

The Effect of Financial Literacy, Financial Experience, and Income Level on Family Financial Behavior in Mataram City with Locus of Control as a Mediating Variable

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Published: July, 2025

ABSTRAK

Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh literasi keuangan, pengalaman keuangan, dan tingkat pendapatan terhadap perilaku keuangan keluarga di Kota Mataram dengan locus of control sebagai variabel mediasi. Data diperoleh secara purposive sampling dari 270 responden ibu rumah tangga yang mengelola keuangan keluarga dan dianalisis menggunakan Structural Equation Modeling dengan pendekatan Partial Least Square (SEM-PLS). Hasil penelitian menunjukkan bahwa literasi keuangan dan tingkat pendapatan berpengaruh positif dan signifikan terhadap perilaku keuangan, sedangkan pengalaman keuangan tidak berpengaruh signifikan. Selain itu, locus of control tidak mampu memediasi hubungan antara literasi keuangan, pengalaman keuangan, dan tingkat pendapatan terhadap perilaku keuangan. Hasil ini menunjukkan bahwa faktor eksternal seperti literasi dan tingkat pendapatan lebih dominan memengaruhi perilaku keuangan dibandingkan faktor psikologis internal seperti locus of control. Dengan demikian, literasi keuangan dan kapasitas ekonomi sangat penting dalam membentuk perilaku keuangan yang sehat.

Kata kunci: pengalaman keuangan, literasi keuangan, locus of control, tingkat pendapatan, perilaku keuangan

ABSTRACT

This study aims to examine and analyze the influence of financial literacy, financial experience, and income level on family financial behavior in Mataram City with locus of control as a mediating variable. Data were obtained using purposive sampling from 270 housewife respondents who manage family finances and analyzed using Structural Equation Modeling with a Partial Least Square approach (SEM-PLS). The results showed that financial literacy and income level had a positive and significant effect on financial behavior, while financial experience had no significant effect. In addition, locus of control was unable to mediate the relationship between financial literacy, financial experience, and income level on financial behavior. These results indicate that external factors such as literacy and income levels are more dominant in influencing financial behavior than internal psychological factors such as locus of control. Thus, financial literacy and economic capacity are very important in shaping healthy financial behavior.

Keywords: financial experience, financial literacy, locus of control, income level, financial behavior

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INTRODUCTION

The family is the smallest unit in society that plays an essential role in supporting national economic stability. In the context of household economics, financial behavior is one of the factors that determine the long-term quality of life for families. Financial behavior reflects how individuals or households make decisions regarding spending, savings, investments, and debt management. Therefore, it is important to

understand the factors that affect financial behavior, especially among housewives as the main managers of family finances.

Various studies show that financial behavior is not only determined by income, but also by psychological and cognitive factors, such as financial literacy, financial experience, and locus of control. Financial literacy refers to the ability to understand and use relevant financial concepts and instruments in financial decision-making (Atkinson & Messy, 2012). Individuals with good financial literacy tend to have better abilities in managing finances, budgeting, and planning their financial future (Arifin et al., 2018).

In addition to literacy, financial experience is also considered to affect financial behavior. Experience in using financial products or services can provide practical lessons that are useful in financial decision-making (Purwianti & Mudjiyanti, 2016). However, not all experiences can create positive behavioral changes if they are not accompanied by deep meaning or reflection (Kisdayanti & Pertiwi, 2021). Therefore, it is necessary to explore whether financial experiences truly shape behavior or are merely passive.

Family income level is also one indicator of economic capacity that affects financial decisions. Adequate income allows families to budget, save, invest, and meet their needs in a more structured manner. However, a high income does not always guarantee healthy financial behavior if it is not supported by good understanding and self-control (Husna & Lutfi, 2022). Psychological factors such as locus of control also play an important role in shaping financial behavior. This concept explains the extent to which a person believes that they have control over the outcomes that occur in their life (Rotter, 1966). Individuals with an internal locus of control believe that their actions and decisions influence the outcome, while individuals with an external locus of control tend to blame external factors such as fate or other parties. In a financial context, Perry and Morris (2005) state that an internal locus of control contributes to more positive financial behavior, as individuals feel responsible for their financial condition.

From a theoretical perspective, this study is based on the Theory of Planned Behavior (TPB) proposed by Ajzen (1991), which states that behavior is influenced by intention, which in this case consists of three components: attitude, subjective norm, and perceived behavioral control. Financial literacy, experience, and income can affect perceived behavioral control, while locus of control represents a person's internal belief in their ability to manage finances. In addition to TPB, this study also refers to Bandura's (1986) Social Learning Theory (SLT), which explains that behavior is formed through experience, observation, and internalization processes.

Several previous studies have examined the influence of financial literacy, experience, and income on financial behavior. Arifin et al. (2018) and Pebriyanti et al. (2020) found that financial literacy and income have a significant influence on financial behavior. Meanwhile, research by Purwianti and

Mudjiyanti (2016) confirmed that financial experience also influences such behavior. However, there are also inconsistent results, such as those found by Kisdayanti and Pertiwi (2021) that financial experience does not always have a positive impact on financial behavior. This inconsistency encourages further exploration of the mediating role of locus of control in this relationship.

This study was conducted in Mataram City because this area reflects the complex demographic and economic characteristics of upper-middle-class urban families. Housewives in Mataram generally have access to education and financial information, but various problems in family financial management are still found, such as insufficient allocation for savings and low participation in long-term financial products. Therefore, Mataram City is an appropriate location to test the relationship between literacy, experience, income, locus of control, and financial behavior.

Based on the above description, this study aims to analyze: (1) the influence of financial literacy on financial behavior, (2) the influence of financial experience on financial behavior, (3) the influence of income level on financial behavior, and (4) the mediating influence of locus of control in the relationship between the three independent variables and financial behavior. The results of this study are expected to contribute both academically and practically to the development of financial literacy and behavior in society.

RESEARCH METHOD

This study uses a quantitative approach with a causal associative research design. The purpose of this study is to examine the influence of financial literacy, financial experience, and income level on family financial behavior, with locus of control as a mediating variable. The research location is in Mataram City, with the research subjects being housewives who act as family financial managers.

The population in this study consists of all households in the city of Mataram, totaling 116,763 households (BPS Kota Mataram, 2022). The sample was determined using purposive sampling, with criteria including housewives aged at least 23 years, residing in the city of Mataram, with a family income above 3.5 million, and actively managing household finances. The number of respondents was determined using the Isaac & Michael formula as follows:

$$s = \frac{\lambda^2 \cdot N \cdot P \cdot Q}{d^2 \cdot (N - 1) + \lambda^2 \cdot P \cdot Q}$$

$$s = \frac{2,706 \times 116.763 \times 0,5 \times 0,5}{(0,05)^2 \cdot (116.763 - 1) + 2,706 \times 0,5 \times 0,5}$$

$$s = \frac{78.990,17}{292,58}$$

$$s = 269,9766$$

$s = 270$ samples (rounding)

Based on these calculations, the number of respondents needed for this study was 270 people.

Primary data was collected through a closed questionnaire using a 1 to 4 Likert scale, which measured the respondents' level of agreement with the indicators for each variable. The questionnaire was distributed online in order to reach a wider range of respondents. Meanwhile, secondary data sources came from scientific journals, books, and documentation relevant to the variables being studied.

The independent variables in this study consist of financial literacy (X1), financial experience (X2), and income level (X3). The dependent variable is financial behavior (Y), while locus of control (Z) is the mediating variable. Each variable is measured using indicators that have been formulated based on literature reviews and previous studies. Based on previous theories and empirical findings, the research hypotheses are developed as follows:

H1: Financial literacy has a positive effect on financial behavior.

In the theory of planned behavior, financial literacy forms perceived behavioral control, which is the belief that a person has the capacity to control their behavior, including in financial decision-making. Individuals who understand financial concepts well will be better able to manage their expenses, prepare budgets, and make financial plans. Research supporting this hypothesis includes that conducted by Arifin et al. (2018), Pebriyanti et al. (2020), and Sidiq et al. (2022). Conversely, Santoso et al. (2024) found that financial literacy does not always have a significant effect on financial behavior if it is not accompanied by strong attitudes and self-control.

H2: Financial experience has a positive effect on financial behavior.

According to the theory of planned behavior, financial experience can improve individual behavioral control through practical knowledge. Individuals who have experience using financial products such as savings, loans, and insurance will be better prepared to make financial decisions. Purwidiyanti and Mudjiyanti (2016) as well as Rahmawati and Haryono (2020) support the notion that financial experience has a positive impact on financial behavior. However, research by Kisdayanti and Pertiwi (2021) shows that experience alone is not sufficient, as it does not always lead to reflection that shapes healthy financial behavior.

H3: Income level has a positive effect on financial behavior.

Within the TPB framework, income provides external control that strengthens an individual's intention and ability to manage finances. Sufficient income allows individuals to meet basic needs, set aside savings, and plan for investments. Research by Arifin et al. (2018), Husna and Lutfi (2022), and Pebriyanti et al. (2020) state that income level has a significant effect on financial behavior. However, Santoso et al. (2024) mention that this effect can be weak if it is not accompanied by good financial literacy and attitudes. H4: Locus of control mediates the influence of financial literacy on financial behavior.

In the theory of planned behavior, financial literacy forms perceived behavioral control that can be internalized as locus of control. Social learning theory asserts that understanding and learning from

knowledge can strengthen internal control. Perry and Morris (2005) show that locus of control is an important mediator between literacy and financial behavior. Santoso et al. (2024) also supports this mediating role. However, Rahmawati and Haryono (2020) found that locus of control is not always a significant mediator between literacy and behavior, especially if internal control has not yet developed. H5: Locus of control mediates the effect of financial experience on financial behavior.

Social learning theory explains that direct experience can strengthen beliefs and self-efficacy that form internal control. The theory of planned behavior reinforces that this control has an impact on intentions and behavior. Research by Santoso et al. (2024) concluded that locus of control can bridge the relationship between experience and financial behavior. However, Grable, et al. (2009) and Kisdayanti and Pertiwi (2021) demonstrate that mediation does not occur if experience is not accompanied by sufficient reflection or understanding. H6: Locus of control mediates the influence of income level on financial behavior.

Income, in the theory of planned behavior, provides external control, while social learning theory explains that exposure to economic resources can shape internal control. Locus of control is considered to be the link between income conditions and behavior. Perry and Morris (2005) found that locus of control can strengthen this relationship. However, Grable, et al. (2009) and Kholilah & Iramani (2013) showed that in groups with fixed incomes, locus of control does not always significantly mediate this relationship. Based on the hypothesis developed above, the conceptual framework of this study can be described as follows.

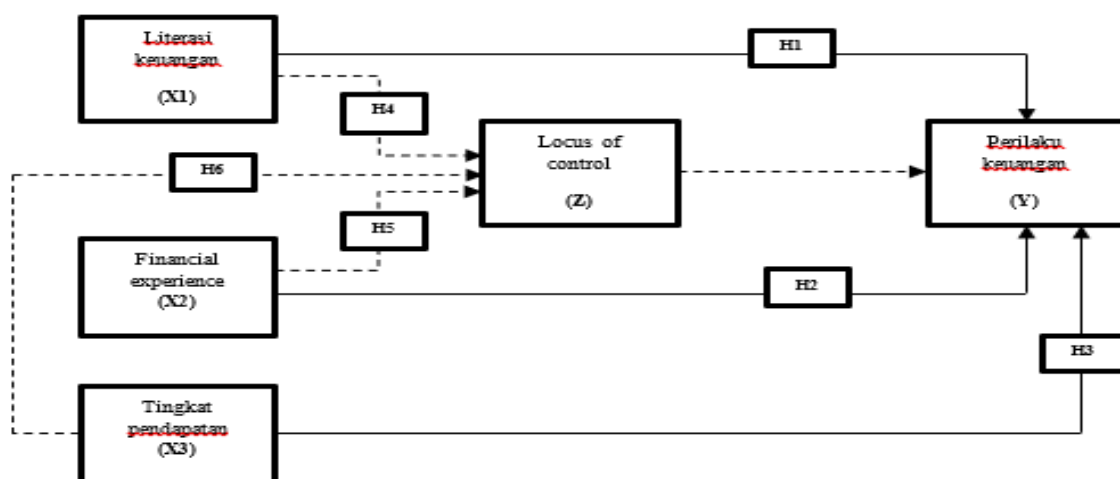


Figure 1 Conceptual Framework

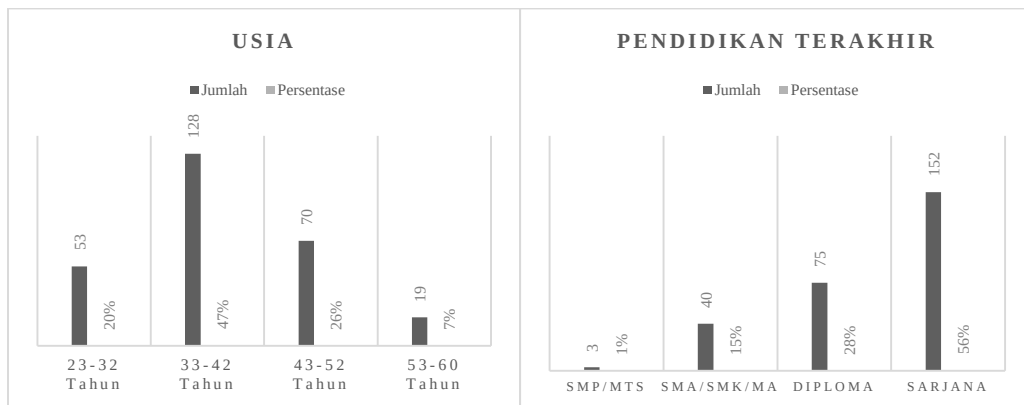
Remark:
 —————> Direct Effect
 - - - - -> Indirect Effect

The data analysis technique used in this study was Structural Equation Modeling (SEM) with a Partial Least Square (PLS) approach, using SmartPLS 4.1 software. SEM-PLS was chosen because it is capable of testing causal relationship models between latent variables simultaneously and is suitable for medium to large sample sizes. The analysis was conducted in two stages: testing the outer model to assess

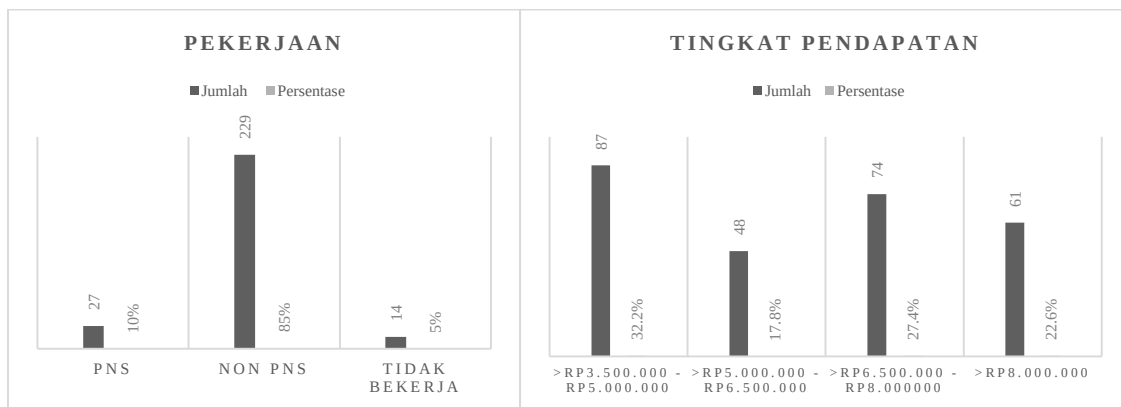
the validity and reliability of the constructs, and testing the inner model to examine the relationships between latent variables and test the research hypotheses. A mediation test was conducted to determine whether locus of control significantly mediates the relationship between financial literacy, financial experience, and income level on financial behavior.

RESULTS AND DISCUSSION

Distribution of the Respondents

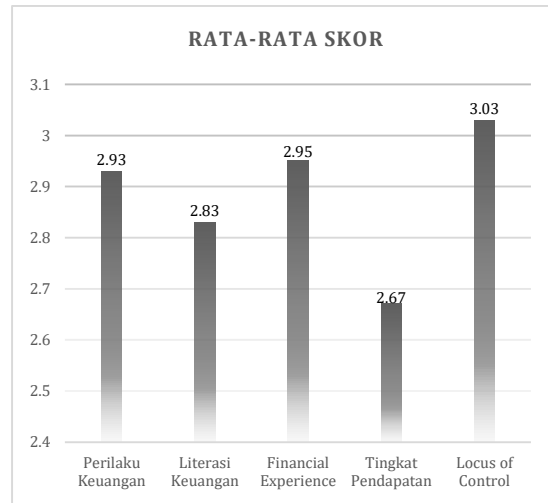


This study used 270 housewife respondents in Mataram City. Based on age distribution, the majority of respondents were in the 33–42 age range (47%), followed by 43–52 years old (26%), 23–32 years old (20%), and the rest were 53–60 years old (7%). In terms of education, the majority of respondents had a bachelor's degree (56%), followed by a diploma (28%), high school/vocational school (15%), and junior high school/MTs (1%).



Meanwhile, 87 respondents had an income level of > Rp 3,500,000 – Rp 5,000,000 (32.2%), 48 respondents had an income level of > Rp 5,000, 000 – Rp 6,500,000 (17.8%), 74 respondents had an income level of > Rp 6,500,000 – Rp 8,000,000 (27.4%), and 61 respondents had an income level of > Rp 8,000, 000 (22.6%), where the majority of respondents work in the non-civil service sector (85%), while 10% are civil servants and 5% are unemployed. These findings indicate that respondents have relatively diverse educational backgrounds, occupations, and income levels, with a dominance of the productive age group, higher education, and middle-income levels.

Average Research Variable Score



The bar chart shows the average score for each research variable measured using a 1–4 Likert scale. The results show that Financial Behavior (2.93) is in the “moderate” category, indicating that respondents are quite good at managing their expenses and savings, but are not yet optimal in long-term planning. Financial Literacy (2.83) is also in the “moderate” category, reflecting a sufficient level of financial understanding but still needing improvement, especially in the aspect of investment. Financial Experience (2.95) shows the highest score among the other variables, but remains in the “moderate” category, meaning that respondents already have some involvement with financial products but not yet at a deep level. Income Level (2.67) is in the “moderate” category, indicating variations in economic capacity among respondent families. Locus of Control (3.03) is the only variable with a score in the “high” category, indicating that most respondents believe they are capable of controlling their family's financial conditions.

Construct Reability and Validity

Table 1 Validity and Reliability Test Results

Research Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
<i>Financial Experience (X2)</i>	0.924	0.933	0.934	0.540
<i>Financial Literacy (X1)</i>	0.936	0.944	0.944	0.607
<i>Locus of Control (Z)</i>	0.890	0.899	0.911	0.531
<i>Financial Behaviour(Y)</i>	0.843	0.857	0.883	0.557

The results of the validity and reliability tests in Table 1 show that this research instrument is valid with an AVE value above 0.5 and has good reliability with composite reliability and Cronbach's alpha values above 0.7. This means that the constructs or variables measured have high consistency and stability.

After testing the measurement model (outer model) showed that all indicators met the validity and reliability criteria, the analysis continued to the structural model (inner model) to test the relationships

between latent variables using the Structural Equation Modeling with Partial Least Square (SEM-PLS) approach.

Direct effect

The following table shows the results of testing the direct relationship between independent variables (financial literacy, financial experience, and income level) and dependent variables (financial behavior):

Table 2 Direct Effect Test Results

Variable Relationships	Path Coefficient	T statistics	P values	Remark
Financial Literacy (X1) -> Financial Behaviour (Y)	0.168	2.698	0.003	Significant
Financial Experience (X2) -> Financial Behaviour (Y)	0.049	0.603	0.273	Not significant
Income Level (X3) -> Financial Behaviour (Y)	0.129	1.961	0.025	Significant

The results of the direct relationship test show that financial literacy has a positive and significant effect on financial behavior with a path coefficient of 0.168 and a p-value of 0.003. This finding supports the theory used in the study, namely the Theory of Planned Behavior (TPB), which states that behavior is influenced by perceived behavioral control. Financial literacy provides understanding and ability in managing household finances, thereby strengthening the perceived behavioral control of individuals in making financial decisions. This study is consistent with the findings of Arifin et al. (2018) and Pebriyanti et al. (2020), who also stated that the higher the financial literacy, the better the financial behavior exhibited by individuals, including in terms of spending, planning, and long-term decision-making. Income level also has a positive and significant effect on financial behavior, with a path coefficient of 0.129 and a p-value of 0.025. This can be explained by the fact that individuals with higher income levels have greater flexibility in managing expenses, planning finances, and allocating funds for long-term needs. This finding supports the Theory of Planned Behavior, where income strengthens perceived behavioral control through an individual's objective ability to manage their finances. Research by Arifin et al. (2018), Pebriyanti et al. (2020), and Husna and Lutfi (2022) also found that adequate income tends to encourage individuals to exhibit better financial behavior, particularly in terms of saving and avoiding consumer debt. Conversely, financial experience did not show a significant influence on financial behavior, with a p-value of 0.273 and a path coefficient of 0.049. These results indicate that involvement in financial activities such as saving, borrowing, or using other financial products does not necessarily lead to positive financial behavior. This may be because the experiences are not followed by sufficient understanding or reflection on the risks and benefits of the financial decisions made. These findings are consistent with the results of Kisdayanti and Pertiwi's (2021) study, which states that experience alone is insufficient to form healthy financial behavior without deep literacy or strong self-control. In the context of the Theory

of Planned Behavior (TPB), these results indicate that experience does not directly form adequate perceived behavioral control.

Indirect Effect (Through Locus of Control)

The following table shows the mediating effect of locus of control on the relationship between the independent and dependent variables:

Table 3 Indirect Effect Test Results

Variable Relationships	Path Coefficient	T statistics	P values	Remark
Financial Literacy (X1) -> <i>Locus of Control</i> (Z) -> Financial Behaviour (Y)	0.008	0.453	0.325	Not significant
<i>Financial Experience</i> (X2) -> <i>Locus of Control</i> (Z) -> Financial Behaviour (Y)	0.016	0.646	0.259	Not significant
Income Level (X3) -> <i>Locus of Control</i> (Z) -> Financial Behaviour (Y)	0.017	1.004	0.158	Not significant

The results of the indirect relationship test indicate that locus of control does not play a significant mediating role between financial literacy, financial experience, and income level on financial behavior. The p-values for all mediation paths are above 0.05, specifically 0.325 for financial literacy through locus of control, 0.259 for financial experience through locus of control, and 0.158 for income level through locus of control. Based on the mediation criteria from Hair et al. (2014), none of the three paths meet the criteria for significant mediation. Thus, locus of control in this study does not bridge the relationship between the independent variables and respondents' financial behavior. Although the respondents' locus of control was in the high category descriptively, statistically, locus of control was unable to bridge the relationship between the three independent variables and financial behavior. This indicates that individuals' belief in internal control is not yet strong enough or does not function as a link in the financial decision-making process. This finding differs from the research by Santoso et al. (2024), who found that locus of control was able to mediate the relationship between literacy and financial behavior, but is consistent with the results of Rahmawati and Haryono (2020), who stated that locus of control does not always act as an effective mediator if it is not formed through consistent experience and environment.

CONCLUSION

This study aims to analyze the influence of financial literacy, financial experience, and income level on family financial behavior with locus of control as a mediating variable. The results of data analysis on 270 housewife respondents in Mataram City show that financial literacy and income level have a positive and significant effect on financial behavior. This indicates that financial understanding and adequate economic capacity are the primary factors shaping wise and planned financial behavior. Conversely,

financial experience does not show a significant influence, suggesting that involvement in financial activities does not automatically lead to better behavior if lacking understanding and reflection.

Furthermore, the results of the study indicate that locus of control does not mediate the relationship between financial literacy, financial experience, and income level on financial behavior. This suggests that even though individuals feel they have control over their finances, this belief is not strong enough to bridge the influence of external and cognitive factors on actual behavior in managing finances. These findings suggest that the formation of effective internal control requires interventions that go beyond mere experience or general beliefs.

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