management and Financial Innovations*, *22*(2), 14–25. https://doi.org/10.21511/imfi.22(2).2025.02

Raj, V. A., Jasrotia, S. S., & Rai, S. S. (2024). Intensifying materialism through examining the dark sides. *International Journal of Bank Marketing*, *42*(1), 94–112. https://doi.org/10.1108/IJBM-08-2022-0343

Rashid, S., Bilal, M., Hussain, A. & Shah, M. A. (2022). Impact of financial inclusion on financial well-being: Moderating effect of orientation towards finance. *Journal of Economic Impact*, *4*(2), 124–133. https://doi.org/https://doi.org/10.52223/jei4022215

Ratnawati, Rokhman, M. T. N. & Ningsih, A. A. T. (2025). The role of digital financial inclusion in improving financial literacy and financial well-being for business sustainability: Indonesian women's export craft SMEs. *Problems and Perspectives in Management*, *23*(2), 398–408. https://doi.org/10.21511/ppm.23(2).2025.28

ISSN [Online]: 2776-6780

Saadah, K. & Setiawan, D. (2024). Determinants of fintech adoption: evidence from SMEs in Indonesia. *LBS Journal of Management & Research*, *22*(1), 55–65. https://doi.org/10.1108/lbsjmr-11-2022-0076

Sangeeta, Aggarwal, P. K. & Sangal, A. (2022). Determinants of Financial Literacy and its Influence on Financial Wellbeing — a Study of the Young Population in Haryana, India. *Finance: Theory and Practice*, *26*(5), 121–131. https://doi.org/10.26794/2587-5671-2022-26-5-121-131

Santoso, R. A., Vilantika, E., Soelistya, D. & Liu, Y. (2024). Locus of Control Mediates The Impact of Financial Knowledge, Attitudes, and Experience on Financial Behavior. *Jurnal Manajemen Bisnis*, *15*(2), 406–418. https://doi.org/10.18196/mb.v15i2.23506

Sekaran, U. & Bougie, R. (2016). *Research Methods For Business: A Skill Building Approach, 7th Edition eBook: Uma Sekaran, Roger Bougie: Kindle Store* (7th ed.). John Wiley & Sons.

Świecka, B., Terefenko, P., Wiśniewski, T. & Xiao, J. (2021). Consumer financial knowledge and cashless payment behavior for sustainable development in poland. *Sustainability (Switzerland)*, *13*(11), 1–18. https://doi.org/10.3390/su13116401

Tan, T. L., Lu, M. P. & Kosim, Z. (2025). The mediating effect of digital financial inclusion on gender differences in digital financial literacy and financial well-being: Evidence from Malaysian households. *Investment Management and Financial Innovations*, *22*(1), 11–24. https://doi.org/10.21511/imfi.22(1).2025.02

Tulcanaza-Prieto, A. B., Cortez-Ordoñez, A., Rivera, J. & Lee, C. W. (2025). Is Digital Literacy a Moderator Variable in the Relationship Between Financial Literacy, Financial Inclusion, and Financial Well-Being in the Ecuadorian Context? *Sustainability (Switzerland)*, *17*(6), 1–26. https://doi.org/10.3390/su17062476