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Income, Financial Attitude, Locus of Control on Financial Well-Being Through Financial Behavior in Dusun Dami

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ABSTRACT

Purpose: This study has a goal to inspect the effect that received by financial well-being for financial behavior as a mediator on the community of Dusun Dami, Malang from income, financial attitude, also locus of control

Methodology/approach: The quantitative study is the kind of research that implemented to this study and samples were acquired by implementing purposive sampling method along a whole of 340 respondents who met the criteria. Questionnaires were used to gather data, and SmartPLS software was used to analyze the results utilizing Structural Equation Modeling-Partial Least Squares. The analysis involved assessing the structural model for hypothesis testing and the measurement for validity and reliability.

Findings: The results stipulate that financial behaviour isn't significantly impacted by income, while financial behavior is significantly impacted by financial attitude and locus of control. Furthermore, financial well-being is significant yet positively impacted by financial behavior. Mediation testing indicates that "financial behavior does not mediate the relationship between income and financial well-being, but successfully mediates the relationship between financial attitude, locus of control, and financial well-being."

Practical implications: The findings stipulate that enhancing the internal locus of control and promoting more supportive financial attitudes are crucial for promoting responsible financial conduct, which enhances financial well-being. Programs of financial literacy and community empowerment should focus not only on income improvement, but also on behavioral and psychological aspects

Originality/value: Unlike most prior studies that focused on students or urban communities, this research provides new evidence from a rural Indonesian context. It emphasizes the significancece of behavioral and psychological factors in improving financial well-being beyond income level

Keywords: Financial Attitude; Financial Behavior; Financial Well-Being; Income; Locus of Control

INTRODUCTION

Financial well-being plays a crucial role in reflecting the overall quality of life amid economic challenges such as inflation and unemployment (D'Agostino et al., 2021; Tasman et al., 2023). The community in Dusun Dami, Malang Regency, experiences fluctuating income due to seasonal work in agriculture and construction. These income irregularities directly affect their financial stability and well-being (Radar Malang, 2024). Financial instability refers to a condition in which individuals or households are unable to maintain consistent income and meet their financial obligations, leading to difficulties in budgeting, saving, and managing unexpected expenses. This instability makes it harder for families to achieve financial security and maintain a stable standard of living. This income instability directly affects their financial condition and overall well-being. Previous studies have inadequately explored the psychological and economic factors influencing financial well-being in rural Indonesian contexts (Agustina, 2024). Understanding the factors influencing financial well-being in low-income rural populations remains limited. This research emphasizes the subjective-objective gap in income and well-being, which is underexplored locally. Such conditions highlight the urgent need for deeper investigation into financial behavior in rural contexts. Effendi et. al (2023) also emphasized that transparency and accountability in village fund management are essential components for improving rural community welfare. Addressing this issue will contribute to improving local socio-economic policies and guide community development programs.

Theory of Planned Behavior (TPB) by Ajzen (1991) explains that behavior stems from intention, shaped by attitudes, social norms, and perceived control. Behavioral Finance expands this by emphasizing psychological influences like biases and emotions in financial decisions (Shefrin, 2007). Financial behavior mediates the relationship between psychological factors such as financial attitude, locus of control, and objective outcomes like financial well-being. Income also functions as a critical external determinant in shaping these behaviors (Bikas et al., 2013). Combining these perspectives forms a robust theoretical framework to analyze financial well-being mechanisms. Exploring these variables in this study facilitates a comprehensive understanding. This theoretical foundation supports the study's design and presents pathways for hypothesis development.

Previous empirical studies demonstrate strong links between income, financial attitude, locus of control, financial behavior, and financial well-being, often employing SEM or SEM-PLS methods (Nuriani et al., 2023). Hamidi and Sulhan (2023) further argued that financial attitude, financial knowledge, and income significantly contribute to individual financial management behavior. These studies predominantly focus on urban, student, or entrepreneurial populations, with variables like financial literacy or fintech increasingly incorporated (Risman et al., 2023).

Although research specifically examining rural areas such as Dusun Dami remains limited, the issue deserves greater attention because rural communities often face unique financial challenges, including irregular income, limited access to financial services, and lower levels of financial literacy. These conditions can significantly influence their financial behavior and well-being, making it essential to explore this context more deeply. This study fills that gap by analyzing the combined influence of income, financial attitude, and locus of control with financial behavior as a mediating variable. The social and economic context in Dusun Dami provides unique insights distinct from previous urban-based studies. Emphasizing this distinction helps to address the local realities affecting financial well-being while also supporting the development of interventions specifically tailored to rural community needs.

This study aims to analyze how income, financial attitude, and locus of control affect financial well-being through the mediating role of financial behavior among Dusun Dami residents. Testing financial behavior's mediating role deepens the understanding of interactions between psychological and economic factors. The research distinguishes itself by focusing on a rural sample with seasonal and unstable income patterns. It also integrates several key variables in a unified model rarely applied to this population. Expected contributions include both theoretical implications in behavioral finance and practical applications in rural financial management. Furthermore, this study offers guidance for policymakers in promoting financial literacy and behavior change. These findings can significantly enhance the financial sustainability of rural communities.

Hypotheses development draws from TPB and Behavioral Finance theories, asserting that positive attitudes, internal locus of control, and income influence financial behavior, which in turn impacts financial well-being (Ajzen, 1991; Sabri et al., 2022). The rationale assumes that income increases resource availability, attitude fosters intention, and locus of control drives responsible financial management. Financial behavior thus acts as a key mediator connecting these antecedents to financial well-being outcomes. Prior studies empirically support these relationships across varied cultural and economic contexts (She et al., 2022; Hutapea et al., 2023). This study tests these hypotheses in the particular context of rural Indonesian society. Understanding these mediation effects fills the literature gap on rural financial behavior dynamics. These insights can inform more effective behavioral interventions and policy designs.

A quantitative approach using SEM-PLS models verifies the proposed relationships among income, financial attitude, locus of control, financial behavior, and financial well-being. Data collection targets Dusun Dami residents, characterized by seasonal income and distinct economic features. Analysis examines direct impacts and mediation effects to provide a holistic understanding of financial well-being drivers. This approach aligns with the need for empirical data capturing complex rural financial realities. The methodology ensures rigor, replicability, and relevance to behavioral finance theory advancement. Results may inform local financial education policies and community development programs. The empirical evidence generated will strengthen both academic knowledge and practical financial management strategies.

This research aims to enrich behavioral finance literature by focusing on an overlooked rural demographic. The study's integrated model offers a holistic perspective on how income, attitude, and locus of control influence financial well-being through behavior. Empirical findings will provide valuable theoretical and practical insights for rural finance management. The research also invites future studies to incorporate additional variables like financial literacy or fintech adoption among rural populations. Ultimately, it supports efforts to improve the financial health and quality of life in Dusun Dami and similar rural settings. These contributions address both academic gaps and real-world community needs. The study effectively bridges theory and practice, contributing to sustainable financial well-being enhancement.

Financial well-being is best understood not simply as the possession of money but as a broader psychological and behavioral condition in which individuals can satisfy their needs, feel secure about their financial position, and exert control over present and future economic decisions. This multidimensional view emphasizes that financial well-being is shaped by more than income alone, because the ways people think about, perceive, and manage their finances strongly influence outcomes (Hadi & Putri, 2020; Tasman et al., 2023). While income is frequently treated as the primary determinant due to its relation to financial capacity, research has produced inconsistent results. While income is often seen as the main factor because it relates to financial capacity, research has shown mixed results. Therefore, this study highlights that financial well-being is not only determined by how much income a person earns, but also by how income differences can affect a person's sense of financial security and satisfaction with their financial condition. Some findings suggest that higher income enhances financial well-being (Nugroho & Ningtyas, 2025; Sudarmawanti et al., 2024), whereas others highlight that wealth does not ensure security if financial behavior is weak or mismanaged (Sabri et al., 2022). Income is also expected to influence individuals' financial behavior, as higher income may provide more opportunities to plan, save, and manage money effectively. This indicates that income should not only be viewed as a measure of financial capacity but also as a factor that shapes financial behavior. Individuals with higher and more stable income tend to engage in better money management, saving, and spending practices, suggesting that income plays an important role in influencing financial behavior.

H1: Income has a positive effect on financial behavior.

Financial decisions are significantly influenced by psychological orientation, especially financial attitude. A person's internalized values, experiences, and ideas about money, including how they approach debt management, saving, and planning, are captured by their financial attitude (She et al., 2022). Prudent decision-making, discipline in day-to-day financial activities, and a stronger propensity to plan for long-term security are frequently linked to a positive financial attitude. Evidence from Hutapea et al. (2023) confirms that individuals with strong financial attitudes are better at regulating expenditures and maintaining sustainable financial plans. This demonstrates that attitude operates as a foundation for financial behavior, meaning that personal values and orientations serve as a psychological basis for practical financial habits. Although attitude is important. Research by Azizah et al. (2023) as well as Pamella et al. (2022) also support this relationship, showing that financial attitude has a positive and significant effect on financial behavior. These findings reinforce that financial attitude positively influences financial behavior by encouraging individuals to adopt wiser, more sustainable financial practices.

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

How psychological beliefs impact financial outcomes is further highlighted by the locus of control idea. Responsibility in financial decision-making is significantly impacted by this element and is denoted as the amount to which people accept that internal or external factors, such as chance, or personal effort, control financial events. "In terms of conserving, planning, and avoiding wasteful spending, those with an internal locus of control tend to be more proactive and accountable." (Sabri et al., 2022; 2023). Hutapea et al. (2023) also emphasize the internal locus of control strengthens financial management behavior, since individuals believe their economic well-being is determined by their own discipline and decisions rather than external forces. Baptista et. al (2021) supported this view by showing that financial attitude, financial literacy, and locus of control significantly influence individuals' financial management behavior. Thus, more responsible behavior is also encouraged by locus of control, which acts as a connector among attitudes, knowledge, and practical financial practices.

H3: Locus of Control have a positive effect on financial behavior.

Financial behavior represents the tangible outcome of both income and psychological influences. Behaviors like budgeting, saving regularly, and also avoiding excessive debt function as mechanisms through which abstract attitudes and beliefs are transformed into daily practices (She et al., 2022). Individuals who manage their money wisely experience less stress when facing emergencies and greater confidence when preparing for the future. Research by Sabri et al. (2022; 2023) further supports the view the financial well-being is significantly impacted by financial conduct since consistent habits are necessary for both financial security and enjoyment. In line with Hutapea et al. (2023), bigger levels of financial well-being are positively correlated with sound financial practices over the long and short terms.

H4: Financial Behavior have a positive effect on financial well-being.

Although income provides resources that enable financial planning, research shows that financial well-being is not automatically guaranteed by income alone. Individuals with high earnings but poor spending habits may still experience stress, while those with lower income but disciplined financial practices can achieve stability and satisfaction (She et al., 2022). This confirms that financial behavior serves as mediating pathway that connects income with financial well-being. In other words, income has an optimal effect only when it is supported by effective financial management and consistent behavioral discipline

H5: Financial behavior mediates the relationship between income and financial well-being.

Financial attitude remains a foundational psychological factor that influences how individuals establish their financial habits. A positive orientation toward money promotes careful budgeting, the prioritization of savings, and the development of long-term financial goals. Findings from Hutapea et al. (2023) indicate that attitudes significantly shape practical behaviors, as individuals who value discipline and responsibility tend to implement healthier financial strategies. These behaviors, in turn, enhance financial well-being by creating security and confidence in both present and future conditions. Thus, the practical link that converts intangible values into quantifiable results is financial conduct, which intervenes the relationship between attitudes and financial well-being.

H6: Financial Behavior mediates the relationship between Financial Attitude and Financial Well-being.

"The influence of locus of control also becomes evident when viewed through the lens of behavior. Those with an internal locus of control believe that financial consequences are determined by their own activities, which motivates kids to develop proactive, accountable, and disciplined behaviors like emergency preparation and saving." (She et al., 2022). Underpinned by findings from Sabri et al. (2022; 2023), this perspective shows the locus of control indirectly impacts financial well-being through its influence on financial behavior. By encouraging proactive decision-making and resilience, an internal locus of control ensures that individuals can transform both their resources and attitudes into tangible improvements in financial security and satisfaction.

H7: Financial Behavior mediates the relationship between Locus of Control and Financial Well-being.

METHOD

In the domain of social and behavioral research, the selection of appropriate methodological approaches is fundamental to obtaining valid and reliable findings, particularly when examining the relationships between multiple variables that are inherently complex. This need was satisfied by the current study's implementation of a quantitative research design employing a survey procedure, which made it possible to gather and inspect data from a defined population in a methodical manner. Structural Equation Modeling–Partial Least Squares (SEM-PLS), a statistical technique for is well-suited to examining complex interactions among latent variables, even when sample sizes are constrained, was used in the study for data processing. SEM-PLS offers the ability to precisely and clearly capture complex patterns of association, which is especially beneficial for social science research including a large number of constructs and indicators. (Ghozali & Latan, 2012; Sugiyono, 2020).

This study's population comprised of residents of Dami Hamlet, Malang Regency, which, derived from the Central Bureau of Statistics (BPS Kabupaten Malang, 2024), comprised 2,243 individuals. From this population, respondents were chosen through purposive sampling based on specific inclusion criteria. Eligible participants were required to be at least 20 years old, have either stable or irregular income, and be involved in household financial management. Slovin's formula indicated that a minimum of 340 respondents would be needed for adequate representation; however, due to field limitations, only 111 respondents met all criteria and completed the questionnaires. These completed surveys formed the basis for subsequent data analysis. "A structured questionnaire on a five-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree), was the research tool used." To guarantee reliability and relevance, the questionnaire items were modified from established indicators in earlier research.

Variable	Indicators	References
Income	Income level	Sudarmawati et al., (2024)
Financial Attitude	Affective Cognitive Behavior or Action	She et al. (2022); Nuriani et al. (2022)
Locus of Control	The role in daily financial control The ability to make financial decisions The ability to solve financial problems	She et al. (2022); Sudarmawati et al., (2024)
Financial Behavior	Financial Planning Financing Decisions Financial Control	She et al. (2022); Risman et al. (2023)

Table 1.
Operational Definition of Research Variables

Financial Well-Being	Inner Well-being Financial Security Relative Assessment Time Dimension	She et al. (2022); D'Agostino et al. (2020)

To further refine the sampling process and improve the reliability of the results, additional criteria were applied, including marital status, at least one year of work experience, and being over 30 years old. These criteria were designed to ensure that respondents possessed adequate maturity and practical knowledge in managing household finances. The study sought to give a thorough and accurate portrayal of how income, financial attitudes, also locus of control counterfeit financial behavior, consecutively, the general financial well-being of the community in Dami Hamlet by following these selection criteria.

The sample's size formed utilizing the Slovin formula (Sevilla et al., 2007) as belows:

$$n = \frac{N}{1 + N(e^2)}$$

Captions:

n = total sample

N = population's total (2.243)

e = error rate (5% or 0,05)

$$n = \frac{2243}{1 + 2243(0{,}05^2)}$$

$$n = \frac{2243}{1 + 2243(0{,}0025)}$$

$$n = \frac{2243}{1 + 5{,}6075}$$

$$n = \frac{2243}{6{,}6075} = 339{,}45 = 340\ \mathit{responden}$$

Therefore, the lowest number of samples mandatory is 340 respondents. SmartPLS 4.0 is implemented in analysing data to examine both measurement and structural models. Validity testing was first carried out by assessing convergent validity with AVE values and discriminant validity to ensure each indicator accurately represented its construct. Internal consistency was then verified by reliability testing using Cronbach's Alpha and Composite Reliability (CR).

The influence across variables was evaluated by examining the structural model after the calculation was confirmed, taking into account the R^2, f^2, and Q^2 values. The bootstrapping approach im implemented in hypothesis testing, with t-statistics bigger than 1.96 and p-values beneath 0.05 indicating significance. The task of financial conduct as a mediating factor in the relationship among financial well-being and locus of control, financial attitude, and income though examined using bootstrapping.

RESULT AND DISCUSSION

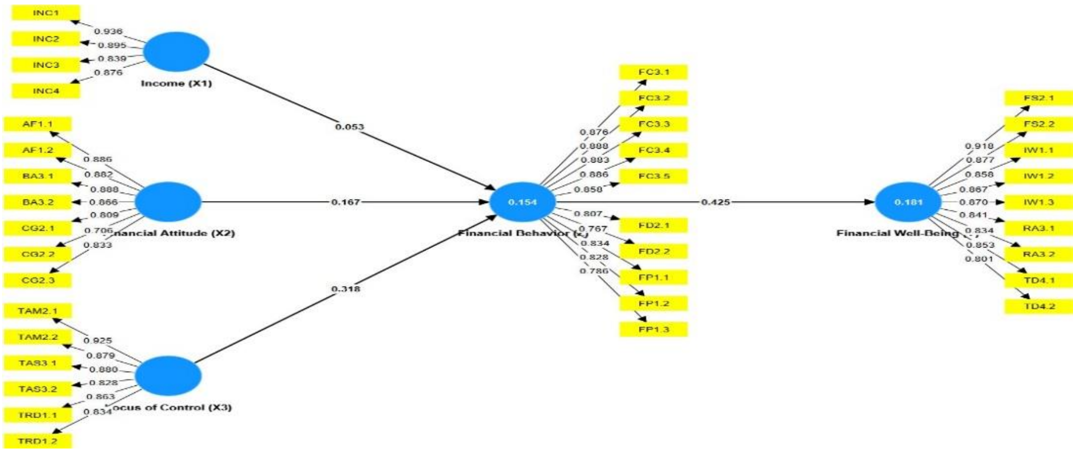

Figure 1. Measurement Model(Outer Model)

In light of the convergent validity outcomes displayed in Table 1, were obtained loading factor values exceeding 0.70 for every indicator linked to the constructs of Income, Financial Attitude, Locus of Control, Financial Behavior, also Financial Well-being, and were also recorded Average Variance Extracted (AVE) figures surpassing 0.50 on each construct; thus can be confirmed the validity of all statement items applied throughout this research.

	Financial Attitude	Financial Behavior	Financial Well-Being	Income	Locus of Control
Financial Attitude	0.841				
Financial Behavior	0.214	0.842			
Financial Well-Being	0.295	0.425	0.858		
Income	0.136	0.140	0.462	0.887	
Locus of Control	0.126	0.349	0.486	0.203	0.869

Table 2. Discriminant Validity Results

On the basis of the Fornell–Larcker Criterion assessment presented in Table 2, were observed diagonal values representing the square roots of the AVE that consistently exceeded the inter-construct correlations found within the same rows and columns; thus is demonstrated that every construct in this investigation Financial Attitude, Financial Behavior, Financial Well-Being, Income, also Locus of Control possesses strong discriminant validity.

Variabel	Composite Reliability	Rule of Thumb	Keterangan
Income (X1)	0.941	0,600	Reliabel
Financial Attitude (X2)	0.960	0,600	Reliabel
Locus of Control (X3)	0.945	0,600	Reliabel
Financial Behavior (M)	0.961	0,600	Reliabel
Financial Well Being (Y)	0.959	0,600	Reliabel

Table 3. Composite Reliability Results

With reference to the composite reliability findings displayed in Table 3, were recorded reliability coefficients above 0.600 for every construct under examination Income, Financial Attitude, Locus of Control, Financial Behavior, also Financial Well-Being therefore is affirmed the overall reliability of all variables included in this research.

Table 4. Model Fit Results

Measurement Model (Inner Model)

	Saturated model	Estimated model
NFI	0.817	0.806

Referring to the information summarized in Table 4, were obtained Normed Fit Index (NFI) scores of 0.817 for the saturated model and 0.806 for the estimated model, both of which surpass the commonly accepted minimum benchmark of 0.80 as an indicator of appropriate model fit; hence is confirmed that the research model employed in this study exhibits an adequate fit with the data analyzed

Table 5. R-Square Results

Variable	R-square
Financial Behavior	0.154
Financial Well-Being	0.181

Drawing on the data reported in Table 5, was calculated an R-squared value of 0.154 for the Financial Behavior construct, signifying that the combined counterfeits of Income, Financial Attitude, and also Locus of Control noted on 15.4 percent of the variance in Financial Behavior while the rest 84.6 percent is shaped by factors beyond the scope of this research model; at the same time was also derived an R-squared value of 0.181 for the Financial Well-Being construct, indicating that Financial Behavior alone explains 18.1 percent of the variation in Financial Well-Being, with the residual 81.9 percent being attributable to variables not included in this study.

Table 6. Path Coefficient Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Income above Financial Behavior	0.053	0.059	0.049	1.072	0.284
Financial Attitude above Financial Behavior	0.167	0.174	0.045	3.710	0.000
Locus of Control above Financial Behavior	0.318	0.318	0.046	6.943	0.000
Financial Behavior above Financial Well-Being	0.425	0.429	0.043	9.978	0.000
Income above Financial Behavior above Financial Well-Being	0.022	0.026	0.022	1.007	0.314
Financial Attitude above Financial Behavior above Financial Well-Being	0.071	0.074	0.020	3.597	0.000
Locus of Control above Financial Behavior above Financial Well-Being	0.135	0.137	0.028	4.902	0.000

By virtue of the empirical findings generated in this study, was revealed that Financial Behavior isn't significantly impacted by Income exerts ($\beta = 0.053$; $p = 0.284$), which signifies that the level of respondents' income does not directly determine the way they handling their finances; by contrast was established a significant influence of Financial Attitude on Financial Behavior ($\beta = 0.167$; $p = 0.000$), implying that more positive orientations toward money correspond with healthier financial practices, and was likewise confirmed a substantial impact of Locus of Control on Financial Behavior ($\beta = 0.318$; $p = 0.000$), which denotes that stronger self-control in handling finances coincides with better behavioral outcomes. In the same analysis was also documented a significant path from Financial Behavior to Financial

Well-Being (β = 0.425; p = 0.000), showing that individuals who exhibit sound financial habits experience bigger levels of financial well-being.

From the mediation perspective, was found no significant mediator of Financial Behavior on the linkage among Income and Financial Well-Being (β = 0.022; p = 0.314), signifying that income did not meaningfully contribute to financial well-being through behavioral pathways; however was verified a significant mediation of Financial Behavior among Financial Attitude and Financial Well-Being (β = 0.071; p = 0.000) as equal among Locus of Control and Financial Well-Being (β = 0.135; p = 0.000), indicating that both positive financial attitudes and greater self-control can foster healthier financial behavior and thereby enhance individuals' financial well-being.

In interpreting these findings, was highlighted that the absence of a direct income effect on Financial Behavior diverges from Behavioral Finance Theory (Shefrin, 2007), which notes that higher earnings do not automatically guarantee financial well-being without prudent behavior, and also contradicts previous evidence from Sabri et al. (2022) and Nuriani et al. (2023), which recounted that sufficient income can promote improved saving, investing, and financial control. However, the results of this study indicate that material aspects such as income level are not the primary determinants of how individuals manage their finances. This finding is consistent with Adiputra et al. (2020), who found that financial attitude and knowledge play a stronger role than income in shaping financial management behavior. Similarly, Agustina et al. (2020) and Baptista et al. (2021) emphasized that financial behavior is more deeply influenced by non-material factors such as financial attitude, self-control, and financial literacy rather than income differences.

With respect to significant impact that is received by inancial Behavior from Financial Attitude with a path coefficient of 0.167 as well as a p-value of 0.000 (under 0.05), which a behavior of person will be more beneficial if they have a more positive financial outlook. These outcomes are in line with Behavioral Finance Theory (Shefrin, 2007), which emphasizes the pivotal importance of attitudes toward money in shaping financial actions, and are likewise consistent with findings from Hutapea et al. (2023), who demonstrate the financial attitudes reflect underlying values, beliefs, and worldviews that ultimately drive wiser financial decisions. The framework of the Theory of Planned Behavior (Ajzen, 1991; 2005) explains the act constitute a primary determinant of behavioral intention, so the stronger the positive financial attitude, the greater the likelihood that individuals will engage in sound financial practices.

Grounded in the statistical outputs produced by this research, was identified a significant path from Locus of Control to Financial Behavior (β = 0.318; p = 0.000 under 0.05), signifying that stronger self-regulation in handling personal finances corresponds with healthier financial practices. Such a finding aligns with the principles of Behavioral Finance Theory, which stresses the role of psychological factors in financial management, and reflects the view that people who believe that their financial circumstances are determined by their own decisions are more inclined to handle their money well, save money, and avoid overspending. (Shefrin, 2007). This result is also consistent with the evidence from She et al. (2022), and Hutapea et al. (2023), which highlights those with an inner locus of control exhibit superior spending, saving, and financial planning abilities contrasted to people with an outside locus of control. Beyond psychological factors such as locus of control, Saad et. al (2023) highlighted that social media influence and spiritual intelligence also play a key role in shaping young adults' financial behavior. Similarly, Laga et al. (2023) revealed that financial literacy, attitude, and lifestyle significantly influence financial behavior, reinforcing the role of psychological and behavioral factors in shaping financial well-being.

In the same set of analyses, was confirmed the Financial Well-Being is significantly impacted by Financial Behavior (β = 0.425; p = 0.000), illustrating that better practices such as budgeting, saving, and avoiding consumer debt translate into higher perceived financial well-being. "These findings resonate with the Theory of Planned Behavior (Ajzen, 1991; 2005), which underscores the role of attitudes, subjective norms, and perceived behavioral control in shaping conduct, and also correspond to the Behavioral Finance framework." (Shefrin, 2007), which conceptualizes financial behavior as a pivotal mediator of financial well-being. They further support the conclusions of She et al. (2022), Sabri et al. (2022; 2023), indicate the prudent financial management enhances a sense of security, stability, and satisfaction in both the short and long term.

From the mediation perspective, was found that the link between Income and Financial Well-Being isn't intervened by Financial Behavior (β = 0.022; p = 0.314 above 0.05), indicating that although income is important, its influence on well-being does not operate through behavioral channels within this sample. This outcome departs from the assumptions of Behavioral Finance Theory, which posits that higher income alone cannot ensure financial well-being without proper behavioral patterns (Shefrin, 2007), and diverges from the findings of She et al. (2022), who argue that income management acts as a key path to improving well-being only when combined with wise financial behavior. In the specific case of Dami Hamlet, Malang Regency, the data indicate that income has not significantly improved financial well-being via financial behavior.

On the other hand, it was shown that the relationship among financial attitude and financial well-being is significantly intervened by financial behavior. (β = 0.071; p = 0.000 under 0.05), suggesting that positive financial attitudes nurture healthier financial behavior, which consecutively elevates well-being. This finding concurs with Behavioral Finance Theory (Shefrin, 2007), which identifies financial attitudes as a fundamental precursor to financial behavior, and echoes the evidence from She et al. (2022) and Hutapea et al. (2023), who indicating the good financial attitudes foster prudent money management, saving, and the avoidance of unnecessary spending. Within the Theory of Planned Behavior framework (Ajzen, 1991; 2005), financial attitudes constitute one of the principal components shaping behavioral intentions, so the stronger an individual's positive attitude, the greater the likelihood of adopting financial practices that support long-term well-being.

The results show that improving financial well-being among rural communities cannot rely solely on individual knowledge or attitudes. Strengthening collective financial behavior is equally important. One effective approach is the development of community-based financial groups, such as local cooperatives or savings groups (arisan). These groups help villagers cultivate regular saving habits, share financial knowledge, and foster mutual accountability, leading to more sustainable behavioral change and better overall financial well-being. In rural contexts like Malang Regency, such social mechanisms can reinforce positive attitudes through shared experience and collective financial discipline.

Building on the mediation outcomes obtained in this research, was established that Financial Behavior functions as a significant intermediary among Locus of Control and Financial Well-Being (mediation coefficient = 0.135; p = 0.000 under 0.05), indicating that stronger internal control over personal decisions fosters better financial practices, which in turn enhance financial well-being. Such evidence aligns with the Behavioral Finance Theory framework, which posits that locus of control constitutes a pivotal determinant of financial behavior that ultimately shapes financial well-being, and also mirrors the findings of She et al. (2022), who report the people possessing an inner locus of control display greater confidence in their efforts and choices, thereby tending to manage their finances more discipline-mindedly. This conclusion further accords with the research of Sabri et al. (2022; 2023) and Hutapea et al. (2023), demonstrate the financial well-being is indirectly impacted by locus of control through its effect to financial behavior.

CONCLUSION

Based on empirical findings, this study reveals that Financial Behavior and Financial Well-Being among residents of Dami Hamlet, Malang Regency, are significantly influenced by Financial Attitude and Locus of Control, whereas Income shows no significant effect on Financial Behavior. This indicates that income level alone does not determine how effectively individuals manage their finances. People with higher earnings do not necessarily demonstrate better financial discipline without positive attitudes and self-control. Conversely, Financial Attitude and Locus of Control positively affect Financial Behavior, meaning that individuals with constructive financial views and strong self-belief tend to manage money more responsibly. Moreover, Financial Behavior significantly influences Financial Well-Being, confirming that well-being arises from consistent and wise money management rather than income alone. However, Financial Behavior does not mediate the relationship between Income and Financial Well-Being, while it significantly mediates the link between Financial Attitude and Locus of Control with Financial Well-Being. These findings highlight that achieving financial well-being in rural communities requires cultivating positive attitudes, strong self-control, and sustainable financial habits rather than merely increasing income.

Regarding its scope, this study acknowledges its limitations for focusing only on several variables, namely income, financial attitude, locus of control, financial behavior, and financial well-being. Therefore, future research is recommended to include additional variables such as financial literacy, financial inclusion, financial experience, fintech utilization, and local cultural values to provide a more comprehensive understanding of financial well-being determinants in rural areas. Such extensions will not only enrich Behavioral Finance theory but also serve as a foundation for practical policies aimed at improving financial literacy, enhancing self-discipline, and empowering rural households toward sustainable financial management.

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