Digital Financial Literacy and Financial Well Being

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https://doi.org/10.35609/gcbssproceeding.2026.1(14)

ABSTRACT

This study examines the influence of digital financial literacy, subjective norms, and perceived behavioral control on financial well-being, with online borrowing behaviour as a mediating variable. The rapid growth of financial technology, particularly peer-to-peer (P2P) lending, has increased access to credit while also raising concerns about individuals' borrowing behaviour and financial stability. This research adopts a quantitative approach using primary data collected through an online questionnaire distributed to active users of P2P lending platforms in Indonesia. The sampling technique employed is purposive sampling. Data were analyzed using Structural Equation Modeling (SEM) with SmartPLS. The results indicate that digital financial literacy, subjective norms, and perceived behavioral control significantly affect online borrowing behaviour. Furthermore, online borrowing behaviour has a significant effect on financial well-being. Direct effects show that digital financial literacy and perceived behavioral control positively influence financial well-being. Mediation analysis reveals that online borrowing behaviour partially mediates the relationship between exogenous variables and financial well-being. This study contributes to the extension of the Theory of Planned Behavior in the context of digital finance and provides practical implications for policymakers to strengthen financial literacy and promote responsible borrowing behaviour.

JEL Codes:

Keywords: *digital financial literacy, subjective norms, perceived behavioral control, online borrowing behaviour, financial well-being, P2P lending, mediation*