Financial Self-Efficacy and Financial Well-Being: Insights from Western Java University Students

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Abstrak

Keyakinan diri untuk mengelola keuangan pribadi adalah penting untuk membentuk perilaku keuangan guna mencapai kesejahteraan finansial di masa depan. Oleh sebab itu, penelitian ini menguji pengaruh financial self-efficacy terhadap financial well-being. Subjek penelitian adalah mahasiswa yang berdomisili di provinsi Banten, DKI Jakarta dan Jawa Barat. Penelitian ini menggunakan desain kuantitatif dengan sampel 124 responden terpilih. Data dianalisis menggunakan Structural Equation Modelling – Partial Least Square (SEM-PLS) dengan SMARTPLS Versi 3. Lebih lanjut, sub-sampel Robustness Check dilakukan dengan membagi kelompok sampel yang terdiri atas Kelompok Mahasiswa Banten dan DKI Jakarta dan Kelompok Mahasiswa Jawa Barat. Temuan menunjukkan bahwa Financial Self-Efficacy berpengaruh positif terhadap Financial Well-Being. Kemudian, hasil sub-sampel Robustness Check menunjukkan hasil yang konsisten antara sampel utama, dan kedua kelompok uji Robust. Temuan ini menunjukkan perlunya universitas di Banten, DKI Jakarta, dan Jawa Barat mengembangkan program edukasi keuangan untuk meningkatkan financial self-efficacy mahasiswa. Lembaga keuangan dan pembuat kebijakan juga dapat bekerja sama dengan universitas untuk menyediakan sumber daya guna meningkatkan kesejahteraan finansial mahasiswa.

Kata Kunci: Financial Self-Efficacy, Financial Well-Being, Mahasiswa

Abstract

Confidence in managing personal finances is crucial for developing financial behaviors that lead to future financial well-being. This study, therefore, examines the impact of financial self-efficacy on financial well-being among university students residing in the provinces of Banten, DKI Jakarta, and West Java. Employing a quantitative research design, a sample of 124 selected respondents was analyzed using Structural Equation Modeling – Partial Least Squares (SEM-PLS) with SMARTPLS Version 3. Additionally, a sub-sample robustness check was conducted by dividing the sample into groups: Banten and DKI Jakarta students, and West Java students. The findings indicate that financial self-efficacy has a positive effect on financial well-being. The robustness check results were consistent across the main sample and both test groups. These findings underscore the necessity for universities in Banten, DKI Jakarta, and West Java to develop financial education programs aimed at enhancing students' financial self-efficacy. Financial institutions and policymakers are also encouraged to collaborate with universities to provide resources that bolster students' financial well-being.

Keywords: Financial Self-Efficacy, Financial Well-Being, University Students

INTRODUCTION

Financial well-being is a multifaceted concept that encompasses an individual's overall economic welfare (Brüggen et al., 2017). This concept includes objective aspects such as income, savings, and debt, as well as subjective aspects like individuals' perceptions of financial security and their ability to manage expenses and plan for the future. In this context, financial well-being not only reflects current financial conditions but also the capacity to handle future financial challenges. (Brüggen et al., 2017; Nanda & Banerjee, 2021).

Financial self-efficacy refers to an individual's confidence in their ability to manage personal finances and is a key determinant of financial well-being (Mindra & Moya, 2017). Individuals with high levels of financial self-efficacy tend to be more confident in making financial decisions, managing risks, and developing effective long-term financial strategies (Chong et al., 2021). This suggests that financial self-efficacy influences not only financial behaviors but also subjective perceptions of financial well-being (Iannello et al., 2021).

Moreover, financial well-being is influenced by various demographic, social, and psychological factors. Variables such as age, educational level, and employment status can interact with financial self-efficacy to impact financial well-being. For instance, older individuals or those with higher education levels may have better access to financial resources and information, thereby enhancing their financial self-efficacy (Limbu & Sato, 2019). Therefore, it is crucial to understand how financial self-efficacy interacts with other factors in shaping financial well-being (Mindra & Moya, 2017).

Furthermore, a comprehensive understanding of financial well-being can offer valuable insights for the development of public policies and financial education programs. Initiatives aimed at enhancing financial self-efficacy can equip individuals with the skills and knowledge necessary for achieving financial well-being (Mahendru et al., 2022). This approach is not only crucial for the individuals themselves but also has broader implications for economic stability and the overall welfare of society (Dare et al., 2022).

Several prior studies have identified key predictors of financial well-being. Research by (Brilianti & Lutfi, 2020) demonstrated that financial experience facilitates money management, indicating that individuals with extensive financial experience are more adept at managing assets and income, thereby enhancing their financial well-being. This finding was particularly evident among household financial managers in Madiun, East Java. Furthermore, (Bannier & Schwarz, 2018) found that financial knowledge positively impacts financial well-being, as evidenced by their study of 1,632 couples in Germany. Similarly, (Gerrans et al., 2014) provided evidence that financial status influences financial well-being in a study of 643 respondents in Western Australia. Additionally, (Strömbäck et al., 2017) established that an internal locus of control affects financial well-being. Effective self-control motivates individuals to engage in thorough financial planning and take responsibility for their actions, thereby reducing financial concerns and enhancing their overall financial well-being.

Further research by (Asandimitra & Kautsar, 2019) has demonstrated a significant influence of financial self-efficacy on financial management behavior among female lecturers at higher education institutions in Indonesia. Additionally, (Montford & Goldsmith, 2016) found that financial self-efficacy impacts investment risk-taking among students in the United States. Another study by (Mindra & Moya, 2017) established that financial self-efficacy affects financial inclusion among individual financial consumers in Central Uganda.

Further research by (Hashmi et al., 2021) has shown that individuals with high levels of financial self-efficacy typically engage in more savings and debt avoidance, practices that contribute to improved financial well-being. Enhanced financial literacy augments an individual's ability to make prudent financial decisions and strengthens their financial self-efficacy when confronted with financial challenges. Additionally, financial self-efficacy is positively correlated with higher levels of financial literacy. Evidence from a study on civil servants in Malaysia also indicates that financial self-efficacy significantly affects financial well-being (Sabri et al., 2020). Furthermore, research conducted by Lone and Bhat (2024) demonstrates that financial self-efficacy influences financial well-being among educators at the University of Jammu and Kashmir in India.

Building on prior research, a critical question arises concerning the singular impact of financial self-efficacy on financial well-being, as this causal relationship remains somewhat speculative. It is particularly important to examine this issue within the context of students. This study focuses on students in the regions of Banten, DKI Jakarta, and West Java, given that these areas are prominent centers of higher education with substantial and diverse student populations. Students in these regions face unique financial challenges, such as high living costs and the pressure to achieve financial independence at an early stage (Jacob & Gokbel, 2018). DKI Jakarta, for instance, is known for having the highest living costs in Indonesia (Edelman & Gunawan, 2020), while Banten and West Java exhibit complex economic dynamics that influence financial self-efficacy and financial well-being.

The socio-economic contexts in Banten, DKI Jakarta, and West Java significantly influence the findings on the impact of self-efficacy on financial well-being. As the economic hub of Indonesia, DKI Jakarta has a higher cost of living, including elevated property prices, transportation costs, and daily expenses. Students in DKI Jakarta tend to have greater access to part-time jobs and broader financial support, providing them with more opportunities to develop financial self-efficacy. This dynamic socio-economic environment allows students to learn how to manage their finances in a more competitive setting (Octaviani Indrasari Ranakusuma, 2018). In contrast, while the cost of living in Banten and West Java is comparatively lower, access to economic opportunities and part-time employment is more limited. Students in these regions are more reliant on family support and have fewer opportunities to independently build financial management skills. These conditions lead to varying levels of financial self-efficacy among students in Banten and West Java compared to their peers in DKI Jakarta, ultimately affecting their financial well-being. These contextual differences are crucial to consider in order to ensure that the research findings reflect the diverse socio-economic conditions across the regions (Farah Diffa Hanum et al., 2022; Muhtarom, 2021).

The selection of university students as respondents is based on their unique status, being in a transitional phase between financial dependency and economic independence (Jacob & Gokbel, 2018). Most students do not yet hold permanent employment and still rely on family support or part-time jobs, making self-efficacy in managing finances critically important for their financial well-being (Chong et al., 2021). This status presents financial challenges distinct from those faced by full-time workers, highlighting the need to understand how their confidence in handling financial matters can influence their long-term financial well-being (Netemeyer et al., 2018). Additionally, the effectiveness of financial education programs implemented by local governments in these regions (Ramandei et al., 2020) has not been extensively studied, making this research a valuable contribution for policymakers and educational institutions. It aims to offer insights for designing more effective and targeted programs to enhance the financial well-being of students in these areas and provide a model for other regions in Indonesia.

This study makes several significant contributions to the existing literature. First, it empirically demonstrates the impact of financial self-efficacy on financial well-being. Second, it provides empirical evidence specific to the student population in Banten, DKI Jakarta, and West Java, which are regions in the western part of Java Island. Third, the study introduces a robustness check utilizing a sub-sample robustness approach to specifically evaluate the three studied regions: Banten, DKI Jakarta, and West Java. This methodological enhancement ensures the robustness of the findings across these distinct demographic areas.

LITERATURE REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior posits that an individual's behavior is primarily determined by their intention to perform the behavior, which is in turn influenced by their attitudes toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991). Perceived behavioral control refers to an individual's belief about the ease or difficulty of executing a particular behavior, which can directly impact both their intentions and the behavior itself (Ajzen, 2020).

In the context of this research, the Theory of Planned Behavior (TPB) provides a robust framework for developing a model that investigates the impact of financial self-efficacy on financial well-being. According to TPB, financial self-efficacy, as a specific form of perceived behavioral control, influences an individual's intention to manage their finances effectively, which subsequently affects their financial well-being (Castro-González et al., 2020). Individuals with high levels of financial self-efficacy feel more confident in their ability to control and manage their finances, leading to better financial behaviors and, ultimately, improved financial well-being (Strömbäck et al., 2017). Thus, TPB offers a conceptual framework that enhances the understanding of how individuals' beliefs in their financial management abilities (financial self-efficacy) directly contribute to their financial well-being (Singh & Malik, 2022).

Financial Well-Being

Financial well-being refers to a state in which individuals feel secure and satisfied with their financial situation, capable of meeting their financial needs and achieving their economic goals in a manner that aligns with their expectations (Singh & Malik, 2022). This concept encompasses both subjective and objective aspects of an individual’s financial state, where financial well-being is influenced not only by income and assets but also by personal perceptions of their financial management abilities, financial stress, and overall satisfaction with their financial circumstances (Brüggen et al., 2017; Nanda & Banerjee, 2021; Netemeyer et al., 2018). Additionally, financial well-being is shaped by financial literacy and management practices, highlighting the importance of financial education in enhancing financial well-being (Lone & Bhat, 2024)

In the context of university students, financial well-being gains increased relevance due to the unique challenges faced by this demographic, including high education costs, income uncertainty, and reliance on external resources. Research by (Philippas & Avdoulas, 2020) reveals that financial self-efficacy, or an individual's confidence in their ability to manage finances effectively, has a significant impact on financial well-being. This study underscores the importance of developing self-efficacy as a strategy to improve financial well-being among students, particularly in regions with varying social and economic conditions such as Banten, DKI Jakarta, and West Java.

Financial Self-Efficacy

Financial self-efficacy refers to an individual's confidence in their ability to manage and make effective financial decisions (Mindra et al., 2017). According to (Bandura, 1982) self-efficacy is defined as an individual's perception of their capability to achieve specific outcomes through their efforts and skills. In the financial context, financial self-efficacy encompasses beliefs in one's abilities related to budgeting, debt management, investing, and saving. Research by (Tang, 2021) reveals that high levels of self-efficacy can enhance an individual's financial management skills, ultimately contributing to improved financial well-being. This underscores the significance of developing self-efficacy as part of financial education strategies.

Among university students, financial self-efficacy plays a crucial role in addressing financial challenges such as education costs and personal budget management. A study by (CEDE & GÖZEN, 2021) demonstrates that students with higher levels of self-efficacy tend to exhibit better financial management skills and experience lower levels of financial stress. This research suggests that enhancing self-efficacy through educational interventions and financial support can contribute to better financial well-being among students. Considering the social and economic contexts in Banten, DKI Jakarta, and West Java, understanding financial self-efficacy can aid in designing more effective programs to support students in achieving optimal financial well-being.

Hypothesis Development

The Impact of Financial Self-Efficacy on Financial Well-Being

Financial self-efficacy refers to an individual's confidence in their ability to effectively manage their finances (Lone & Bhat, 2024). Among students, high levels of financial self-efficacy can lead to more prudent financial decision-making, such as effective budgeting, savings, and debt management (Rahmawati & Marcella, 2023). This confidence fosters a greater sense of control over financial challenges, enabling students to better manage their expenditures, identify savings opportunities, and avoid unnecessary debt (Sabri et al., 2020). Consequently, elevated financial self-efficacy directly enhances financial well-being through positive and planned financial behaviors (Mindra & Moya, 2017).

Moreover, financial self-efficacy also influences how students respond to unexpected financial situations. Students with high financial self-efficacy are more likely to employ effective coping strategies during financial crises, such as seeking additional sources of income or adjusting their expenditures (Chong et al., 2021). This confidence reduces financial stress and anxiety, thereby improving overall financial well-being (Netemeyer et al., 2018). Coping strategies involve a set of mechanisms and actions used to manage, address, and alleviate stress or pressure arising from challenging or difficult situations. In a financial context, these strategies include actions such as adjusting budgets, seeking additional employment, borrowing from trusted sources, or reducing non-essential expenses (Britt et al., 2016). In essence, financial self-efficacy not only assists students in managing daily financial matters but also helps maintain long-term financial stability in the face of uncertainty (Djou & Lukiastuti, 2021).

Furthermore, financial self-efficacy can enhance students' engagement in financial education and literacy (Philippas & Avdoulas, 2020). A strong belief in their ability to understand and apply financial concepts motivates students to proactively seek information, participate in training, and utilize available resources to bolster their financial knowledge (Liu & Zhang, 2021). Improved knowledge in financial management enables students to make more informed and strategic decisions, thereby ultimately enhancing their financial well-being (Netemeyer et al., 2018). Hence, financial self-efficacy serves as a catalyst that not only transforms students' financial behaviors but also augments their skills and knowledge, all of which contribute to improved financial well-being (Sehrawat et al., 2021). Based on logical reasoning and previous research, the hypothesis is posited that there is a positive impact of financial self-efficacy on financial well-being, as evidenced by (Hashmi et al., 2021; Lone & Bhat, 2024; Sabri et al., 2020).

Financial self-efficacy, defined as an individual's confidence in their ability to manage financial matters, significantly impacts how they plan, manage, and assess their financial decisions (Vijaykumar, 2022). Individuals with high levels of self-efficacy are more likely to adopt well-structured and adaptive financial management strategies and are better equipped to tackle financial challenges (Hosseinzadeh et al., 2021). In the context of students from Banten, DKI Jakarta, and West Java, the positive influence of financial self-efficacy on financial well-being can be explained by the notion that students who are confident in their financial management are more proactive in budgeting, debt management, and making prudent investment decisions. This, in turn, leads to reduced financial stress and an overall enhancement in financial well-being. By strengthening financial self-efficacy through regionally relevant financial education interventions, students can improve their financial management skills, thereby directly contributing to better financial well-being in their respective regions.

METHOD

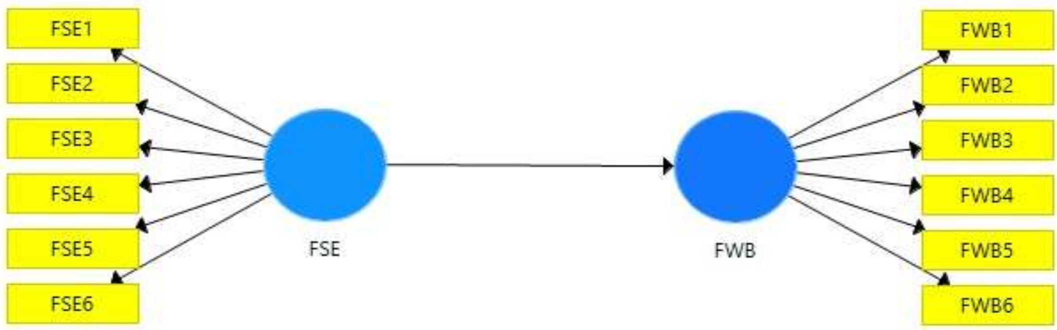
The impact of independent variables on dependent variables was quantitatively assessed in this study. The exogenous variable in this research is Financial Self-Efficacy, while the endogenous variable is Financial Well-Being. The study sample consists of students from Banten, DKI Jakarta, and West Java. Relevant samples for this study were selected using a purposive sampling technique (Sekaran & Bougie, 2016). Purposive sampling was selected because it enables researchers to choose a sample that specifically meets the criteria relevant to the study's objectives (Campbell et al., 2020), which in this case involve university students from Banten, DKI Jakarta, and West Java. This method ensures that the selected respondents possess the experience and context pertinent to the aspects of self-efficacy and financial well-being under investigation, resulting in more accurate and representative data. Unlike random sampling, which may yield samples with high variability and potential irrelevance (Sharma, 2017), purposive sampling enhances the internal validity of the research by minimizing the risk of including irrelevant data and ensuring that the study's findings offer insightful and practical implications regarding the impact of self-efficacy on financial well-being among students in these regions.

The sample criteria required respondents to be active students enrolled in higher education institutions. Additionally, respondents needed to be at the undergraduate (S1) or diploma level, as this group is undergoing a critical phase of transition into early adulthood which is significant for personal financial management (Shim et al., 2010). Respondents must be at the undergraduate (bachelor's) or diploma level, as this demographic is navigating the transition to early adulthood—a critical period for personal financial management. This age range is pivotal for establishing long-term financial habits. Furthermore, respondents had to be aged between 18 and 24 years, considering this age group faces relevant financial challenges (Xiao et al., 2015). Financial independence was also a crucial criterion, with respondents ranging from those fully dependent on their parents to those working part-time. Moreover, respondents were required to reside in Banten, DKI Jakarta, and West Java during their studies. A total of 124 students were surveyed, with 22 respondents from Banten, 30 from DKI Jakarta, and 72 from West Java. Data collection was facilitated through the Populix platform, a reputable research company and provider of online survey services.

The questions designed to measure Financial Self-Efficacy and Financial Well-Being were adapted from prior research conducted by (Brown & Ryan, 2003; Salignac et al., 2020). The questionnaire was organized into several sections, beginning with an introduction. Subsequently, respondents were required to address questions related to their demographic information, consent to participate, and data privacy statements (informed consent). Finally, respondents answered questions pertaining to the indicators for each variable. The statistical analysis employed in this study involved Variance-Structural Equation Modeling, which included Instrument Validity and Reliability

Testing, Goodness of Fit assessments, and partial significance testing to evaluate the research hypotheses (Singh et al., 2024). The following figure illustrates the empirical model of this study.

Figure 1. Research Model



A robustness check was conducted using a Sub-sample Robustness Check approach, which involves dividing the sample into several groups, as adapted from (Hartono et al., 2024). The sub-samples were created based on regional divisions, specifically by provinces. The sample was drawn from three provincial regions; however, the sub-samples were further categorized into two groups: DKI Jakarta and Banten, and West Java. The combination of DKI Jakarta and Banten into one group was due to the limited sample size in these regions. Meanwhile, West Java was analyzed as a separate group. Consequently, there were three structural equation modeling analyses conducted: one for the main sample and two for the robustness checks.

RESULT

Descriptive demographic statistics of the respondents are presented in Table 1. Of the 124 respondents, the majority were female, accounting for 75.81%. In terms of age, 22 years was the most prevalent age, representing 26.61% of the sample. Furthermore, among the three provinces in Western Java from which the respondents were drawn, the majority, 58.06%, were from West Java. This predominance can be attributed to the high number of higher education institutions and the substantial student population in West Java (Jacob & Gokbel, 2018). Additionally, most respondents in this study were students who had not yet entered the workforce, comprising 75% of the sample, while the remainder were part-time employed students.

Table 1. Descriptive Demographic Statistics of Respondents

Demography Profile	Frequency	%
	Gender	
Male	30	24.19%
Female	94	75.81%
Total	124	100%
	Age	
18	13	10.48%
19	5	4.03%
20	21	16.94%
21	9	7.26%
22	33	26.61%
23	26	20.97%
24	17	13.71%
Total	124	100%

Domicile		
Banten	22	17.74%
DKI Jakarta	30	24.19%
Jawa Barat	72	58.06%
Total	124	100%
Occupation		
Part-time Workers	31	25%
Unemployed	93	75%
Total	124	100%

Source: Data processed (2024)

Table 2 presents various instrument tests for the structural model. Firstly, all indicators for each variable are deemed valid within the structural model, as the Outer Loading test results for all indicators exceed 0.5. Furthermore, each variable's Average Variance Extracted (AVE) value is greater than 0.5, indicating the validity of each variable within the model. Secondly, all variables in the structural model show results exceeding 0.7 for both Composite Reliability and Cronbach's Alpha tests, demonstrating the reliability of the indicators for each variable.

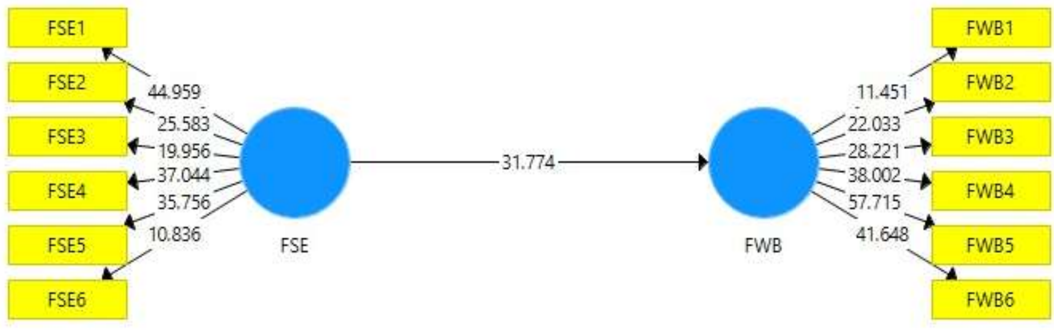
Table 2. ***Outer Loading, Average Variance Extracted (AVE), Cronbach's Alpha, Composite Reliability for The Main Sample***

Variable	Indicator	Outer Loading	AVE	Composite Reliability	Cronbach's Alpha
Financial Self-Efficacy					
FSE1	I possess the capability to manage my finances effectively.	0.907	0.749	0.947	0.932
FSE2	I feel a sense of satisfaction when I am able to manage my finances efficiently.	0.880			
FSE3	I carefully consider various factors before making financial decisions.	0.881			
FSE4	I am skilled in making financial decisions.	0.888			
FSE5	I have strong budgeting abilities.	0.874			
FSE6	I use my money with great caution.	0.753			
Financial Well-Being					
FWB1	I am able to meet my expenses and manage my debt effectively.	0.757	0.731	0.942	0.926
FWB2	I maintain an emergency fund for unforeseen expenditures.	0.836			
FWB3	I have savings available to cover necessary purchases.	0.850			
FWB4	I am capable of controlling my financial situation both currently and in the future.	0.888			
FWB5	I can set and pursue financial goals and future life plans.	0.923			
FWB6	I feel financially secure in both the present and future, with no significant financial worries and a sense of satisfaction regarding my current financial status.	0.869			

Source: Data processed (2024)

The research model estimated using Structural Equation Modeling - Partial Least Squares is illustrated in Figure 2.

Figure 2. Empirical Research Model



3% of the variability in Financial Well-Being as the dependent variable is explained by the model. Additionally, the primary hypothesis was tested using a One-Tailed Statistical approach. The estimation results reveal a positive impact of Financial Self-Efficacy on Financial Well-Being. Consequently, the decision is to accept the primary hypothesis.

Table 3. Parameter Significance Testing

Relationship	R-Square	Std. β	St. Dev.	T-stat	Sig. (One-Tailed)	Decision
H1: *Financial Self-Efficacy* → *Financial Well-Being*	0.773	0.879	0.028	31.774	0.000	Accept

Source: Data processed (2024)

Table 4 displays the results of various instrument tests for the structural model during the Robustness Check. Initially, all indicators for each variable, across both the Banten and Jakarta groups as well as the West Java group, demonstrate validity within the structural model, as evidenced by Outer Loading test results exceeding 0.5 for all indicators. Additionally, for each variable in both the Banten and Jakarta groups, as well as the West Java group, the Average Variance Extracted (AVE) values are greater than 0.5, confirming the validity of each variable within the structural model. Furthermore, all variables within the structural model exhibit Composite Reliability and Cronbach's Alpha results exceeding 0.7, indicating that the indicators for each variable are reliable.

Tabel 4. ***Outer Loading (OL), Average Variance Extracted (AVE), Cronbach's Alpha (CA), Composite Reliability (CR) for The Robustness Check***

Variabel	Banten & DKI Jakarta				Jawa Barat			
	OL	AVE	CR	CA	OL	AVE	CR	CA
Financial Self-Efficacy								
FSE1	0.884	0.768	0.952	0.939	0.900	0.786	0.957	0.945
FSE2	0.839				0.857			
FSE3	0.923				0.916			
FSE4	0.896				0.891			
FSE5	0.854				0.887			
FSE6	0.861				0.867			

Financial Well-Being								
FWB1	0.867	0.706	0.935	0.917	0.771	0.745	0.946	0.931
FWB2	0.822				0.829			
FWB3	0.800				0.856			
FWB4	0.885				0.898			
FWB5	0.862				0.943			
FWB6	0.801				0.873			

Source: Data processed (2024)

Table 5 presents the results of the Coefficient of Determination test for the variability of Financial Well-Being as the response variable in the Robustness Check. For the Banten and Jakarta groups, the coefficient of determination is 77.1%, while for the West Java group, it is 74.2%. These results indicate that Financial Self-Efficacy more effectively accounts for the variability in Financial Well-Being among students in Banten and Jakarta compared to those in West Java.

Furthermore, the Robustness Check for the primary hypothesis confirms a positive impact of Financial Self-Efficacy on Financial Well-Being, as evidenced in both the Banten and Jakarta groups and the West Java group. Therefore, it is demonstrated that Financial Self-Efficacy has a consistently positive effect on Financial Well-Being, maintaining robustness across the primary sample as well as the Banten, Jakarta, and West Java groups.

Table 5. Parameter Significance Testing for *Robustness Check*

Relationship	R-Square	Std. β	St. Dev.	T-stat	Sig. (One-Tailed)	Decision
Banten dan DKI Jakarta Group						
H1: *Financial Self-Efficacy* → *Financial Well-Being*	0.771	0.878	0.048	18.382	0.000	Accept
Jawa Barat Group						
H1: *Financial Self-Efficacy* → *Financial Well-Being*	0.742	0.862	0.040	21.618	0.000	Accept

Source: Data processed (2024)

DISCUSSION

The primary hypothesis confirms that Financial Self-Efficacy has a positive effect on Financial Well-Being among university students in the western region of Java Island, specifically in Banten, DKI Jakarta, and West Java provinces. This finding aligns with the research conducted by (Hashmi et al., 2021) which demonstrated a positive relationship between Financial Self-Efficacy on Financial Well-Being among students in Pakistan. Similarly, (Sabri et al., 2020) reported the same result for civil servants in Malaysia, while (Lone & Bhat, 2024) found consistent empirical evidence among educators at two universities in India. However, our research offers distinct empirical insights concerning university students in the provinces of DKI Jakarta, Banten, and West Java. Several strong arguments can explain these findings. First, students' Financial Self-Efficacy plays a crucial role in shaping their financial behaviors (Shim et al., 2010) Students with higher levels of Financial Self-Efficacy tend to exhibit greater confidence in making sound financial decisions, such as budgeting, saving, and managing debt (Rahmawati & Marcella, 2023). This confidence empowers them to take proactive steps in managing their finances, ultimately enhancing their Financial Well-Being.

Second, students with high levels of financial self-efficacy are better equipped to handle unexpected financial situations calmly and systematically. They possess the capability to identify effective solutions, such as adjusting their budgets or seeking additional sources of income, which helps alleviate stress and anxiety related to financial issues (Philippas & Avdoulas, 2020). This ability to manage financial challenges significantly contributes to an enhancement in Financial Well-Being, as students feel more in control and financially secure (Netemeyer et al., 2018).

Lastly, financial self-efficacy in managing finances also encourages students to engage more actively in efforts to enhance financial literacy (Chong et al., 2021). Students who have confidence in their financial management abilities are more likely to be motivated to seek information, participate in training, and utilize available resources to improve their financial knowledge and skills (Rothwell et al., 2016). This improvement in financial literacy enables them to make more informed and strategic financial decisions, which, in turn, enhances their financial well-being (Brüggen et al., 2017). Therefore, the empirical evidence demonstrating a positive impact of financial self-efficacy on financial well-being among students can be understood as the result of the interplay between self-confidence in financial management, the ability to address financial challenges, and the advancement of financial literacy.

The results of the robustness check for the two groups are summarized as follows. The robustness of the findings across these groups indicates that the factors influencing financial well-being exert a consistent effect within the context of students across different regions. Despite the socio-economic differences between Banten, DKI Jakarta, and West Java, the consistent results suggest that financial self-efficacy effectively mitigates these contextual variations (Hartono et al., 2024) This implies that interventions aimed at enhancing financial well-being can be broadly applied and remain effective across diverse regional conditions. The consistent findings from this sub-sample robustness check reinforce the validity and generalizability of the research outcomes. Such consistency demonstrates that financial self-efficacy as a determinant of financial well-being is applicable not only broadly but also across different sub-populations, strengthening the argument that fostering confidence in financial management should be a primary focus of financial education programs at universities (Shim et al., 2010).

CONCLUSION

This study reveals that financial self-efficacy exerts a significant positive impact on financial well-being among students in Banten, DKI Jakarta, and West Java. The results are consistent across both the overall analysis and the sub-sample robustness checks, demonstrating that this positive influence is applicable to students from both Banten and DKI Jakarta as well as those from West Java. These findings underscore the critical role of financial self-efficacy in financial management as a key determinant of students' financial well-being.

SUGGESTION AND LIMITATION

Practical Suggestion

The implications of these findings are considerable. Firstly, universities and higher education institutions in Banten, DKI Jakarta, and West Java should develop financial education programs aimed at enhancing financial self-efficacy. Such programs might include workshops, seminars, and personal mentoring on financial management, designed to bolster students' confidence in handling their finances. Secondly, financial institutions and policymakers could collaborate with universities to provide resources and tools that support students in developing strong financial management skills.

These interventions are expected to contribute to the overall improvement of students' financial well-being.

Limitation and Theoretical Suggestion

This study has several limitations that warrant consideration. First, the research sample is confined to students from three regions (Banten, DKI Jakarta, and West Java), which may not fully represent the student population across Indonesia. Therefore, caution is needed when generalizing the findings of this study. Second, the study employs a cross-sectional approach, meaning that data were collected at a single point in time, which limits the ability to capture changes or dynamics in financial self-efficacy and financial well-being over time. Furthermore, while Structural Equation Modeling (SEM) using Partial Least Squares (PLS) is effective for examining relationships between variables, it may not fully capture the complexities of other factors influencing students' financial well-being.

Future research should aim to broaden the geographical scope by including students from various regions across Indonesia to enhance the generalizability of the findings. Longitudinal studies are also recommended to track changes in financial self-efficacy and financial well-being over time. Additionally, future research could explore additional variables such as financial literacy, financial behavior, and other demographic factors that might influence students' financial well-being (Anthony et al., 2022; Castro-González et al., 2020; Hashmi et al., 2021; Iannello et al., 2021; Kumar et al., 2023; Philippas & Avdoulas, 2020; Singh & Malik, 2022; Strömbäck et al., 2017). Integrating qualitative methods, such as in-depth interviews or focus group discussions, could also offer more nuanced insights into students' experiences and perceptions regarding their financial management.

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