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Revisiting sustainable financial behavior: The distinct roles of financial well-being, mental health, and consumption behavior

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ABSTRACT

This study investigates the influence of financial well-being and mental health on employee financial behavior, both directly and indirectly through consumption behavior, within emerging economies. Despite extensive research on financial literacy and economic determinants, the influence of psychological well-being and consumption behavior on financial behavior remains underexplored, particularly its mediating role between financial well-being, mental health, and financial behavior. Using a quantitative approach, data were collected from 140 private-sector employees in Indonesia and analyzed using PLS–SEM. The findings reveal that financial well-being, mental health, and consumption behavior significantly and positively affect employee financial behavior. Furthermore, financial well-being significantly influences consumption behavior, which mediates the relationship between financial well-being and financial behavior. However, consumption behavior does not mediate the relationship between mental health and financial behavior, highlighting that psychological stability may directly strengthen employees' capacity for responsible financial planning and long-term financial management. This study contributes to the behavioral finance and strategic management literature by combining psychological and financial factors in employee financial decision-making and mental health in financial behavior.

Keywords: Financial Well-Being, Mental Health, Financial Behavior, Sustainable Consumption, Theory of Planned Behavior

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Introduction

In the new global economy, financial behavior has become a central issue for employees. There is a growing body of literature that recognizes the importance of financial behavior for high-salary employees since they do not necessarily manage their expenses well, and vice versa. Most employees view finances as related to their own and their family's financial situations, with concerns about personal finances generally associated with feelings of satisfaction or disappointment. Disappointment with personal financial conditions can have psychological impacts, including declines in physical health, reduced self-confidence, and reduced workplace productivity (Charkhabi, 2018). As employees, it is important to consider potential survival, future income, and retirement. Employees need to manage their income more effectively and wisely to avoid financial mistakes.

According to the annual Total Remuneration Survey (TRS) report, employees in the Asian region are projected to experience an average salary increase of 5.2 percent by 2024 (Mercer, 2023). This figure shows a relatively stable upward trend compared to the 2023 estimate of 5.1 percent and the 2022 realization of 5 percent. While this trend reflects positive income growth, its implications for individual financial behavior depend heavily on their individual financial management skills. Increased income is not always accompanied by improved Financial Well-Being, particularly in regions with small and medium-sized industry-based economies, such as Jepara Regency, Indonesia, which is dominated by the manufacturing and craft sectors.

A global survey by Deloitte's Millennial Survey (2022) shows that nearly half of Generation Z (46 percent) and millennials (47 percent) still rely on active income to meet their daily needs. In fact, more than a quarter of respondents do not view retirement as easily attainable. This indicates that a large portion of financial resources is allocated to short-term needs. A similar phenomenon is also seen in Indonesia, where pressures on the cost of living, relatively low levels of financial literacy (Badria et al., 2023), and limited access to investment instruments lead many workers, including in areas like Jepara, to prioritize consumption over long-term financial planning. Previous research has shown that millennial workers tend to exhibit varying investment behaviors, with most allocating less than 40 percent of their income to investments (Umair & Ganapathi, 2021). While there are indications of improvement in financial management, this does not fully reflect optimal financial behavior. Limited income, job fluctuations, and rising consumption, including online shopping, may further influence the financial behavior of private-sector employees in Jepara, Indonesia.

Categorizing income and expenses teaches individuals to separate their funds into categories based on specific goals or functions. Employees can allocate their salaries for daily needs such as monthly bills, long-term savings, or recreational expenses. Financial behavior concerns personal decisions about how to allocate funds among goals, such as saving, investing, or meeting living expenses (Cappelli et al., 2024). Financial attitudes are an important element in financial management behavior because, in general, attitudes toward money are defined as an individual's behavior related to their money. Money is a basic need that can influence individual actions and can lead to irrational behavior (Siswanti & Halida, 2020). Previous research has shown that the more positive a person's financial attitude, the better their financial management. Good financial behavior management can help individuals manage their finances (Siswanti & Halida, 2020).

Financial Well-Being refers to a state in which an individual feels financially secure, able to meet current needs, and prepared to meet future needs (Garg et al., 2024). This state is not only the result of good financial management but also influences how individuals make financial decisions. Individuals with high levels of Financial Well-Being tend to experience lower financial stress, enabling them to think more rationally, have a long-term orientation, and have better self-control in managing their finances (du Plessis et al., 2024). Conversely, individuals with low Financial Well-Being often face economic pressures that encourage short-term and less planned decisions, such as impulsive consumption or reliance on debt. Within the framework of the Theory of Planned Behavior, Financial Well-Being can increase perceived behavioral control, namely an individual's confidence in their ability to manage their finances, and foster a more positive attitude toward financial planning (Núñez-Letamendia et al., 2025). This ultimately encourages the formation of more responsible financial intentions and behaviors. Therefore, individuals with higher levels of Financial Well-Being tend to exhibit better financial behaviors, such as budget planning, regular saving, investing, and avoiding unproductive debt (Fan & Henager, 2025). Thus, Financial Well-Being plays an important role in determining the quality of financial behavior, both directly and by increasing the capacity for rational, sustainable decision-making.

Individuals struggling with severe financial problems are more susceptible to mental health issues, such as depression, substance abuse (especially alcohol), and suicidal tendencies (Yang et al., 2018). Financial problems are strongly influenced by needs, desires, and mental states experienced through direct thoughts (Dutta & Das, 2024). Furthermore, these feelings drive individuals to strive for excellence despite suboptimal Financial Well-Being. Previous research has shown that negative feelings such as fear, panic, and uncertainty can influence a person's financial behavior, leading them to purchase more items than usual and leading to panic buying. This type of consumption behavior is often triggered by events and emergencies, leading to a significant spike in purchasing (Arafat et al., 2020; Lins & Aquino, 2020). Other research has shown that panic buying is seen as a way to cope with negative emotions, uncertainty, and anxiety that are a response to uncomfortable situations. Therefore, a person needs to understand what mental health issues may occur before engaging in such a purchase (Lins et al., 2021).

Since the coronavirus outbreak, online shopping has become more prevalent worldwide than ever before. As populations across entire countries are placed under quarantine, the pandemic has triggered a downward trend in economic performance. The pandemic is expected to have a serious impact on buyer behavior and employee productivity. Customers are the driving force behind market growth, competition, and financial interdependence (Salem & Md Nor, 2020). The increasing variety of products and global economic instability in the 21st century have made financial decisions more complex and presented challenges for consumers in their economic and financial activities. Therefore, over the past decade, financial management has become increasingly important in both personal and professional life. In fact, in some occupations, employees may be unable to achieve Financial Well-Being (Van Aalst et al., 2021). The rapid growth of online shopping in recent years is attributed to its numerous benefits, including greater choice in terms of time, store availability, and product variety (Le Tan et al., 2021). Previous research has shown that convenience plays a significant role in shaping consumption purchasing patterns, with most consumers shifting from brick-and-mortar to online shopping. Trust also has a major impact on purchasing decisions, as people generally choose brands and products they can trust (Bint & Al-Khanini, 2021).

Consumption behavior is a crucial factor in explaining the relationship between financial well-being and financial behavior, as consumption patterns reflect how individuals manage their financial resources (Fan & Henager, 2022). Individuals with high levels of financial well-being tend to have more stable financial conditions, lower financial stress, and greater self-control in making consumption decisions (Strömbäck et al., 2017). This allows individuals to prioritize spending more rationally, avoid impulsive purchases, and allocate income to productive needs such as savings and investments. On the other hand, mental health also plays a crucial role in shaping consumption and financial behavior, as psychological well-being influences an individual's ability to manage emotions, manage stress, and maintain self-control in economic decision-making (Ali et al., 2024). Individuals with good mental health tend to be more rational in their consumption behavior, while those with high psychological distress are more prone to impulsive buying as a coping mechanism (Lins et al., 2021). In the Theory of Planned Behavior, financial well-being can shape positive attitudes toward financial management and increase perceived behavioral control, which, in turn, is reflected in more planned consumption behavior and ultimately translated into financial behavior (She et al., 2024). Thus, consumption behavior serves as a mechanism explaining how financial well-being translates into wiser, more disciplined, and more sustainable financial behavior.

Consumption behavior plays a crucial role as a mediator in the relationship between financial well-being and financial behavior. Individuals with higher financial well-being generally experience lower financial stress and greater self-control, enabling them to make more rational consumption decisions, avoid impulsive purchases, and allocate resources toward savings and investments (Fan & Henager, 2022; Strömbäck et al., 2017). This controlled consumption pattern then translates into better overall financial behavior, such as disciplined budgeting and prudent investment choices.

In contrast, while mental health also influences financial behavior, the effect does not appear to operate through consumption behavior. Poor mental health tends to directly impair financial decision-making due to emotional distress, reduced cognitive capacity, or diminished motivation (Ali et al., 2024). Although psychological distress can sometimes trigger impulsive buying as a coping mechanism (Lins et al., 2021), consumption behavior does not consistently serve as a mediating pathway for mental health's impact on financial outcomes.

By positioning consumption behavior as a mediator, this study extends the Theory of Planned Behavior. Financial well-being fosters positive attitudes and greater perceived behavioral control, which are reflected in more planned and deliberate consumption patterns, ultimately leading to wiser, more sustainable financial behavior (She et al., 2024). Therefore, this present study offers a novelty to the behavioral finance literature. It integrates Financial Well-Being and mental health into a single framework to explain financial behavior, bridging economic and psychological perspectives that are often studied separately. It also repositions consumption behavior as a mediating mechanism, providing a behavioral pathway that explains how internal states translate into financial decisions. This study aims to provide empirical evidence on the influence of Financial Well-Being and mental health on financial behavior. It examines employees' online shopping consumption behavior as a link between Financial Well-Being and mental health, and between Financial Well-Being and financial behavior. This research extends the Theory of Planned Behavior by incorporating well-being and psychological dimensions, thereby increasing its explanatory power in the context of financial behavior. Furthermore, the findings of this study demonstrate an asymmetric effect in which financial well-being and mental health influence financial behavior through distinct mechanisms. Financial well-being influences financial behavior indirectly through consumption, whereas mental health influences it directly, without going through consumption. These findings suggest that economic and psychological factors do not always operate through the same behavioral pathways in shaping individual financial behavior.

Literature Review

This study is based on the Theory of Planned Behavior (TPB) (Ajzen, 1991) to explain individuals' financial behavior. The TPB was selected as it models the development of behaviour through cognition (attitude, subjective norms, perceived behaviour control), which then leads to intention and behaviour. Financial Well-Being is an external determinant which influences an individual's attitude towards financial management behavior. People who are more financially well are generally more positive towards the significance of financial planning, control spending, and making logical choices (Fan & Henager, 2025). This positive attitude then leads to the desire to be more responsible financially. On the other hand, those with low Financial Well-Being often have a high level of financial pressure, which results in less supportive attitudes toward financial management, including a tendency to ignore financial planning, and to think more about short-term than long-term needs. In such cases, the negative attitudes that are formed can undermine the intention to engage in financially smart behavior, which can impact the financial behavior itself. Past research on the use of the TPB in financial settings has largely centered on cognitive factors, including financial knowledge, attitudes and intentions, and neglected to look as closely at other psychological factors such as subjective financial conditions and financial well-being as behavioral determinants. This restriction results in a theoretical gap as financial decisions are not made only by rational evaluation processes, but also due to emotional conditions and financial security perception. Since this research builds upon the TPB (Fishbein, 1980), it adds the concepts of Financial Well-Being and mental health as antecedents, which affect financial behavior differently, as two contextual factors.

Mental health is set as a factor that affects perceived behavioral control. In the TPB model, perceived control is defined as a person's self-efficacy to engage in a behavior. People with good mental well-being are more likely to be confident in their self, emotionally stable and have self-control, which in turn makes them feel better equipped to make informed decisions, cope with economic stressors and manage finances (Badran et al, 2025). On the other hand, a damaged mental health can lead to reduced perceived control, which can, in turn, affect the ability of effective financial management. In previous research, mental health has been typically analyzed as a psychological result of financial issues. Unlike this study, however, the focus of mental health in this study is the ability to make financial decisions; mental health can be an active determinant of financial decision-making capacity.

In addition, this research is relevant in positioning the consumption behavior as a representation of behavioral intention in a financial context. In TPB, intentions to do an action are a direct cause of the actual behaviour. Consumption behavior is a form of consumption that shows the individual's pattern of allocating income to different purchases, discretionary spending, and spending patterns which implicitly indicate the intention to manage or utilize financial resources (Cascavilla et al., 2025). This view reinforces the TPB model by showing that the PBC is not only a cognitive factor but also has a psychological dimension. The cognitive and psychological factors are therefore a link to consumption behavior and to actual financial behavior. Lastly, financial behavior in this study was transformed into an actual behavior that is driven by the interaction between attitudes, perceived behavioural control and intention. These include financial planning, saving, debt management and investment choices (Cappelli et al., 2024). Financial Well-Being and mental health are incorporated into the TPB model in this research model which can explain not only the formation of behavior, but also the differences in financial behavior of individuals.

Financial Well-Being and Financial Behavior

Financial Well-Being is defined as the ability to manage daily finances, manage cash flow, monitor and achieve financial goals, and achieve financial freedom, with financial behavior, knowledge, and personal traits as key drivers. Current stress on money management and expectations for future financial security also reflect Financial Well-Being, which can significantly impact overall well-being (Netemeyer et al., 2018). Previous research has shown that financial behavior plays a significant role in determining Financial Well-Being. This study also examines financial behavior more broadly, beyond spending and saving. An individual's Financial Well-Being, as reflected in the implementation of appropriate financial behaviors, can ensure that these behaviors align with existing psychological beliefs. Financial behavior has been identified as a mediator of individual Financial Well-Being, alongside other variables, including psychological ones (Çera et al., 2021; Saurabh & Nandan, 2018).

H_1: Financial well-being has a positive effect on consumption (a) and financial behavior (b).

Mental Health and Financial Behavior

The Mental Health Foundation in 2020 notes that mental health refers to how a person thinks and feels about themselves and their life, and how they face and handle challenges. Mental health is considered to affect a person's ability to navigate daily life and take advantage of opportunities. Mental health issues emerge, indicating a person is more susceptible to anxiety, anger, confusion, post-traumatic stress symptoms, fear, and panic (Chatterjee et al., 2020). Previous research suggests that measures of stress, anxiety, and depression are used to assess financial behavior and mental health. Depression is more closely related to financial hardship. More severe financial hardship increases levels of depression and stress, and worsens anxiety (Hassan et al., 2021). Sources of financial stress include insufficient assets, economic challenges, and financial difficulties. Whether someone has difficulty meeting basic needs, such as buying food, clothing, paying bills, and so on, can also be associated with depression. Furthermore, various sources of financial stress can relate to mental health issues in various ways (Guan et al., 2022).

Good financial behavior is often influenced by a person's economic circumstances, with income and financial assets playing significant roles in shaping mental health and financial management. Income shapes mental health by increasing access to resources that improve overall health, including mental health, providing control over one's time and environment, and reducing stressors. Financial assets can include other financial resources beyond income, such as savings, credit, and debt. These financial assets contribute to a sense of wealth, which ultimately shapes a person's mental health (Ettman et al., 2022).

H_2: Mental health has a positive effect on consumption (a) and financial behavior (b).

The Mediating Role of Consumption Behavior between Financial Well-Being and Financial Behavior

Financial Well-Being is an individual's capacity to meet financial responsibilities in the present day, while simultaneously planning for financial safety in the future (Fan & Henager, 2022). Having high financial literacy is associated with making better financial choices, which leads to higher Financial Well-Being (Lone & Bhat, 2024). Factors that impact workers' financial well-being include not only their income, but their financial management practices as well, such as saving, cash management, and responsible credit use. It has been found that the Financial Well-Being scale is correlated with financial behaviors such as healthy financial behaviors and positive attitudes towards financial management (Sabri et al., 2020). Therefore, Financial Well-Being is a product, but also a determinant of individual thinking and action in everyday financial behaviours.

Financial Well-Being has been closely associated with consumption behavior which is a significant aspect in financial resource allocation of the people. Consumption behavior is not just about purchasing behavior but also about the attitude, value, and preference of a person towards consumption and the capacity of the person to control the consumption spending or purchasing (Sharma & Kushwah, 2025). In this study, consumption behavior is interpreted as the individual's spending behavior, which involves the degree of budget planning and self-control of the use of income. People with Financial Well-Being are more likely to make rational, planned consumption decisions, which can help them steer clear of impulsive spending and invest in their future. On the other hand, when individuals have low Financial Well-Being, they appear to be less likely to control their consumption, which may make them less financially well off.

H_3: Consumption behavior has a positive effect on financial behavior.

Thus, consumption behavior serves as a link between Financial Well-Being and overall financial behavior. People with a good financial standing are more likely to have more stable financial circumstances, less financial stress, and to be able to rationally, plan and control their consumption (du Plessis et al., 2024; Fan & Henager, 2025). This is a condition that makes people spend more carefully and not buy things on impulse, but buy what they need. Individuals who feel financially secure are found to have more disciplined spending habits, have self-control, and are more likely to have a healthy consumption pattern, which leads to better financial behaviour, including regular saving, prudent debt management, and long term financial planning (Agarwala et al., 2019). The financial impact on financial behaviour is therefore not direct, but instead is first seen in consumption patterns in everyday life.

She et al. (2024) proposed that consumption behavior can be regarded as a behavior manifestation which reflects the expression of an individual's attitude and self-control in the use of financial resources in the Theory of Planned Behavior. People who are financially healthy are more likely to be positive about financial management and have self-control skills that are reflected in their consumption behavior (She et al., 2022). Thus, consumption behaviour is not only a spending behaviour but also plays an important role in explaining the connection between financial well-being and financial behaviour (Bhatia & Singh, 2024). This perspective strengthens the mediating role of consumption behavior in comprehensively explaining the formation of financial behavior.

H_4: Consumption behavior can mediate the influence of financial well-being on financial behavior.

The Mediating Role of Consumption Behavior between Mental Health and Financial Behavior

Mental health is a crucial determinant of economic decision-making, as it relates to an individual's ability to manage emotions, self-regulate, and maintain psychological balance amid life's pressures (Kristoffersen et al., 2024). Individuals with good mental health tend to have a higher capacity for self-regulation, enabling them to evaluate the consequences of each financial decision rationally and with a long-term focus. The Theory of Planned Behavior holds that this condition is closely related to perceived behavioral control, an individual's belief in their ability to control their behavior (Hagger & Hamilton, 2025). Conversely, individuals experiencing psychological distress, such as stress or depression, tend to have lower self-control, making them more susceptible to impulsive and unplanned decision-making, particularly in the context of consumption.

Individuals with good mental health tend to exhibit more planned consumption patterns, can distinguish between needs and wants, and avoid impulsive purchases. Conversely, less stable mental states often lead individuals to use consumption as a coping mechanism to relieve emotional stress (He et al., 2025). Consumption behavior serves as a mediator explaining how mental health conditions translate into financial behavior. This means that mental health does not always directly influence financial behavior; rather, it first influences an individual's consumption patterns. Uncontrolled consumption patterns, such as impulsive buying or overspending, can negatively affect financial behavior, including low savings capacity, increased debt, and poor financial planning. Conversely, planned and controlled consumption patterns will support healthier financial behavior. Therefore, the research hypothesis is formulated as follows:

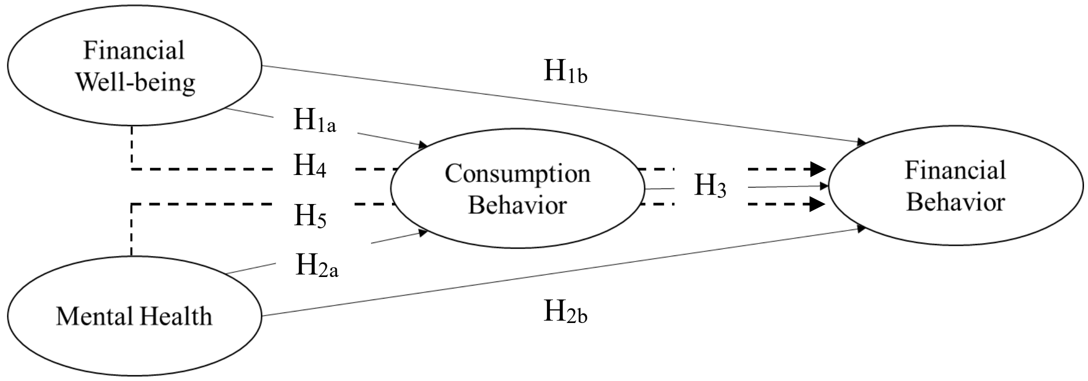
H_5: Consumption behavior mediate the influence of mental health on financial behavior.

Figure 1 illustrates the proposed research framework examining the relationships among financial well-being, mental health, consumption and financial behavior. Financial well-being and mental health are hypothesized to directly influence employee financial behavior. Also, consumption behavior is proposed as a mediating mechanism through which financial well-being and mental health affect financial behavior. Employees with better financial well-being and mental health are expected to exhibit more responsible consumption patterns, which may subsequently enhance financial behavior. Accordingly, the framework tests both the direct effects of financial well-being and mental health on financial behavior and the indirect effects transmitted through consumption behavior. This model extends the Theory of Planned Behavior by integrating financial and psychological factors into the explanation of employee financial behavior.

Methods

This study employed a quantitative survey design to examine the relationships among financial well-being, mental health, consumption behavior, and employee financial behavior. Primary data were collected using a structured self-administered questionnaire distributed electronically through Google Forms. Jepara Regency, Central Java, Indonesia, was selected as the research setting because its economy is largely supported by manufacturing industries and micro, small, and medium enterprises (MSMEs), employing a substantial proportion of the local workforce. The increasing adoption of e-commerce and online shopping among employees also provides an appropriate context for examining financial well-being, consumption behavior, and financial decision-making. According to Statistics Indonesia, Jepara has a relatively large working-age population. Jepara has a relatively large working-age population (Badan Pusat Statistik [BPS] Kota Salatiga, 2025). However, official statistics

Figure 1. Research Framework



do not report the number of private-sector employees who simultaneously receive a fixed income and have prior online shopping experience, which constituted the target population of this study. Consequently, the study population was treated as unknown.

A non-probability purposive sampling technique was employed because only respondents who satisfied the predefined selection criteria were considered capable of providing information relevant to the research objectives. The respondents were required to (1) be private-sector employees domiciled in Jepara Regency, (2) receive a regular monthly income, and (3) have previous experience purchasing products through online shopping platforms. Data were collected between April 2025 and Auguts 2025. A total of 140 valid questionnaires were obtained and included in the final analysis. The sample size exceeded the minimum recommendation for Partial Least Squares–Structural Equation Modeling (PLS-SEM), making it adequate for estimating both the measurement and structural models (Hair et al., 2022). Participation in this study was voluntary. Before completing the questionnaire, respondents were informed about the purpose of the study, assured that their responses would remain anonymous and confidential, and informed that they could withdraw from the survey at any time. Completion of the questionnaire was considered informed consent.

The descriptive statistics presented in Table 1 referred to the profile of respondents by gender, highest level of education, age, length of service, and income level. A total of 67 respondents were male, and 73 respondents were female. The educational level of respondents was dominated by high school/vocational high school graduates (85 percent); 4 percent were junior high school graduates; and 11 percent were bachelor's degree/diploma 3 graduates. The majority of respondents were aged 20 to 29 years, with a total of 92 participants. Meanwhile, respondents aged under 20 numbered 20, aged 30 to 39 numbered 23, and aged 40 to 49 numbered 5. The length of service of respondents was dominated by 1 to 3 years, namely 38 percent. As many as 25 percent had a length of service of less than 1 year, 19 percent had a length of service of 3 to 5 years, and 18 percent had a length of service of more than 5 years. The respondents in the study had incomes ranging from IDR 1,000,000 to IDR 3,000,000, as many as 68 percent, 9 percent were those who earned below IDR 1,000,000, 18 percent were those who earned between IDR 3,000,000 to IDR 5,000,000, and those who had an income of more than IDR 5,000,000 per month was equivalent to 5 percent.

The questionnaire was developed by adapting measurement items from previously validated studies to ensure content validity and comparability with prior research. Financial behavior was measured using four items reflecting budgeting, expenditure monitoring, emergency savings, and regular saving practices (Fong, 2025; Kamalbatcha et al., 2024). The financial well-being variables discussed indicators of financial savings, condition, and satisfaction (du Plessis et al., 2024; Fan & Henager, 2022, 2025). In addition, mental health variables related to the satisfaction with life scale (happiness traits), the emotion regulation questionnaire (emotionality), the brief self-control scale (self-control) (Lins et al., 2021; Potoczny et al., 2022), and the ability to cope with stress (coping skills) (Frankham et al., 2020). Since MH1 and MH4 were negatively worded, both items were reverse-coded before analysis so that higher scores consistently represented better mental health. Meanwhile, consumption behavior variables were measured by purchase frequency (Rønnow et al., 2025), product knowledge, one's feelings towards the product (perceived value) (Mohammad et al., 2025), and shopping comfort when comparing product prices (Kwarteng et al., 2020). The detailed operationalization of the study variables is summarized in Table 2. Minor wording modifications were made to improve clarity and suitability for the Indonesian context while preserving the conceptual meaning of each construct. All variables were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree, with higher scores indicating stronger agreement.

Table 1. Demographic Profiles

Profiles		**Frequency**	**Percentages (%)**
Gender	Male	67	48
	Female	73	52
Age	< 20 years	20	14
	20 – 29 years	92	66
	30 – 39 years	23	16
	40 – 49 years	5	4
Education	Junior High School or Equivalent	5	4
	High School or Equivalent	119	85
	Bachelor's Degree/Diploma	16	11
Length of work	< 1 year	35	25
	1-3 years	53	38
	3-5 years	27	19
	> 5 years	25	18
Income (Monthly)	< IDR 1,000,000	12	9
	IDR 1,000,000 - Rp. 3,000,000	95	68
	IDR 3,000,000 - Rp. 5,000,000	26	18
	> IDR 5,000,000	7	5

Table 2. Measurement Items

Construct	Code	Items
Financial Behavior (FB)	FB1	I always make a monthly budget for my expenses.
	FB2	I regularly track and record my daily or monthly expenses.
	FB3	I have enough money set aside in an emergency fund to cover unexpected expenses.
	FB4	I set aside a portion of my income to save every month.
Fiancial Well-Being (FWB)	FWB1	I'm satisfied with how much money I've saved so far.
	FWB2	I feel that my current financial situation is stable.
	FWB3	I am confident that I can manage my personal finances well.
Mental Health (MH)	MH1	I feel anxious when I think about financial problems.
	MH2	I feel confident in my ability to make sound financial decisions.
	MH3	I often avoid situations that could cause financial stress.
	MH4	Financial problems can affect my physical health.
Consumption Behavior (CB)	CB1	I prefer products from well-known brands.
	CB2	I do some research first before buying a new product from an online store.
	CB3	I am satisfied with the product I purchased from the online store.
	CB4	I feel comfortable comparing prices before buying something from an online store.

The proposed research model was analyzed using SmartPLS version 4 following the two-stage approach recommended by Hair et al. (2022). Partial Least Squares–Structural Equation Modeling (PLS-SEM) was selected because it is suitable for predictive research involving multiple latent constructs, mediation analysis, and relatively small sample sizes. The first stage involved evaluating the measurement model to assess the adequacy of the measurement instruments. Indicator reliability was examined using outer loadings, with values above 0.70 considered acceptable. Internal consistency reliability was evaluated using Cronbach's alpha and Composite Reliability (CR), where values above 0.70 indicated satisfactory reliability.

Convergent validity was assessed using the Average Variance Extracted (AVE), with values exceeding 0.50 demonstrating adequate convergent validity. Discriminant validity was evaluated using the Heterotrait–Monotrait ratio (HTMT), with values below 0.90 indicating satisfactory discriminant validity. After confirming the adequacy of the measurement model, the structural model was evaluated by examining multicollinearity, path coefficients, coefficients of determination (R^2), predictive relevance (Q^2), and mediation effects. Collinearity among predictor constructs was assessed using the Variance Inflation Factor (VIF), where values below 5 indicated no multicollinearity concerns. The significance effects of 5,000 bootstrap resamples were accepted when the corresponding p-value was below 0.05.

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Results and Discussion

Before testing the proposed hypotheses, the measurement model was evaluated to examine the reliability and validity of the measurement instruments. Indicator reliability was first assessed using outer loadings. As presented in Table 3, during the measurement model evaluation, one indicator of the consumption behavior construct (CB1) was removed because its outer loading did not meet the recommended threshold. After eliminating this indicator, all retained indicators exhibited outer loading values ranging from 0.720 to 0.903, exceeding the recommended threshold of 0.70. These results indicate that each indicator adequately represents its corresponding latent construct and confirms satisfactory indicator reliability. Moreover, internal consistency reliability and convergent validity were subsequently evaluated using Cronbach's alpha, Composite Reliability (CR), and the Average Variance Extracted (AVE). As shown in Table 4, Cronbach's alpha values ranged from 0.729 to 0.883, while Composite Reliability values ranged from 0.821 to 0.927, both exceeding the recommended threshold of 0.70. Likewise, all AVE values were above 0.50, demonstrating satisfactory convergent validity. Table 3 also indicates that all VIF values ranged from 1.121 to 2.963, well below the recommended threshold, indicating that multicollinearity was not a concern. Discriminant validity was further assessed using the Fornell–Larcker criterion. As presented in Table 5, the square root of the AVE for each construct exceeded its correlations with the remaining constructs, confirming satisfactory discriminant validity.

Table 3. Outer Loadings

	CB	FB	FWB	MH
CB2	0.850	-	-	-
CB3	0.849	-	-	-
CB4	0.867	-	-	-
FB1	-	0.840	-	-
FB2	-	0.832	-	-
FB3	-	0.855	-	-
FB4	-	0.881	-	-
FWB1	-	-	0.896	-
FWB2	-	-	0.903	-
FWB3	-	-	0.898	-
MH1	-	-	-	0.733
MH2	-	-	-	0.735
MH3	-	-	-	0.736
MH4	-	-	-	0.720

Table 4. Construct Reliability, Validity, and Collinearity

	Cronbach's α	Composite Reliability	AVE	VIF
CB	0.817	0.891	0.732	1.666 - 1.960
FB	0.874	0.914	0.726	1.901 - 2.963
FWB	0.883	0.927	0.809	2.228 - 2.942
MH	0.729	0.821	0.535	1.121 - 1.827

Table 5. Discriminant Validity (Fornell-Larcker Criterion)

	CB	FB	FWB	MH
CB	0.855	-	-	-
FB	0.576	0.852	-	-
FWB	0.452	0.636	0.899	-
MH	0.324	0.595	0.502	0.731

Table 6. Structural Model Fit Indices and Coefficient of Determination (R^2)

Measurement	Saturated Model	Estimated Model
SRMR	0.075	0.075
d_ULS	1.197	1.197
d_G	0.376	0.376
NFI	0.929	0.929
Constructs	**R^2**	**Adjusted R^2**
CB	0.217	0.205
FB	0.587	0.578

Table 7. Hypothesis Testing

Hypothesis		Estimate (β)	*t*-value	*p*-value	Decision
H_{1a}	FWB → CB	0.387	4.321	0.000	Accepted
H_{1b}	FWB → FB	0.451	7.658	0.000	Accepted
H_{2a}	MH → CB	0.130	1.407	0.159	Rejected
H_{2b}	MH → FB	0.368	5.746	0.000	Accepted
H_3	CB → FB	0.323	4.526	0.000	Accepted
		Estimate (β)	***t*-value**	***p*-value**	
H_4	FWB → CB → FB	0.125	2.679	0.007	Accepted
H_5	MH → CB → FB	0.042	1.297	0.195	Rejected

The f^2 values indicate that financial well-being had a small-to-moderate effect on consumption behavior (0.143) and a moderate effect on financial behavior (0.169). Mental health showed moderate effects on both consumption behavior (0.160) and financial behavior (0.190), whereas consumption behavior exhibited a small-to-moderate effect on financial behavior (0.143).

Following confirmation of the measurement model, the structural model was evaluated using the model fit indices, coefficients of determination (R^2), and effect sizes (f^2). As presented in Table 6, the standardized root mean square residual (SRMR) was 0.075, which is below the recommended threshold of 0.08, indicating an acceptable model fit. In addition, the normed fit index (NFI) reached 0.929, exceeding the recommended value of 0.90 and suggesting that the proposed model adequately represents the observed data. Lastly, the model explained 58.7% of the variance in financial behavior ($R^2 = 0.587$) and 21.7% of the variance in consumption behavior ($R^2 = 0.217$), indicating moderate explanatory power. Effect size analysis further showed that the structural relationships exerted small-to-moderate practical effects on the endogenous constructs, suggesting that each predictor contributes meaningfully to explaining financial behavior.

Table 6 presents the results of the hypothesis testing using the bootstrapping procedure. The findings indicate that financial well-being positively and significantly influences both consumption behavior and financial behavior. Specifically, financial well-being has a significant positive effect on consumption behavior ($\beta = 0.387$, $t = 4.321$, $p < 0.001$), supporting H_{1a}, and a significant positive effect on financial behavior ($\beta = 0.451$, $t = 7.658$, $p < 0.001$), supporting H_{1b}. These results suggest that employees with higher levels of financial well-being are more likely to demonstrate responsible consumption patterns and better financial behavior. In addition, the effect of mental health on the proposed relationships produced mixed results. Mental health did not have a significant influence on consumption behavior ($\beta = 0.130$, $t = 1.407$, $p = 0.159$), leading to the rejection of H_{2a}. However, mental health exerted a positive and significant effect on financial behavior ($\beta = 0.368$, $t = 5.746$, $p < 0.001$), providing support for H_{2b}. Furthermore, consumption behavior positively influenced financial behavior ($\beta = 0.323$, $t = 4.526$, $p < 0.001$), supporting H_3.

The mediation analysis results are also presented in Table 7. The findings show that consumption behavior significantly mediates the relationship between financial well-being and financial behavior ($\beta = 0.125$, $t = 2.679$, $p = 0.007$), thereby supporting H_4. In contrast, the indirect effect of mental health on financial behavior through consumption behavior was not statistically significant ($\beta = 0.042$, $t = 1.297$, $p = 0.195$), resulting in the rejection of H_5. These findings indicate that consumption behavior serves as an important mechanism through which financial well-being contributes to improved financial behavior. However, the influence of mental health on financial behavior appears to occur directly rather than indirectly through consumption behavior.

Financial Well-Being and Consumptiom Behavior

The findings of the hypothesis testing show that, financial well-being has a positive and significant influence on consumer behavior. Such a discovery suggests that people who feel financially better are more likely to have a positive attitude towards consumption. People with more stable financial situations often have the ability to satisfy their requirements without significant strain on their finances, providing them with a better chance of making rational decisions about their consumption (Ahamed et al., 2025). Financial wellness helps create a sense of security around today's and tomorrow's economic climate, which in turn supports more intentional, effective, and financially savvy spending habits (Chen et al., 2025; Smith & Eng, 2024).

These results are consistent with existing research that found that people with a higher financial wellness score are more likely to effectively manage budgets, control spending, and avoid impulse purchases than those undergoing a financial stress situation (Fan & Henager, 2022). On the other hand, low financial well-being tends to be linked to less controlled consumption patterns, the use of excessive debt and poor spending priorities (du Plessis et al., 2024). Thus, findings of this study provide empirical evidence to support the notion that financial well-being is not only an indicator of a person's economic status but also influences more responsible consumption patterns (Fan & Henager, 2022). The results indicate that there is a potential for more wise and sustainable consumption, if these measures to enhance financial well-being including financial literacy, sound financial planning, and active income and financial savings management are implemented.

Financial Well-Being and Financial Behavior

The research results presented in Table 7 show that Financial Well-Being has a positive and significant effect on financial behavior, confirming that it is not only an outcome but also an important determinant of individual financial behavior. Financial Well-Being reflects the fulfillment of an individual's basic needs for security and stability, which are prerequisites for achieving self-control and self-actualization in decision-making (du Plessis et al., 2024). People with the confidence to make sound financial decisions think and feel better about money decisions, so they make more planned and responsible decisions.

The results can also be attributed to the Theory of Planned Behavior, which suggests that Financial Well-Being can reinforce positive financial management attitudes and boost perceived financial management control. People who have high levels of Financial Well-Being are more likely to feel confident about how they use their money, budget, and control their spending, and are less likely to make a risky financial decision (Choowan et al., 2024). On the other hand, those who have low Financial Well-Being may also be vulnerable to financial stress that can affect their financial ability to make rational decisions, which is likely to increase their risk for suboptimal financial behavior.

These findings suggest that Financial Well-Being enables people to both make objective self-assessments regarding financial management and to have a better financial decision. The study builds on the research of Chavali et al. (2021) and helps towards building Sustainable Financial Well-Being as it brings into the light and helps in the management of savings and investments as well as credit discipline. Therefore, Financial Well-Being is a psychological and behavioral platform that motivates people to structure their financial habits in a smarter, more regular and long-term manner.

Mental Health and Consumption Behavior

The results of the tests indicate that there is no significant relationship between mental health and consumer behavior; thus, the hypothesis is rejected. With a good mental health state, people should be able to think clearer, regulate their own emotions and make choices about consumption in a more rational fashion (van Elburg et al., 2021). Conversely, those who suffer from mental disorders can exhibit less controlled consumption, as a coping strategy for stress or psychological strain (Volkow & Blanco, 2023). However, the results of this study show that differences in respondents' mental health levels are not able to explain variations in consumer behavior directly. Other factors, such as economic conditions (Šostar & Ristanović, 2023), income level (Scholdra et al., 2022), financial well-being (Fan & Henager, 2022), and consumption habits (Rønnow et al., 2025) are more important in making choices about consumption.

The results are consistent with many existing studies which indicate that the relationship between mental health and consumption behavior is often indirect, mediated or moderated by other factors including financial stress (Pardo & Parra-Domínguez, 2026; Cai, 2025), emotional regulation (Chen et al., 2022), materialism and financial literacy (Khenfer, 2022; Potrich & Vieira; 2018). People with relatively good and poor mental health can also have similar consumption patterns when they have similar incomes, financial access, or financial control. Therefore, mental health can act as a psychological determinant that affects consumption through certain mechanisms, but not as a direct determinant of consumption behavior (Cachón Rodríguez et al., 2024). The results of this study also indicate that although there is a tendency for individuals with better mental health to have more positive consumption behavior (positive coefficient), this relationship is not strong enough to be generalized to the study population. One explanation is that the respondents would have had similar mental health levels or have the ability to make consumption choices on an economic basis and not a psychological one.

Mental Health and Financial Behavior

From the perspective of financial behavior, as seen in Table 7, mental health has a positive and significant impact on financial behavior, thus showing the importance of psychological factors in the financial behavior of an individual. Mental state stability allows people to deal with their feelings, minimize mental strain and enhance cognitive function when handling financial data. People with good mental health are more likely to be able to think rationally, think long term and make decisions without acting impulsively, which leads to more planned and responsible financial behaviour (Blair et al., 2022).

Based on the Theory of Planned Behavior, this study explains that mental health is closely related to perceived behavioral control, namely an individual's belief in their ability to manage financial resources (Cappelli et al., 2024). Individuals with good mental health tend to have higher levels of self-confidence and self-control in dealing with economic pressures, thus being better able to budget, control spending, and make optimal financial decisions (He et al., 2025). Conversely, individuals with disturbed mental health, such as stress or anxiety, tend to experience decreased self-control, which can trigger irrational financial behavior, including overspending or a lack of financial planning.

These findings indicate that mental health not only supports financial behavior but also directly determines it. Individuals with good mental health have a greater capacity for self-regulation, including the ability to control impulses, manage emotions, and maintain consistent decision-making (Nigg, 2017). This enables individuals to conduct more objective self-evaluations of their financial situation, such as assessing their ability to repay debt, determining spending priorities, and planning long-term financial goals more realistically and with greater measurability (Strömbäck et al., 2020). Furthermore, stable mental health also contributes to improved cognitive functions, such as analytical thinking, information processing, and risk assessment. Individuals in good mental health tend to be better able to consider various alternative financial decisions and understand the long-term consequences of each choice. Conversely, impaired mental health, such as stress or anxiety, can reduce the quality of decision-making by encouraging individuals to focus more on meeting short-term needs and neglecting sustainable financial planning.

The Mediating Role of Consumption Behavior between Financial Well-Being and Financial Behavior

The analysis results in Table 7 show that consumption behavior mediates the influence of financial well-being on financial behavior. The finding suggests a direct relationship between financial well-being and financial behavior but also through consumption behavior as a mediator. A high financial well-being correlates with greater financial stability and reduced financial strain, allowing people to better manage their consumption behavior in a rational and considered way (du Plessis et al., 2024). In addition, the financially well positioner tends to possess much better financial buffers like financial savings, emergency funds and regular cash flow. This helps alleviate financial burden throughout the day, which means people avoid the short-term decisions caused by a lack of money in the system, known as a "scarcity mindset" (Despard et al., 2020). In times of low stress, people can plan more effectively and can make more distinction between needs and wants and budget their time accordingly. Therefore, financial stability aids in better pre-purchase assessments and helps minimize impulse purchases. This responsible use of money then promotes responsible financial habits like saving, budgeting, and steering clear of unnecessary debt.

Financial well-being has been shown to impact one's attitude and perceived control over financial management (Hagger & Hamilton, 2025), which in turn affects one's consumption behavior as an indicator of intention to engage in consumption. If consumption behavior is more planned, then the intention to manage financial resources is well perceived and it reflects in one's own financial behavior. The findings are consistent with the finding that consumption behaviour is one of the important mechanisms that can be used to explain the financial situation as it translates to the real behaviour of financial management. The criteria of a good consumer behaviour are the control of spending, priority of spending and the distinction between needs and wants (Barbić et al., 2019). If individuals are able to control their consumption rationally and in a planned manner, then the use of financial resources becomes more efficient. These efficiencies enable people to save and invest with their income, and limit their own consumer borrowing (du Plessis et al., 2024). This means that the effects of enhanced consumption behavior will directly lead to better financial behavior, based on healthier cash flow management.

Mindful usage of consumption also contributes to the enhancement of financial discipline in the medium to long term. Persons who have good consumption habits are likely to stick to their budgets (budget adherence), to review spending and to adjust their consumption behaviour in line with financial goals (Cappelli et al., 2024). The uncontrolled consumption pattern may cause high financial fluctuations which are hard for individuals to plan their finances. On the other hand, a consistent cash flow that can be planned for is the basis for more strategic financial decision making. Thus, enhancing the quality of consumption behaviour affects not only the quality of expenditure, but systematically affects the overall financial behaviour, encompassing planning, control and financial sustainability.

The Mediating Role of Consumption Behavior between Mental Health and Financial Behavior

Indirect effect of mental health on financial behavior through consumption behavior was not significant (indirect effect = 0.042, p = 0.195) as shown in Table 7. There are several interrelated mechanisms that can explain this small mediation effect. Firstly, it is mental health's direct effect on financial behavior that is more powerful than its impact through consumption. In the Theory of Planned Behavior (TPB) model, there is no link between mental health and consumption behavior, but a direct link between mental health and perceived behavioral control, which in turn strongly influences a person's ability to perform financial behavior like budgeting, saving, and debt management (Fang et al., 2025; Hagger & Hamilton, 2025). Decreased cognitive function and self-regulation are likely to have direct adverse effects on a person's larger financial decisions when mental health is poor.

Second, in this context, there is not a strong and consistent link between mental health and consumption behavior. While psychological distress may be one of the factors that theoretically should increase consumption in an impulsive way, not everyone would react by changing their spending habits. Many people have stable consumption because of financial restraints, financial habits, or relatively good self-control (Babiarz & Yilmazer, 2017; Erzincanlı et al., 2024). However, consumption behavior has an indirect effect on the financial behavior pathway, which is smaller than the direct effect of mental health.

Third, in this particular socio-economic environment, socio-economic factors come in external and structural influences that greatly influence consumption patterns of the respondents, rather than psychological factors. The majority of respondents are employees of the young age group aged 20-29 years (65.71%), with relatively low to middle income (Rp1 – 3 million), had completed high school education (85%), and were engaged in activities in manufacturing and craft industries in Jepara Regency. For this group, the online consumption is no longer a reaction to a brief psychological state, but rather it is a more routine part of their life that, amongst other factors, has been promoted by the social media phenomenon and online sales.For this group, it is more of a norm than a distressful moment and their online consumption is more a consequence of habits, digital promotions, discounts, flash sales, installment facilities and social media trends. Retail therapy is more commonly seen in Western settings as a means to reduce psychological stress (Kim & Chang, 2023), but in regional industrial cities such as Jepara, financial constraints and cultural models of consumption restrict the translation of poor mental health into excessive consumption. The indirect pathway between mental health and financial behavior through consumption behavior is therefore statistically insignificant (Dameyasani & Abraham, 2013; Herabadi et al., 2009). Interestingly, these findings contradict the idea of a uniform effect of psychological factors on financial results via consumption. Rather, they describe separate channels: behavioral (consumption) channels for financial well-being, and cognitive and self-regulatory channels for financial behavior. This asymmetric pattern enriches the Theory of Planned Behavior with an example of the fact that not all financial behavior's antecedents have the same mediating processes..

Conclusion and Suggestion

Based on the research results and discussion, it can be concluded that consumption behavior has a significant positive relationship with financial behavior. Financial Well-Being has significant positive relationships with consumption behavior and financial behavior. Mental health also has a significant positive relationship with employee financial behavior. Through mediating variables, this study shows that consumption behavior has an indirect effect on Financial Well-Being and financial behavior. This study presents a new finding: consumption behavior does not significantly mediate the relationship between mental health and financial behavior.

High-income employees need to monitor their finances, reduce consumption spending, and manage their finances effectively. Employees' financial management skills will improve in line with their level of Financial Well-Being and consumption behavior. Those with high incomes tend not to create financial plans to manage their consumption to meet their living expenses. Although this study found that Financial Well-Being and consumption behavior reflect employees' financial behavior, other factors may also be at play. Those with poor mental health also need to be careful when shopping to avoid impulsive purchases.

This study makes a valuable contribution to the literature on financial behavior by integrating two variables, Financial Well-Being and mental health, which are mediated by consumption behavior when shopping online. This research is updated by adding the mediating variable of consumption behavior in the context of online shopping, a topic that has been minimally researched. Furthermore, mental health variables have not been widely studied and linked to financial behavior or consumption behavior. In practice, policymakers, financial educators, and employers must motivate employees to acquire adequate financial knowledge. This can improve their Financial Well-Being, ultimately leading to greater peace of mind and prosperity. This allows employees to work more intensively and focus on completing tasks.

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Conflict of Interest / Competing Interests

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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During the preparation of this work, the author(s) used artificial intelligence (AI)-assisted tools for language editing, translation, and text refinement. After using these tools, the author(s) carefully reviewed, revised, and verified the content as necessary and take full responsibility for the accuracy, integrity, and final content of the publication.