

## THE INFLUENCE OF FINANCIAL LITERACY AND FINANCIAL ATTITUDE ON FINANCIAL WELL-BEING WITH FINANCIAL BEHAVIOR AS A MEDIATING VARIABLE: A STUDY OF CIVIL SERVANTS IN JAMBI PROVINCE

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### Abstract

*This study aims to analyze the influence of financial literacy and financial attitude on financial well-being, with financial behavior as a mediating variable among civil servants at the Regional Financial and Revenue Management Agency (BPKPD) of Jambi Province. Using a quantitative approach with Structural Equation Modeling (SEM-PLS), data were collected from 175 respondents through structured questionnaires. The results indicate that financial behavior is the strongest and most dominant predictor in determining financial well-being. Interestingly, the findings reveal that financial literacy has no direct effect on financial behavior, indicating a knowledge-behavior gap among the officers. However, financial attitude is proven to be the primary driver in shaping disciplined financial behavior. The mediation test confirms that financial behavior acts as a crucial bridge that transforms knowledge and attitude into tangible financial well-being. This study recommends that government agencies focus on educational programs based on behavioral and mental shifts, rather than merely providing theoretical materials.*

**Keywords:** Financial Literacy, Financial Attitude, Financial Behavior, Financial Well-Being, Civil Servants

### Introduction

Financial well-being (FWB) is defined not merely by objective wealth accumulation but by an individual's capacity to manage current obligations while maintaining the resilience to absorb future financial shocks (CFPB, 2017). Despite possessing stable salaries, many civil servants (ASN) remain vulnerable to financial stress due to cognitive and behavioral factors. In Jambi Province, recent data from (Nasional, 2025) indicates a significant gap between financial inclusion and literacy rates, suggesting that while access to financial services is broad, the capacity for effective management remains low.

In Indonesia, the National Survey of Financial Literacy and Inclusion (SNLIK 2025), 2025 highlights a persistent disparity. While financial inclusion has reached 88.75%, the literacy rate lags at 51.90%. This gap is mirrored in Jambi Province, where inclusion is 90.15% against a literacy rate of 54.32%. This suggests that while access to financial services is ubiquitous, the capacity to utilize these services effectively remains inadequate. Consequently, there is an increased risk of unhealthy financial habits, such as over-reliance on consumptive credit, which has surpassed IDR 1,153 trillion nationally, largely driven by the ASN segment through payroll-based lending.

This research is anchored in Behavioral Finance, which challenges the classical economic assumption of the "rational actor." Instead, it acknowledges that human decisions are often "quasi-rational," influenced by cognitive biases and emotional factors (AJZEN, 1991). To operationalize this, the study integrates the Theory of Planned Behavior (TPB), which posits that behavior is driven by intentions, which in turn are shaped by attitudes and knowledge (Bandura, 2001). Specifically, this research aims to examine and analyze the influence of literacy and attitude on well-being through the "behavioral bridge" within the BPKPD Jambi environment.

The Regional Financial and Revenue Management Agency (BPKPD) of Jambi Province presents a compelling research site. As an institution responsible for regional budget management, its staff are professionally literate in public finance. Yet, a paradox exists: proficiency in managing state funds does not necessarily translate into personal financial effectiveness. Preliminary pilot studies indicated that 60% of respondents at BPKPD feel anxious about unexpected large expenses and lacks financial freedom. This study fills a critical research gap by validating the Behavioral Finance model within a population that possesses professional financial competence but faces common personal financial hurdles.

Based on the theoretical gaps and the specific paradox observed among public sector financial managers, this study seeks to provide a comprehensive empirical analysis of the drivers of financial health. Specifically, this research aims to examine and analyze the direct influence of financial literacy and financial attitude on the financial well-being of civil servants (ASN) at BPKPD Jambi Province while investigating the extent to which financial behavior serves as a critical mediating mechanism in transforming cognitive knowledge and affective dispositions into tangible financial security and freedom. Beyond these primary objectives, the study is expected to offer significant theoretical contributions to the field of behavioral finance by validating the "knowledge-behavior gap" in a high-literacy professional environment. Practically, the findings are intended to serve as a strategic reference for the Jambi Provincial Government in designing more effective, behaviorally oriented financial wellness programs that shift the focus from purely technical literacy to

psychological mindsets and daily management habits, thereby providing a framework for enhancing the long-term economic resilience of the public workforce in an increasingly volatile economic landscape.

**Literature Review**

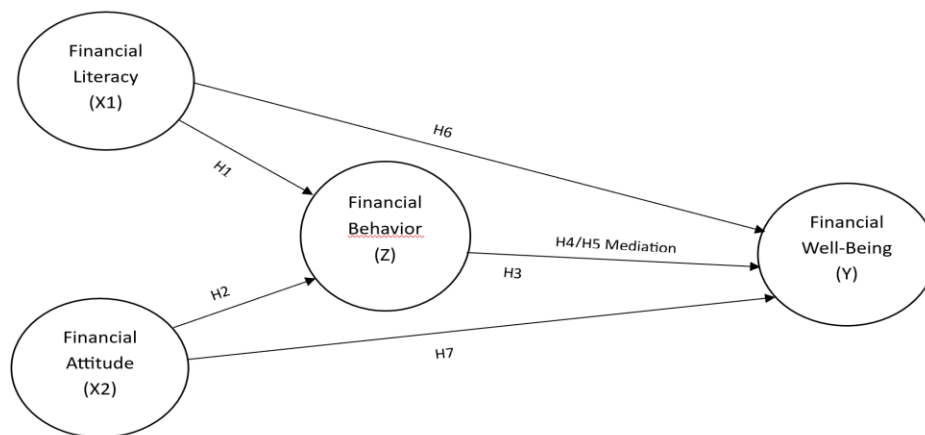
This research is fundamentally anchored in the paradigm of Behavioral Finance, serving as the primary theoretical framework to analyze the psychological mechanisms underlying financial decision-making among public sector employees. By diverging from classical finance's "homo economicus" model, this study acknowledges that human judgment is often "quasi-rational," integrating cognitive biases and emotional factors based on the pioneering work of Kahneman and Tversky to explore why stable-income individuals at BPKPD Jambi may still face financial instability. To operationalize these constructs, the study integrates the Theory of Planned Behavior (TPB), which provides a logical mechanism to explain how internal evaluations transform into actual deeds; specifically, it models Financial Attitude (X2) as a fundamental motivational driver that triggers actual Financial Behavior (Z), justifying how positive evaluations are converted into disciplined, consistent practices.

Furthermore, the theoretical synthesis is bolstered by Social Cognitive Theory (SCT), which emphasizes the role of self-regulation and the reciprocal interaction between personal factors and environmental influences (Bandura, 2001). Through the lens of SCT, financial well-being is achieved when an individual utilizes their financial literacy to evaluate their attitudes, subsequently directing their financial actions through conscious self-regulation. This multi-layered theoretical approach combining Behavioral Finance, TPB, and SCT ensures that the relationship between cognitive input (literacy), affective belief (attitude), and manifested action (behavior) is robustly grounded in established social science. This comprehensive lens is particularly vital for dissecting the potential conflict between the professional financial competence of ASN and their personal financial behaviors.

The conceptualization of Financial Well-Being (FWB) in this study is meticulously derived from the comprehensive framework established by the Consumer Financial Protection Bureau (CFPB). This framework shifts the definition of prosperity away from purely objective wealth accumulation toward a more holistic, subjective assessment of an individual's financial state. According to the (CFPB, 2017)FWB is defined by four fundamental pillars that represent both current and future dimensions of financial life: the ability to maintain control over day-to-day and month-to-month finances, the capacity to absorb a significant financial shock, the objective of being on track to meet long-term financial goals, and the subjective freedom to make choices that allow one to enjoy life. In this research model, FWB serves as the ultimate endogenous variable (Y), representing the cumulative outcome of how cognitive and affective inputs are processed through behavioral discipline.

Within the context of public sector employees at BPKPD Jambi, this conceptualization is vital as it accounts for the "security-autonomy" balance, recognizing that while stable salaries may ensure day-to-day control, they do not guarantee the capacity to absorb financial shocks if income is heavily leveraged by consumptive debt. By utilizing a 10-item Likert scale adapted from the CFPB's standardized instrument, this study captures nuanced dimensions of financial well-being (FWB), evaluating both current stressors and future security trajectories, such as retirement and education planning. Positioning FWB as the final destination in the structural model allows the research to critically evaluate the effectiveness of the proposed "Behavioral Bridge," determining whether professional literacy and positive attitudes are sufficient or if true financial freedom is exclusively dependent on consistent, disciplined behavior. Ultimately, this depth of analysis transcends simple income metrics to provide a comprehensive psychological profile of how Jambi's government financial analysts perceive their own economic resilience and quality of life.

**Conceptual Framework and Hypotheses**



**Figure 1.** Conceptual Framework

Literacy (X1) provides the cognitive foundation, while Attitude (X2) provides the affective motivation. Financial Behavior (Z) acts as the transformative mechanism. Based on this, the following hypotheses are proposed:

- H1: Financial Literacy significantly influences Financial Behavior.
- H2: Financial Attitude significantly influences Financial Behavior.
- H3: Financial Behavior significantly influences Financial Well-Being.
- H4: Financial Behavior mediates the relationship between Literacy and FWB.
- H5: Financial Behavior mediates the relationship between Attitude and FWB.
- H6: Financial Literacy directly influences Financial Well-Being.
- H7: Financial Attitude directly influences Financial Well-Being.

**Methods**

This research adopts a quantitative approach with an explanatory design, specifically aimed at constructing and verifying a causal structural model to analyze the complex interrelationships between cognitive, affective, and behavioral constructs within the public sector. The target population comprises 309 civil servants (ASN) consisting of 307 permanent civil servants (PNS) and 2 government employees with work agreements (PPPK) actively serving at the Regional Financial and Revenue Management Agency (BPKPD) of Jambi Province. To ensure statistical representativeness, the sample size was determined using the Slovin formula with a 5% margin of error, resulting in a minimum requirement of 175 respondents who were selected based on a minimum tenure of one year to ensure consistent experience in managing personal income and expenditures. Primary data collection was executed through a structured survey instrument where financial literacy was measured via objective knowledge tests scored binary (1 for correct, 0 for incorrect), while financial attitude, behavior, and well-being were evaluated using a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree".

For the analytical phase, this study utilized Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 4 software, chosen for its robustness in handling complex mediation paths without requiring a normal data distribution. Following the rigorous methodological standards established by (Hair et al., 2017) the analysis followed a two-stage procedure. The first stage involved the evaluation of the measurement (outer) model to verify convergent and discriminant validity alongside internal consistency. This was followed by the structural (inner) model assessment to test the seven proposed hypotheses through non-parametric bootstrapping, thereby determining the significance of both direct effects and specific indirect mediation roles.

**Results and Discussion**

**Profile of Respondents**

Demographic analysis reveals that the sample is predominantly composed of male respondents, accounting for 57.1% of the total participants, with a primary age concentration in the 41-50 years bracket (50.9%). From a socio-economic perspective, a significant majority 78.9% of the respondents bear the responsibility of supporting 3 to 4 dependents. This finding is particularly critical as it highlights a state of substantial financial pressure within the household structure. Despite their relatively stable professional standing, characterized by a dominant 85.1% holding the civil servant rank, the high number of dependents suggests that their fixed income is subject to heavy allocation, potentially limiting their capacity for discretionary saving and long-term financial security.

**Measurement Model Evaluation (Outer Model)**

The outer model testing confirmed high validity and reliability:

**Tabel 1.** Outer Loading

	KFS	LK	PK	SK
KFS1	0.880			
KFS10	0.809			
KFS2	0.891			
KFS3	0.893			
KFS4	0.906			
KFS5	0.886			
KFS6	0.902			
KFS7	0.889			
KFS8	0.871			
KFS9	0.822			
LK1		0.795		
LK2		0.819		

LK3	0.797
LK4	0.825
LK5	0.771
PK1	0.880
PK2	0.917
PK3	0.885
PK4	0.876
PK5	0.866
SK1	0.852
SK2	0.876
SK3	0.874
SK4	0.850
SK5	0.880

**Tabel 2.** Results of Convergent Validity and Construct Reliability Tests

Research Variable	AVE	Cronbach's Alpha	Composite Reliability (pc)	Remarks
Financial Well-Being	0,768	0,966	0,970	Excellent
Financial Literacy	0,642	0,861	0,900	Good
Financial Behavior	0,785	0,931	0,948	Excellent
Financial Attitude	0,751	0,917	0,938	Excellent

The outer model testing confirmed high validity and reliability, convergent validity All items showed loading factors > 0.70. The Average Variance Extracted (AVE) for all variables was above 0.50, with Financial Behavior (PK) reaching 0.785. Construct reliability, Cronbach's Alpha and Composite Reliability (CR) for all constructs were well above 0.70. Financial Well-Being recorded a CR of 0.970, indicating exceptional internal consistency.

**Tabel 3.** R-Square

Endogenous Variable	R-Square	R-Square Adjusted	Predictive
Financial Well-Being	0,880	0,878	Very Strong
Financial Behavior	0,889	0,887	Very Strong

Coefficient of Determination (R<sup>2</sup>): The model explains 88.9% of the variance in Financial Behavior and 88.0% in Financial Well-Being. This is categorized as "Substantial" or "Very Strong".

**Tabel 4.** Effect Size (f<sup>2</sup>)

Variable Relationship	f <sup>2</sup> Value	Category
Financial Literacy → Financial Behavior	0,149	Medium
Financial Attitude → Financial Behavior	2,211	Large (Highly Dominant)
Financial Literacy → Financial Well-Being	0,014	Small
Financial Attitude → Financial Well-Being	0,041	Small
Financial Behavior → Financial Well-Being	0,445	Large

Effect Size (f<sup>2</sup>): Financial Attitude has a massive effect on Behavior (f<sup>2</sup> = 2.211), while Behavior significantly impacts FWB (f<sup>2</sup> = 0.445)

**Hypothesis Testing Results (Direct and Indirect Effects)**

The evaluation of the structural model was conducted using a bootstrapping procedure to determine the significance of the hypothesized relationships. Table 5 and table 6 presents the comprehensive results of both direct and indirect (mediation) effects, providing path coefficients, t-statistics, and p-values for each hypothesis.

**Tabel 5.** Testing Results

Hypotesis	Relationship	Path Coeff.	T-Statistic	P-Value	Result
H1	Literacy (X1) → Behavior (Z)	0,070	1,548	0,122	Rejected
H2	Attitude (X2) → Behavior (Z)	0,202	4,853	0,000	Accepted
H3	Literacy (X1) → Financial Well-Being (Y)	0,693	9,608	0,000	Accepted
H4	Attitude (X2) → Financial Well-Being (Y)	0,198	2,501	0,012	Accepted
H5	Financial Behavior → Financial Well-Being	0,778	22,150	0,000	Accepted
H6	Literacy → Behavior → FWB	0,140	4,182	0,000	Accepted
H7	Attitude → Behavior → FWB	0,539	8,802	0,000	Accepted

## Analysis and Interpretation of Findings

The statistical findings presented in Table 5 reveal a complex interplay between cognitive knowledge, psychological disposition, and actual financial practices. A critical observation is the rejection of H1, where Financial Literacy was found to have a non-significant influence on Financial Behavior ( $\beta=0.070, t=1.548, p=0.122$ ). This indicates that among ASN at BPKPD Jambi, possessing technical financial knowledge does not inherently lead to disciplined management habits.

Conversely, H2 was strongly supported, highlighting that Financial Attitude is a significant driver of Financial Behavior ( $\beta=0.202, t=4.853, p=0.000$ ). This underscores the primacy of mindset over mere information in shaping how public sector employees manage their resources. Most notably, the path between Financial Behavior and Financial Well-Being (H5) exhibited the highest coefficient and significance ( $\beta=0.778, t=22.150, p=0.000$ ), positioning tangible actions as the most dominant determinant of subjective financial security.

The mediation analysis (H6 and H7) confirms that financial behavior serves as a vital transformative mechanism. While literacy and attitude provide the cognitive and psychological foundations, they must be translated into consistent actions to yield a significant improvement in financial well-being. Specifically, the stronger mediation effect in H7 ( $\beta=0.539$ ) suggests that psychological shifts in attitude are more likely to be channeled into positive behaviors that result in long-term financial security.

This research offers significant contributions to both behavioral finance and human resource management by reinforcing the Theory of Planned Behavior (TPB), demonstrating that an individual's evaluative beliefs serve as a primary catalyst for disciplined financial practices, as evidenced by the empirical support for H2 and H7. The study provides critical academic insight into the "Knowledge-Behavior Gap" through the rejection of H1, suggesting that among highly educated populations like the financial analysts at BPKPD Jambi, cognitive competence often remains in a state of "dormancy" and does not automatically transfer to personal self-regulation. Furthermore, the findings strengthen Social Cognitive Theory (SCT) by validating financial behavior as a fundamental "behavioral bridge," confirming that financial well-being is an outcome of active agency rather than merely salary or status.

Practically, these results provide a diagnostic roadmap for the Government of Jambi Province, suggesting a shift from traditional one-way seminars toward "Behavioral Coaching" workshops focused on habit stacking and practical budgeting tools. To combat a pervasive consumptive credit culture, the implementation of internal "Financial Health Checks" is recommended to mitigate excessive debt-to-income ratios that threaten financial well-being. Ultimately, given that attitude is the most dominant driver of behavior, the institution should prioritize psychological interventions and internal communications that shift employee "mental models" toward a "future-self" orientation, effectively bridging the gap between professional roles and personal financial realities.

## Conclusion

To enhance the financial resilience of the public sector workforce, a multifaceted approach is required across individual, institutional, and academic levels. Individual Civil Servants (ASN) must prioritize a transition from passive literacy to active practice by utilizing digital cash flow tracking to visualize the long-term impact of daily choices, while simultaneously reorienting their mindset to view stable income as an investment vehicle rather than a justification for consumptive credit leverage. Institutionally, BPKPD and its leadership should consider establishing workplace financial counseling with certified professionals to address the high levels of anxiety regarding unexpected shocks found in the sample, while also implementing "nudge" techniques like automated savings plans to facilitate behavioral consistency. Finally, future researchers should aim to expand the variable scope by integrating lifestyle or digital moderators to explain the remaining variance in the model and employ longitudinal designs to track financial well-being fluctuations across different career stages and into retirement.

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