“Factors affecting financial well-being: the mediating role of financial behavior towards religiosity and anti-consumption lifestyle – evidence from Indonesia”

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FACTORS AFFECTING FINANCIAL WELL-BEING: THE MEDIATING ROLE OF FINANCIAL BEHAVIOR TOWARDS RELIGIOSITY AND ANTI-CONSUMPTION LIFESTYLE – EVIDENCE FROM INDONESIA

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Abstract

Research on financial well-being not only employs objective measures such as income, but also utilizes a psychological approach to measure subjective well-being, which is beneficial for alleviating stress stemming from financial conditions, enhancing overall mental health, and augmenting individuals' quality of life. This study devises a metric for financial well-being, incorporating variables such as religiosity, anti-consumption lifestyle, and financial behavior through a quantitative approach using Structural Equation Model. The research model is examined using LISREL 8.0 for data analysis drawn from a questionnaire administered to 256 Muslim respondents. The research findings revealed that good financial behavior is the main key to achieving better financial well-being, with support from an anti-consumerist lifestyle towards such financial behavior. Meanwhile, religiosity does not significantly influence financial behavior. While religiosity can have a direct positive effect on financial well-being, it does not do so through the mediation of financial behavior. An anti-consumption lifestyle itself does not directly affect financial well-being without the help of mediating supportive financial behavior. The practical implications of these research findings suggest that financial education programs should not only focus on the aspect of religiosity alone, but also be practical and applicable to all individuals regardless of their level of religiosity.

Keywords religiosity, anti-consumption lifestyle, financial, Islamic financial, Islamic view

JEL Classification D91, I31, P36, Z12

INTRODUCTION

Well-being can be defined as a state in which an individual's needs are fulfilled to sustain life. The level of well-being is subjective, varying from one person to another. While the notion of well-being is intriguing and challenging to quantify, it can typically be divided into objective and subjective categories. The objective category involves measuring well-being in terms of observable indicators such as economic statistics. Conversely, subjective well-being captures people's feelings and experiences directly, measured through ordinal scales. Numerous experts contend that welfare goes beyond economic factors and includes broader measures beyond just wealth.

Financial well-being is one of the common indicators of well-being in society, reflecting an individual's view of their current financial situation. According to the 2019 survey by the Financial Services Authority Indonesia (OJK) on the financial literacy of Indonesians, only 38.03% exhibit adequate literacy. This means that out of 100 people, only 38

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are sufficiently literate, leaving 62 in need of education to acquire the necessary knowledge, beliefs, skills, attitudes, and behaviors regarding financial services institutions and formal financial services products (Otoritas Jasa Keuangan, 2019). Low financial literacy leads to financial decision-making based solely on perceptions and reluctance to seek financial advice, impacting financial well-being.

Exploring financial well-being from an Islamic perspective offers a new viewpoint, reflecting the distinct mindsets and values between Islam and the Western world. While Muslims prioritize religion as a key variable in economic development, the Western world emphasizes rationality. In contrast, conventional economic behavior tends to be value-free and focused solely on satisfaction (utility), potentially leading to deviant behavior and harm according to Sharia goals. Numerous discussions on predictors affecting financial behavior and well-being underscore scholars' interest in the topic. However, few studies in Muslim communities predict financial behavior and well-being using religiosity and anti-consumption lifestyle as predictor variables.

1. LITERATURE REVIEW AND HYPOTHESES

Financial well-being refers to a condition where individuals can handle their daily and monthly finances, cope with financial emergencies, and make progress toward achieving their financial goals. This state allows them the freedom to make life choices that improve their overall well-being. Financial well-being can be assessed both objectively and subjectively (Abdullah et al. 2019), objective measurements encompass variables such as assets, consumption, socio-economic status, and savings, while subjective measurements involve variables like credit/debt management, cash management, general management, retirement planning, legacy planning, and risk management. Numerous definitions of financial well-being have since emerged in various studies. For instance, Brüggen et al. (2017) define it as individuals' perception of maintaining current and expected desired living standards and financial freedom. Meanwhile, Adam et al. (2017), quoting the OECD (Organization for Economic Co-operation and Development), explain it as a state where individuals can meet current and ongoing obligations, feel secure about their financial future, and can make choices allowing enjoyment in life.

From the preceding discussion, a common theme emerges that financial well-being refers to individuals ensuring their current or future financial security and meeting present needs. This aligns with Netemeyer et al. (2018) who define financial well-being as comprising two primary components: current money management and future financial security. However, as Fu's (2020) research findings indicate, financial well-being is not only influenced by individual financial system factors, but also by macroeconomic policy factors such as social health protection and property ownership rights. At the outset of its development, financial well-being was primarily associated with tangible resources and was objectively studied at the national level, devoid of individual perception elements.

The use of subjective measurement approaches has become increasingly intriguing due to findings by Easterlin (1974) who unveiled the significance of subjective perceptions of financial well-being, termed the "Easterlin paradox" (Sorgente & Lanz, 2019). The Easterlin Paradox itself is interpreted as the phenomenon where an individual's happiness does not always increase in line with their rising income. Initially, as income increases, people feel happier. However, after reaching a certain income level, additional money no longer significantly boosts happiness. Therefore, this study analyzes financial well-being from the perspective of internal individual factors, including religiosity, anti-consumption lifestyle, and financial behavior.

Religiosity is generally defined as the process of internalizing religious values into the daily life of an individual, both in speech and action. Thus, the beliefs within a religion are manifested in individual actions and behavior, indicating how religion is practiced by its adherents (Muzakkiyah & Suharnan, 2016). Scholars have offered various definitions of religiosity. For instance, Begum et al. (2021) describe religiosity as self-submission to

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religious guidance, and Subchi et al. (2022) assert that religiosity encompasses observable expressions of various dimensions of religion. According to According to Beak et al. (2022), drawing from Hathaway and Pargament (1990), religiosity entails a commitment to religious beliefs and activities that can enhance individual psychological well-being. Hirschman (1983), as cited in He et al. (2022), views religious beliefs as part of the cognitive systems of human society, encompassing beliefs, values, expectations, and behavior. According to previous literature, religiosity can be defined as an individual's understanding of their religious beliefs and how these beliefs are reflected in their daily activities, both tangible and those involving a transcendent relationship.

Religiosity is closely linked to religion, as it entails implementing religious values in various aspects of daily life, including economic, cultural, financial, and managerial spheres. Therefore, it is not surprising that religiosity influences human behavior, especially for Muslims guided by Islamic principles derived from the Qur'an and Sunnah. Numerous studies highlight the connection between religiosity and various aspects of human life, such as coping strategies (Achour et al., 2015), subjective well-being (Muzakkiyah & Suharnan, 2016), interest in halal products (Mutmainah, 2018; Miftahuddin et al., 2020), mental health (Pastwa-Wojciechowska et al., 2021), subjective life satisfaction during COVID-19 (Carranza Esteban et al., 2021). Therefore, the level of religiosity is considered a benchmark, indicating that individuals will act in accordance with their understanding of religion, which in this study will impact financial behavior and well-being.

Despite the evident influence of religiosity on various aspects of life, it does not consistently impact human behavior, even among Muslims. For instance, Hoetoro and Hannaf (2019) found that religiosity does not affect impulse buying, while Riptiono (2019) argued that religiosity's influence on purchasing intentions for Muslim fashion trends is mediated by individual consumer attitudes. Although religiosity embodies individuals' commitment to religion and affects their personality, behavior may not always be influenced accordingly. This discrepancy suggests opportunities for further research to explore the nuanced relationship between religiosity and behavior. This study aims to reveal the direct relationship between religiosity and financial behavior also the relationship to financial well-being.

Consumption has become ingrained in modern society, evolving into a culture known as consumerism. According to Azevedo (2020), supporting this perspective, consumerism is defined as a way of life centered on excessive consumption that can lead to detrimental psychological and spiritual consequences. In contrast to religiosity, an anti-consumption lifestyle is an antithesis that goes beyond simply abstaining from consumption. Another definition is expressed by Portwood-Stacer (2012) as a mindset, while Nepomuceno and Laroche (2014) describe it as a conscious and self-controlled attitude aimed at reducing overall consumption. Lastly, Seegebarth et al. (2016) characterize it as a stance that fundamentally opposes or rejects consumerism. Anti-consumption aims to decrease consumption, own fewer goods and services, and reduce dependence, thereby promoting sustainable behavior, particularly voluntary simplicity and rejection of excessive consumption (Klug & Niemand, 2021). It involves exercising high control over consumption culture, making decisions based on awareness and critical thinking (Lee & Ahn, 2016). According to previous literature, an anti-consumption lifestyle is an independent attitude adopted by individuals to reduce their consumption levels, not due to external restrictions but out of personal awareness, and it impacts their daily activities, including their financial decisions. Therefore, this research focuses on an anti-consumption lifestyle as it reflects individuals' behavior rooted in their world view. The research from Touchette and Nepomuceno (2020) suggests that mere willingness to save money and adopt frugal habits may not be sufficient to encourage sustainable lifestyles and ethical consumption practices.

Economic and financial setbacks in recent decades have garnered attention from world financial institutions and researchers. The urgency for financial literacy arises from the necessity for financially responsible behavior to shape the future (Dewi et al., 2020), of which financial behavior is a pivotal aspect. Financial behavior encompasses how individuals and groups manage various fi-

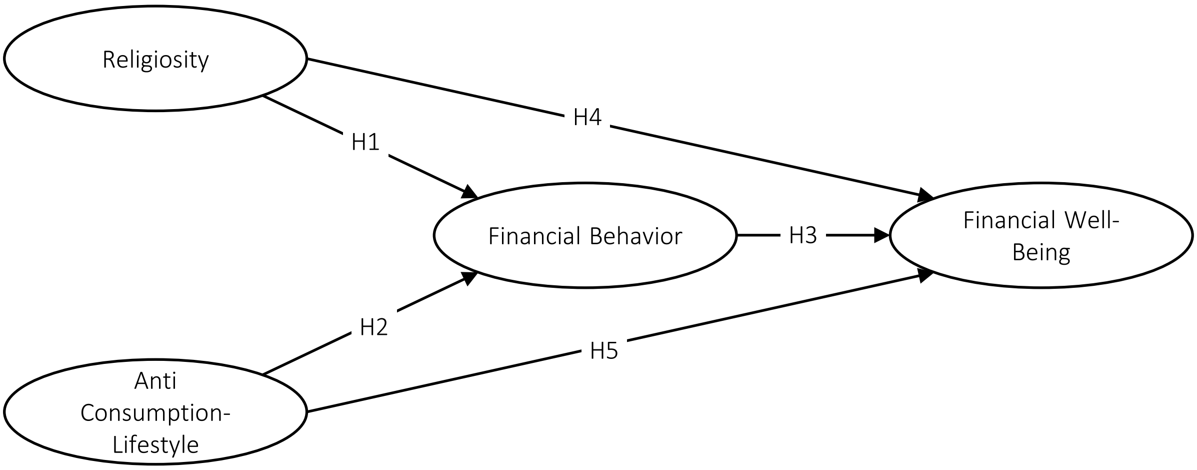

Figure 1. Research model

nancial aspects, including savings, debt, spending plans, and investments (Hasibuan et al., 2017). According to Dewi et al. (2020), financial behavior manifests in individuals' activities, both positive and negative. Positive behaviors include cash management, emergency savings, credit management, long-term planning (retirement, housing), and risk management (insurance). Conversely, negative behaviors involve wastefulness, reliance on company pensions, and avoiding financial discussions. This aligns with Purnamawati et al. (2021) who found that self-control or locus of control influences financial behavior, and is similar to Cwynar (2020) and Onodugo et al. (2021) who define financial behavior as individual or organizational responses to financial demands ranging from daily routines (saving, consumption) to long-term matters (investments).

Based on these understandings, financial behavior can be defined as individuals' actions in managing finances, addressing both daily and complex, long-term financial challenges. This behavior is influenced by various factors such as social environment, lifestyle, and individual self-control. Therefore, this study utilizes financial behavior as a latent variable, investigated as a mediator in the relationship between religiosity, anti-consumption lifestyle, and financial well-being. This research aims to explore the direct and indirect influence of religiosity and anti-consumption lifestyle, with the mediation of financial behavior, and their impact on financial well-being in urban communities in Indonesia.

H1: Religiosity has a direct influence on financial behavior.

H2: Anti-consumption lifestyle has a direct influence on financial behavior.

H3: Financial behavior has a direct influence on financial well-being.

H4: Religiosity influences financial well-being through financial behavior as a mediator.

H5: Anti-consumption lifestyle influences financial well-being through financial behavior as a mediator.

2. METHODOLOGY

Respondents were selected from the Jabodetabek area, an acronym for Jakarta, Bogor, Depok, Tangerang, and Bekasi, the largest metropolitan area in Indonesia. The Jabodetabek area encompasses Jakarta along with its surrounding regencies and cities. Jakarta's development extends beyond administrative boundaries and has become interconnected with neighboring cities such as Bogor, Tangerang, and Bekasi, forming an urbanized area. The following criteria were used to identify research respondents:

1) Muslim;

2) residing in the Jabodetabek area;

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3) having an average income of at least 6 million rupiah (IDR 6,000,000) per month.

Probability sampling was employed to select respondents, utilizing simple random sampling techniques. The study adopted the SEM (Structural Equation Modeling) approach with the maximum likelihood estimation method, which estimates parameters from the probability distribution most likely to produce observed data. Parameters were determined by maximizing the likelihood of the observed data. A total of 256 individuals participated as respondents in this study, and LISREL 8.80 software was used for data analysis. The determination of sample size refers to Memon et al. (2020) who state that a sample size between 160 and 300 is valid and suitable for multivariate analysis techniques such as CB-SEM and PLS-SEM.

The instrument utilized in this study was a questionnaire distributed to the targeted research respondents in the Jabodetabek area. The questionnaire collection employed a mixed-method approach, involving both offline and online methods. Online distribution utilized Google Forms, which were distributed electronically to respondents. A Likert scale was employed to measure the perceptions of respondents, ranging from "strongly disagree" to "strongly agree".

The measurements in this questionnaire draw from previous research that aligns with the research theme. The religiosity indicator scale utilizes the Brief Multidimensional Measure of Religiousness/Spirituality (BMMRS) developed by the Fetzer Institute and employed by Carranza Esteban et al. (2021) in their study on the impact of religiosity on individual happiness during the Covid-19 pandemic in Peru. The anti-consumption lifestyle indicator is based on research conducted by Touchette and Nepomuceno (2020), which examines the environmental impact of an anti-consumption lifestyle and its correlation with environmental concerns among 357 respondents. Meanwhile, financial behavior is assessed using the framework from Cynwar (2020) who investigates financial behavior and its relationship with financial well-being among the Millennial generation in Poland. Financial well-being is measured based on indicators utilized by Fu (2020), in a study examining financial well-being across 11 developed and developing countries using panel data.

The following is an overview of the findings on the validity and reliability of the research data as shown in Table 1. Validity was measured using a factor loading value > 0.5, indicating that all the constructs are valid. Meanwhile, reliability was measured using a composite reliability value > 0.7, indicating a higher level of reliability (Hair Jr et al., 2023).

Table 1. Validity and reliability of research instrument

Construct	Item code	Loading factor (λ)	Composite reliability
Religiosity (Carranza Esteban et al., 2021)			
Daily spiritual experience	ZR1	0.71	0.937
Meaning	ZR2	0. 87	
Values	ZR3	0.84	
Beliefs	ZR4	0.86	
Forgiveness	ZR5	0.86	
Private religious practices	ZR6	0.70	
Religious/spiritual coping	ZR7	0.82	
Religious support	ZR8	0.66	
Religious/spiritual history	ZR9	0.69	
Commitment	ZR10	0.70	
Anti-consumption lifestyle (Touchette & Nepomuceno, 2020)			
Frugality	ZAC1	0.64	0.820
Voluntary simplicity	ZAC2	0.71	
Tightwadism	ZAC3	0.96	
Financial behavior (Cwynar, 2020)			
Cash management	ZFB1	0.85	0.847
Saving	ZFB2	0.86	
Financial well-being (Fu, 2020)			
Balance income and expenses	ZFW1	0.74	0.850
Builds and maintains reserves	ZFW2	0.72	
Manage existing debt	ZFW3	0.61	
Plan and priority	ZFW4	0.82	
Manage and recovers from financial shock	ZFW5	0.74	

After measuring the construct items, the next step is to conduct measurements using the GOF (Goodness of Fit) approach. It is a statistical concept used to assess the compatibility between a model or theory and the observed data collected in research. Essentially, it determines whether the chosen model adequately aligns with the observed data. The goodness of fit test is conducted to ascertain whether the proposed model fits the observed data by comparing it against specific pa-

Table 2. Goodness of Fit

Indices	Goodness of Fit index	Criteria	Results	Remarks
Absolute fit indices	RMSEA	≤ 0.08	0.07	Good fit
	SRMR	≤ 0.08	0.07	Good fit
	GFI	≥ 0.90	0.88	Marginal fit
Incremental fit indices	AGFI	≥ 0.90	0.83	Marginal fit
	NFI	≥ 0.90	0.97	Good fit
	NNFI	≥ 0.90	0.98	Good fit
	CFI	≥ 0.90	0.98	Good fit
	IFI	≥ 0.90	0.98	Good fit
	RFI	≥ 0.90	0.96	Good fit

rameters. Its use in research is crucial as it ensures that the chosen model effectively explains the data. Moreover, it reinforces the validity of the research conclusions and helps to mitigate the risk of misinterpretation and erroneous conclusions.

The Goodness of Fit model results obtained from this research are presented in Table 2.

Based on the GOF calculation results in Table 2, this study can be stated to have a good GOF if referring to the opinion of Hooper et al. (2008), where the recommended indices to report include RMSEA, SRMR, and CFI. All indices in the study have achieved good fit values, as shown in Table 2.

3. RESULTS

Table 3 presents the characteristics of 256 respondents who met the research criteria. Gender distribution is dominated by one group, accounting for 64.8% of the respondents. Most respondents (177 individuals or 69.1%) have a monthly income in the range of 6 to 8 million.

Table 3. Demographic overview and characteristics of respondents

Description	Characteristic	Quantity	Percentage
Gender	Male	166	64.8
	Female	90	35.2
Age	20-25 years	53	20.7
	25-35 years	88	34,4
	35-45 years	80	31.3
	> 45 years	35	13.7
Residence	Jakarta	70	27.3
	Bogor	27	10,5
	Depok	24	9.4
	Tangerang Selatan	85	33.2
	Tangerang	23	9
	Bekasi	27	10.5
Average income	6-8 Mio/month	177	69.1
	8-10 Mio/month	41	16
	10-15 Mio/month	20	7.8
	15-20 Mio/month	11	4.3
	> 20 Mio/month	7	2,7

3.1. Hypothesis test

Table 4 presents the results of hypothesis tests aimed at addressing the research questions posed in this study. The following provides an overview of the findings from this research.

Table 4. Hypothesis test and path analysis

Hypothesis	Regression	Coeff.	t-statistic	Result
H1	Religio → FinBeh	0.0015	0.024	Rejected
H2	ACLife → FinBeh	1.23	10.08	Accepted
H3	FinBeh → FinWell	0.63	3.07	Accepted
H4	Religio → FinWell	0.27	4.41	Accepted
H5	ACLife → FinWell	–0.02	–0.06	Rejected

Based on the results shown in Table 4, the following conclusions can be drawn:

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- ***Religiosity does not significantly impact financial behavior.***

The test results showed a positive relationship between religiosity and financial behavior, but it was not significant. This indicates that an individual's level of religiosity does not directly determine how they manage their finances.

- ***An anti-consumption lifestyle has a positive and significant impact on financial behavior.***

Individuals who adopt an anti-consumption lifestyle tend to exhibit better financial behavior. They are often more frugal, disciplined in budgeting, and cautious in managing debt, all of which contribute to sound financial practices.

- ***Good financial behavior has a positive and significant impact on financial well-being.***

Individuals who manage their money wisely, such as by saving regularly and avoiding unnecessary debt, generally experience higher financial well-being.

- ***Religiosity has a positive and significant impact on financial well-being.***

People with higher levels of religiosity feel more satisfied and at peace with their financial situation, thereby enhancing their overall financial well-being.

- ***An anti-consumption lifestyle does not have a direct and significant impact on financial well-being.***

The relationship between an anti-consumption lifestyle and financial well-being is negative. This suggests that an increase in an anti-consumption lifestyle reduces the perceived level of financial well-being. While a frugal lifestyle can influence financial behavior, it does not directly translate to better financial well-being without the presence of good financial behavior as a mediator.

4. DISCUSSION

Based on the results of the path analysis hypothesis test in Table 4, it is evident that religiosity does not significantly affect financial behavior in this study. This finding contrasts with previous research, which has consistently shown a significant relationship between religiosity and various financial behaviors. For example, Abbas et al. (2020) concluded that religiosity significantly influences the financial behavior of administrators within the Muhammadiyah Organization across Indonesia. Similarly, Nugroho et al. (2020) found a strong positive relationship between religiosity and saving intentions at Islamic banks, as well as a decreased interest in borrowing from banks (Mahdzan et al., 2022). The disparity in results may stem from differences in the dependent variables studied; while this research examines general financial behavior, previous studies focused on specific financial practices like saving intentions at Islamic banks. Meanwhile, the findings from this study support previous research indicating that religiosity sometimes does not affect certain aspects of individual behavior, such as involvement in risky financial markets (Mylonidis & Zioga, 2018), and food consumption (Faheem et al., 2019). Additionally, religiosity, being a non-cognitive factor, might not directly shape financial behavior and could necessitate mediator or moderator factors to exert an effect.

From the perspective of the behaviorism (branch of psychology), which encompasses both cognitive and non-cognitive factors, lifestyles fall under the cognitive category. The findings here align with previous research suggesting that cognitive factors, represented in this study by an anti-consumption lifestyle, positively influence financial behavior. This is consistent with the conclusions of Hashmi et al. (2021), similar to Vukovic and Pivac (2021) who found that deliberative thinking and self-control affect financial behavior and demonstrated that individuals with higher levels of self-control, optimism, and deliberative thinking exhibit better financial behaviors. Moreover, the research by Ramalho and Forte (2019) in Brazil indicated that self-confidence and financial knowledge influence individual financial behaviors. Overall, these findings provide with insight that not only economic and financial factors influence financial behavior, but psychological and cognitive factors also have a significant impact. This highlights the importance of considering these aspects when developing financial education strategies and support to enhance awareness and promote healthy financial behavior in the community.

From an Indonesian perspective, the findings of this study are consistent with other research highlighting the pivotal role of financial behavior in enhancing individuals' financial management capabilities and thereby fostering financial security. Ponchio et al. (2019) conducted research in Brazil showing that financial behavior, alongside personal characteristics such as saving habits and shopping self-control, significantly impacts financial well-being. Likewise, Lee et al. (2020), Chavali et al. (2021), and Sehrawat et al. (2021) established a positive association between financial behavior and financial well-being. These collective findings underscore the critical relationship between financial behavior and financial well-being. However, the findings of this study differ from Goi et al. (2023) who stated that financial behavior is not related to financial well-being among Muslim communities in Malaysia. The findings of this research underline the crucial relationship between financial behavior and individual financial well-being. By managing finances wisely, such as cultivating saving habits and controlling expenditures, individuals can enhance their financial stability and achieve better financial well-being. This underscores the importance of financial education and awareness of healthy financial behaviors in supporting long-term financial stability for individuals and families.

Various studies have also established a positive correlation between religiosity and overall well-being. For example, Evrensel (2018) and Churchill et al. (2019) identified a positive relationship between religiosity and subjective well-being. However, it is essential to note that at a national level, enhancing subjective well-being requires more than just religiosity. Factors such as social environment, institutional quality and income also play crucial roles. Similarly, Carranza Esteban et al. (2021) highlighted spirituality as a stronger predictor of subjective well-being than religiosity, despite the latter's positive correlation. The findings by Kholis et al. (2022) are consistent with prior research, indicating a positive and significant relationship between spiritual wellness (proxy; religiosity) and financial well-being. Overall, these findings underscore the importance of understanding how religiosity can influence various aspects of well-being, both subjective and financial, which ultimately impact financial stability. This highlights the need for a holistic approach in considering factors in policies and interventions aimed at enhancing financial well-being across communities at large.

Financial well-being, in essence, reflects an individual's subjective perception of their financial situation, encompassing both present circumstances and future prospects, influenced by various factors. In this study, it was revealed that an anti-consumption lifestyle alone does not directly enhance financial well-being but requires good financial behavior as a mediator. This underscores the importance of not just frugality but also prudent financial management in achieving lasting financial well-being. This study supports previous findings, including those by Handayani et al. (2016), Yolanda et al. (2024), Vollebregt et al. (2024) which emphasize that expenditure control mediates the relationship between psychological factors and financial well-being. It also suggests that individual reductions in consumption are not negatively associated with well-being.

Based on the findings of this study, several avenues for further research can be recommended: Firstly, the inconsistency in the influence of religiosity on financial behavior warrants further comprehensive investigation. Understanding the nuanced relationship between religiosity, cognitive factors, and financial behavior is crucial for deeper insights. Secondly, empirical studies should delve into whether financial behavior not only empirically strengthens financial well-being but also potentially weakens it as a moderating factor, a phenomenon that requires substantiation in future research. Lastly, given that all respondents were from urban areas, future studies could consider exploring rural communities to expand on this research gap and provide a more comprehensive understanding of the factors influencing financial well-being across different socioeconomic contexts.

CONCLUSION

The primary purpose of this study is to explore the direct and indirect influence of religiosity and an anti-consumption lifestyle on financial well-being in urban Muslim communities in Indonesia, with financial behavior serving as a mediating variable. By examining these relationships, the study aims

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to contribute to the understanding of how internal individual factors such as religiosity and lifestyle choices impact financial well-being, especially within the context of Islamic principles and values. This study revealed several key insights. Firstly, it found that religiosity does not have a significant direct impact on financial behavior, contrasting with previous research that often indicated a strong relationship between religiosity and financial practices. However, it showed that an anti-consumption lifestyle positively and significantly influences financial behavior, suggesting that individuals who practice frugality and mindful consumption tend to exhibit better financial management. Additionally, the study confirmed that good financial behavior significantly enhances financial well-being, highlighting the importance of sound financial practices in achieving financial stability and satisfaction.

The statistical significance of the findings indicated that while religiosity positively impacts financial well-being, this relationship does not extend to financial behavior. Conversely, an anti-consumption lifestyle significantly impacts financial behavior, which in turn positively influences financial well-being. This suggests that while frugality and reduced consumption can lead to better financial practices, they do not directly translate to enhanced financial well-being without effective financial behavior as a mediator. This study demonstrated that financial behavior plays a critical role in the relationship between lifestyle choices and financial well-being. Specifically, it showed that adopting an anti-consumption lifestyle can significantly improve financial behavior, which then leads to higher financial well-being. However, the study also revealed that an anti-consumption lifestyle alone does not directly enhance financial well-being, emphasizing the importance of combining frugality with sound financial management. The findings of this research align with previous studies that emphasize the importance of financial behavior in achieving financial well-being. The study supports the notion that psychological and cognitive factors, such as an anti-consumption lifestyle, significantly impact financial behavior and, consequently, financial well-being. These findings underscore the need for a holistic approach in financial education and interventions, considering both economic and psychological factors.

This study enriches the understanding of financial well-being by integrating Islamic perspectives on religiosity and lifestyle choices. It highlights the unique influences of religiosity and an anti-consumption lifestyle on financial behavior and well-being within a Muslim context. The research provides valuable insights into how internal individual factors shape financial outcomes, contributing to the broader field of Islamic economics and finance. Future investigations this study may lay the groundwork for include exploring the nuanced relationship between religiosity, cognitive factors, and financial behavior in more depth. Additionally, empirical studies could examine whether financial behavior not only strengthens financial well-being but also potentially weakens it as a moderating factor. Given that this research focused on urban respondents, future studies could also consider rural communities to provide a more comprehensive understanding of the factors influencing financial well-being across different socioeconomic contexts.

AUTHOR CONTRIBUTIONS

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