



Financial Behaviour And Distress: The Impact of Religiosity, Family Influence, and Locus of Control

Roisatun Kasanah

¹ *Trunojoyo University*

Article Info

Article history:

Received: August 18, 2025

Accepted: August 18, 2025

Published: September, 1 2025.

Keywords:

Financial Behavior, Financial Distress, Family Influence, Locus of Control, Muslim Family

ABSTRACT

Indonesia's economic conditions have fluctuated, particularly during COVID-19 pandemic, which has directly and indirectly disrupted household finances. Surveys showed 60% of housewives face financial problems, more than half experience stress related to their finances. This study examines the phenomena of financial behaviour and financial distress among Muslim families in Surabaya using survey data from 100 respondents. Path analysis results indicate that family financial socialization and locus of control significantly improve financial behavior, while religiosity has no significant effect. Furthermore, none of the examined variables, including financial behavior, significantly influence financial distress. These findings suggest that while financial behavior can be strengthened through family based learning and internal self control, but these factors alone are insufficient to reduce financial distress in the study area. This research contributes to literature by integrating Social Cognitive Learning Theory and family financial socialization theory within the context of urban Muslim households, offering insights into interplay between behavioral, environmental, and cognitive aspects. Practically, the study emphasizes the need for family oriented financial education, self regulation training, and macro level policies to enhance financial resilience. Further research should expand the geographic scope to capture a more comprehensive understanding of financial behavior and distress determinants.

INTRODUCTION

The corona virus causes a disease that has become a pandemic and has spread almost throughout the world. According to data quoted from worldometers.com as of March 2021, there were 127,727,535 corona cases worldwide with a death toll of 2,780,283 people. Indonesia itself, as one of the countries with the largest population in the world, has also felt a huge impact from the Covid-19 pandemic with the number of cases of approximately 1.4 million. The impact experienced is not only in the health sector but also in other sectors such as education, economy, social, and so on. According to data from the Central Statistics Agency, Indonesia experienced a decline in economic growth in 2020 when compared to the previous year, namely a growth contraction of 2.07%.

Various efforts in the form of policy changes in order to adapt to new habits have been carried out by the government to overcome the pandemic while maintaining the national economic situation, but this situation directly or indirectly still affects the economic life of the community. Research and studies conducted by the SMERU Research Institute in August 2020 stated that there was an increase in the number of unemployed due to layoffs in various companies in the formal sector (SMERU Research Institute, 2020). In addition, according to a survey conducted by the Indonesian political indicator, 61% of Indonesians considered the economic situation to be still getting worse in 2021, while in 2020, 86% of people also considered it. According to a survey conducted by the Center for Economic Research of the Indonesian Institute of Sciences (P2E LIPI), households in Indonesia experienced an economic impact due to the Covid pandemic, especially households whose income came from

ISSN

2301-8313 (online) DOI:

doi.org/10.21109/JRMSI.016.2.04

entrepreneurship. Almost all entrepreneurial households experienced a decrease in income, while for worker households, the ones who experienced the most decrease in income were those with incomes of less than 3 million (antaranews.com, 2020).

The decrease in income that occurs in this household can trigger financial distress or a person's worries about their financial situation. A survey conducted in Indonesia showed that 60 percent of housewives experience financial problems and 56 percent of them feel stressed due to their financial situation, even 25 percent said this problem affects their relationship with their partner (Cnnindonesia, 2020). Several studies related to the impact of financial distress include those conducted by Creed et al., (2020) which found that financial distress can moderate the increasingly strong relationship between career doubts and individual stress levels. Cadaret & Bennett, (2019) also concluded that higher levels of financial distress are associated with greater family pressure, academic pressure, overall pressure, and decreased academic grades in students. Financial distress is also indirectly related to the quality of marriage (Wheeler et al., 2019) and affects the quality of life in cancer patients (de Souza & Wong, 2013).

The various impacts of financial distress felt by individuals are reasons that indicate the importance of researching and studying the factors that can influence financial distress in individuals so they can be used as information and learning in an effort to reduce the level of financial distress. Based on previous studies, there are various factors that have been found to be related to financial distress, including from the individual's cognitive aspects such as locus of control (Ahmad et al., 2020) and financial knowledge (Lajuni et al., 2018). In addition, from behavioral aspects such as debt behavior (Sipon et al., 2014), saving behavior, investment, and environmental socialization such as from family, peers (Zhao, 2020). The aspect of religiosity was also found to influence financial distress both directly and indirectly through financial behavior (Lajuni et al., 2018). Several previous studies related to financial behavior and financial distress were conducted on young adults (Ahmad et al., 2020); (Bapat, 2020); (Lajuni et al., 2018), students or pupils (Curran et al., 2018), while the objects in this study were individuals who were already married. The reason for choosing this research object is because people who are married have greater responsibilities and roles, especially related to economic activities, so they are vulnerable to financial distress. Muflikhati et al., (2010) stated that families play an important role in improving family welfare. Despite extensive research on financial behavior and financial distress, most studies have focused on young adults, students, or specific professional groups, often emphasizing financial literacy and external economic factors. Limited attention has been given to the combined influence of behavioral, environmental, and cognitive factors particularly within Muslim family contexts. This gap is crucial to address, as family based financial socialization and internal locus of control may interact differently in shaping financial behavior and financial resilience compared to other demographic groups.

This study attempts to determine the condition of individuals related to financial behavior and financial distress through the concept of social cognitive learning theory which shows the reciprocal relationship between individual behavior, environment, and individual cognitive aspects. This study selects several variables that represent aspects of behavior, environmental aspects, and cognitive aspects of individuals, namely religiosity, family financial socialization, locus of control, financial behavior, and financial distress. This study uses a more comprehensive combination of variables in understanding financial behavior and financial distress through social cognitive learning theory and adds to the literature study related to family financial socialization theory. This study can also add to the literature study on the influence of religiosity on aspects of behavior and cognitive aspects of individuals, especially Muslim individuals.

This study was conducted on Muslim families because Indonesia has a population with a Muslim majority (Berita Kompas, n.d.) so it is important to know the financial behavior of the Muslim community in Indonesia. This study was conducted on Muslim families in urban areas because according to data quoted from Lokadata.id through a survey involving 1,200 respondents, 68 percent of city residents felt that their family's economic condition had worsened after the pandemic. Based on the background explanation, the researcher intends to conduct a study entitled "The Influence of Religiosity, Family Financial Socialization, and Locus of Control on Financial Behavior and its Impact on Financial Distress". The novelty of this study lies in its focus on the interplay between religiosity, family financial socialization, and locus of control in shaping financial behavior and financial distress among urban Muslim families, providing a new perspective compared to previous studies that largely emphasized financial literacy and external economic factors. Furthermore, the selection of Muslim communities as subjects makes this research unique because their behavior is influenced by religious rules in all aspects of their lives, including consumption, production, and financial management decisions. For Muslims, financial management focuses not only on fulfilling life in this world but also on achieving happiness in the afterlife. Therefore, spending must also consider the rights of others, which are channeled through zakat (alms), infaq (donations), and sadaqah (charity) (Kuswandi et al., 2023)(Ningtyas & Istiqomah, 2021)(Ariyanti et al., 2024)(Kasanah, 2022).

Theoretically, this research contributes to behavioral finance by demonstrating how family financial socialization and locus of control significantly influence financial behavior, while challenging the assumed role of religiosity in financial decision-making and financial distress. Practically, the findings offer policy and managerial implications, highlighting the need for family-based financial education programs, self-regulation training, and broader financial inclusion initiatives. Moreover, by identifying factors that do not significantly impact financial

distress, such as religiosity and financial behavior, this study underscores the importance of macro-level interventions like economic stability, employment security, and access to financial assistance programs to enhance financial resilience among Muslim families in Indonesia.

LITERATURE REVIEW

Social Cognitive Learning Theory

Social Cognitive Learning Theory (SCLT) is a theory developed by Bandura in 1986 as a form of development of Social Learning Theory. Social Cognitive Learning Theory provides a framework that can be used to understand, predict, and change human behavior. This theory arises from ideas learned by individuals by observing and understanding what others do that emphasize the importance of behavioral, environmental, and individual (cognitive) factors in the learning process. Behavior can influence cognition and vice versa, individual cognitive activity can influence the environment, environmental influences can change individual thought processes, and so on. The principle in this theory is to reveal how self-observation of the environment can influence behavior and cognition in individuals. Bandura considers a person's personality to be the result of the interaction between the environment, behavior, and a person's psychological processes obtained either through observation, imitation, or modeling. Financial behavior is the result of an individual's learning process that is influenced by the environment and the individual's cognitive processes. Financial distress or financial anxiety is a subjective psychological aspect of a person that is influenced by behavior, the environment and the individual's cognitive processes. In the context of financial behavior, individuals may adopt budgeting habits, saving patterns, or spending styles observed from parents, peers, or community figures. For example, a child who frequently sees their parents saving a portion of income may internalize this as a norm, influencing their own financial decisions in adulthood. SCLT emphasizes that financial behavior results from continuous interaction between personal beliefs (cognitive factors), the social environment, and actual behavior.

Financial Distress

Financial distress or financial stress is a person's condition where there is a reaction in the form of discomfort either mentally or physically due to the pressure of welfare in relation to the perception of a person's ability to manage the economic resources they have, either in the form of savings and income (Garman & Sorhaindo, 2005). Financial stress may arise in a person through different causes. There are many factors that can cause financial distress for a person. According to Ware, (2015) the main causes of financial distress consist of two things, namely poverty and debt.

Financial Behaviour

Financial behavior is defined as a person's behavior or actions that describe the decision-making process related to their finances. Good individual financial behavior must be accountable and its management must be in accordance with the needs of both individuals and families (Herdjiono & Damanik, 2016). Some things related to good and effective financial management include budgeting, purchasing according to needs, using financial records, documenting cash flow, controlling credit card usage, and planning savings (Zaimah et al., 2013).

Religiosity

Religiosity can be interpreted as an attitude or awareness that arises in a person related to their belief in religion (Hess, 2012). Religion can be categorized as an external factor, but on the other hand it can also be an internal factor when religion becomes part of the quality of self-appreciation and is actualized in acting and behaving. Religiosity is an orientation, a series of behaviors and lifestyles that are considered important by most people around the world that are important and must be considered (Sedikides, 2010). In Islam, financial behavior including consumption behavior, saving, investment, and debt is also regulated. For example, in debt, excessive behavior is not permitted even though if there is a need to take debt it is actually permitted. In consumption behavior, a Muslim must act in the middle. Saving behavior is recommended in Islam because Islam not only prioritizes interests in the present but also interests in the future, especially interests in the afterlife. Investment is also prioritized because Islam strongly encourages asset productivity through economic activities in order to create prosperity and equality in society.

Family Financial Socialization

Gudmunson & Danes, (2011) defines financial socialization as the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to an individual's financial survival and well-being. Family financial socialization theory attempts to systematize the process of family financial socialization to evaluate and see its potential for healthier financial behavior and achieving well-being (Gudmunson & Danes, 2011). This theory states that, although the process of financial socialization occurs throughout life, the family serves as the primary socialization agent for most individuals. According to family financial socialization theory, parents socialize their children financially in two ways. One of these mechanisms is through explicit financial socialization. That is, deliberate teaching and training that parents hope will result in certain financial knowledge, attitudes, or abilities. The other mechanism is through implicit family interactions that are not specifically intended to teach about finance, but allow for influence through the process of observation and experience. Family Financial Socialization Theory (Gudmunson & Danes, 2011) describes how

financial attitudes, knowledge, and behaviors are shaped within the family through both explicit teaching (e.g., parents explaining budgeting or investment) and implicit observation (e.g., children seeing how parents manage expenses). In Indonesia, family influence on financial behavior is often strong due to collectivist cultural norms, where financial decisions are discussed openly within the household. For instance, research by (Herdjiono & Damanik, 2016) found that parental financial discussions positively impacted students' budgeting and saving practices. Similarly, Muflikhati, et al (2010) showed that family roles in economic decision-making are critical for household welfare. These examples highlight that in the Indonesian Muslim context, financial socialization is not only about skill transfer but also about embedding religious values into financial decision-making.

Locus of Control

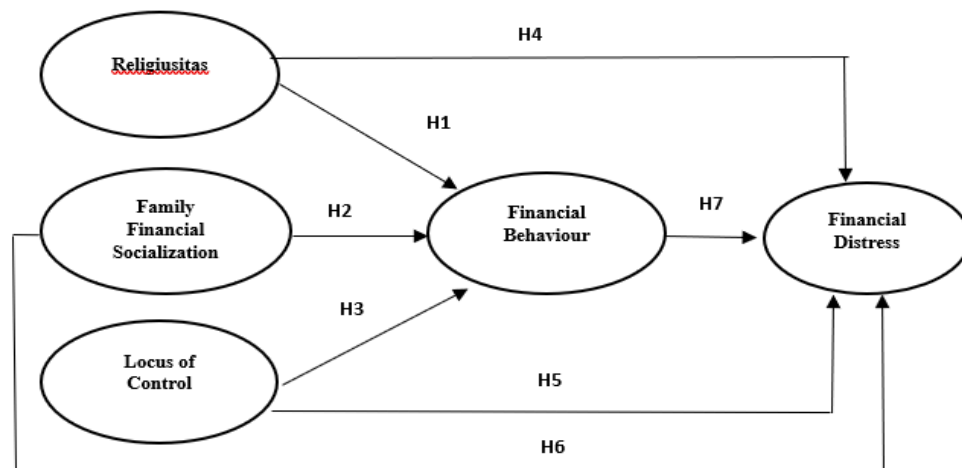
Locus of control is a person's perspective on a particular event to assess whether or not the person can control the event that happens to him/her (Rotter, 1966). The orientation of locus of control can be divided into two, namely internal locus of control and external locus of control. Various factors such as fate, luck and choice influence the external locus of control, and individuals who show a higher external locus of control rely on external forces and actions while internal locus of control is associated with skills, abilities and knowledge.

Conceptual Framework and Research Hypothesis

In short, the conceptual framework in this study explains the factors that influence financial distress with financial behavior as an intervening variable (mediation). This study uses the basis of Social Cognitive Learning Theory (SCLT) in measuring the influence of religiosity, family financial socialization and locus of control on financial behavior and its impact on financial distress. This study was motivated by the ongoing Covid-19 pandemic which has had an impact on various fields, especially the economy. Various consequences in the economic field such as decreased income, termination of employment, and decreased turnover of entrepreneurial businesses are prone to causing financial distress in individuals. Financial distress or financial worries can be caused by poor financial behavior including consumption behavior, saving, investment, and credit. The purpose of this study is to determine the factors that cause financial distress and financial behavior which are reviewed from the behavioral, environmental and psychological aspects so that efforts can be made to minimize the occurrence of financial distress which can disrupt various aspects of life, especially in individuals who are already married. The variables in this study include religiosity which can be an aspect of behavior when religious values are internalized in oneself and practiced into behavior. The next variable is family financial socialization or financial socialization carried out by the family, this variable is included in the environmental aspect which then influences financial behavior and financial distress. The next variable is locus of control which represents the cognitive aspect of individuals in viewing an event or situation. In addition to testing social cognitive learning theory which focuses on the process of mutual influence between behavioral, cognitive, and environmental aspects in individuals, this study also provides additional information on family financial socialization theory which focuses on the process of financial socialization and the output of financial socialization in families.

Figure 1. Conceptual Model and Research Hypothesis Model

Source: Data Processed by Researchers,



2021

Relationship between Variables

Religiosity towards financial behavior

Religiosity is an internal and external aspect of humans because religion is believed in and then practiced in attitudes and behavior, including financial behavior, saving behavior, investment behavior, etc. Religiosity, as a set of internalized religious values, is expected to guide individuals toward responsible financial management. Islamic teachings encourage moderation in consumption, discourage excessive debt, and promote saving and productive investment, which can foster positive financial behavior (Lajuni et al., 2018; Sipon et al., 2014). Several studies that link religiosity to financial behavior include Ahmad et al., (2020); Abbas et al., (2020); Lajuni et al., (2018); Leon & Pfeifer, (2013) with risk as a mediator. Murdayanti et al., (2020) measured the relationship between religiosity and saving behavior, Sipon et al., (2014) religiosity on debt behavior. Abbas et

al., (2020) also revealed that religiosity is a strong predictor of the financial behavior of religious organization administrators in Indonesia.

Family financial socialization towards financial behavior

Parents or family are important socialization intermediaries in the financial learning process which can then develop into financial behavior. Families act as primary agents of financial learning, transmitting knowledge and norms through direct teaching and observational learning. Consistent exposure to sound financial practices within the family environment is expected to encourage budgeting, saving, and disciplined spending (Gudmunson & Danes, 2011; Mohamed, 2017). The existing literature review shows that individuals acquire financial knowledge through socialization from intermediaries. Hilgert et al., (2003) said that the number of observations and interactions made with parents is related to knowledge which then influences financial behavior. Several studies that link family financial socialization with financial behavior include (Mohamed, 2017); (Falahati & Paim, 2011); (Zhao, 2020).

Locus of control on financial behavior

A person who has an internal locus of control will be more Action-oriented so that they are more motivated and more likely to do difficult tasks than someone who has an external locus of control. This is certainly also related to a person's financial behavior. Locus of control has a positive influence on financial preferences and behavior (Jorgensen et al., 2017). Several studies that look at the relationship between locus of control and financial behavior include Abbas et al., (2020); Ahmad et al., (2020); Bapat, (2020); Jorgensen et al., (2017); Sabri et al., (2023).

Religiosity towards financial distress

As a Muslim, when facing a difficult situation, one must believe in Allah's help and always try one's best. Lajuni et al., (2018) in their research showed that religiosity and financial knowledge have a significant effect on the financial behavior of young people and can ultimately alleviate financial distress. Roostae., et al (2016) also stated that there is a negative relationship between religious coping and work stress so that the higher the level of religiosity of a person in facing problems, the lower the level of stress in facing work problems. Previous studies that link religiosity to financial distress include Ahmad et al., (2020); Beny, (2021); Lajuni et al., (2018); Seno Pitoyo et al., (2023). In addition, Ahmad et al., (2020); Lajuni et al., (2018); and Sipon et al., (2014) also studied financial distress through financial behavior.

Family financial socialization towards financial distress

According to Gudmunson & Danes, (2011), in the family financial socialization theory there is a financial output dimension that explains that the results of financial socialization include financial knowledge, financial behavior, and financial well-being. Supportive financial guidance from family members can reduce financial stress by improving financial skills, optimism, and preparedness for economic challenges (White et al., 2020). Mohamed, (2017) also stated that in facing financial difficulties (financial distress) it can be identified through the relationship between financial socialization and financial knowledge, financial behavior and financial well-being. Several studies that link family financial socialization with financial distress include Curran et al., (2018) and White et al., (2020). Other studies that relate to financial well-being include (Zhao, 2020); (Lanz et al., 2020). Family financial socialization is also related to higher financial management, higher financial optimism, and lower financial distress (White et al., 2020).

Locus of control towards financial distress

Locus of control is a person's perception in dealing with a situation. Prawitz et al., (2013) stated that the higher the locus of control, the lower the level of financial distress felt. Several studies that look at the relationship between locus of control and financial distress include Prawitz et al., (2013); Ahmad et al., (2020); Seno Pitoyo et al., (2023). Other researchers link locus of control with financial wellbeing, namely Furnham & Cheng, (2017); Prawitz & Cohart, (2016) and financial satisfaction, namely Adiputra, (2021).

Financial behavior towards financial distress

Osman et al., (2018) stated that those who have good financial behavior show reduced financial distress. This is supported by Delafrooz & Paim, (2011) which shows that financial distress is related to financial behavior, education, and income. Individuals who show good financial behavior have lower levels of financial stress. Financial behavior is also associated with financial wellbeing where better financial behavior will have a positive impact on financial wellbeing. Several other studies that link financial behavior with financial distress include Curran et al., (2018); Lajuni et al., (2018); Ahmad et al., (2020); Beny, (2021).

Research Hypothesis

H1: religiosity has positive influence on financial behavior

H2: Family financial socialization has positive influences on financial behavior

H3: locus of control has positive influence on financial behavior

H4: religiosity has negative influences on financial distress

H5: Family financial socialization has negative influences on financial distress

H6: locus of control has negative influences on financial distress

H7: Financial behavior has negative influences on financial distress

RESEARCH AND METHODOLOGY

This research is an explanatory research with a quantitative approach, namely research that uses a positivist philosophical approach and includes a certain population or sample (Sugiyono, 2010). The research method used is a survey method using a questionnaire as an instrument for collecting data to be analyzed. This research is also called hypothesis testing because the researcher will explain the significant relationship and influence arising from the variables whose research objects are religiosity, family financial socialization, locus of control on financial distress mediated by financial behavior.

Surabaya was chosen as the research location because it is the largest urban center in East Java, representing diverse demographic and socioeconomic backgrounds. In addition, according to data from (Badan Pusat Statistik, 2021), urban communities are more affected by the economy due to the COVID-19 pandemic. The city experienced a significant economic impact during the COVID-19 pandemic, with reduced household incomes and increased unemployment rates. Studying Muslim families in this urban context offers valuable insights into how behavioral, environmental, and cognitive factors influence financial behavior and distress under pronounced economic pressures. The population in this study were Muslim families in Surabaya with the criteria of Muslim residents, married and domiciled in Surabaya. Based on the criteria mentioned, the number of residents in this study is unknown. To determine the sample in an unknown population, this study uses the Lemeshow formula and obtains a total sample size of 100.

Data in the study The data collected through the online questionnaire were then analyzed using the SMART PLS 3.0 application to test the proposed hypothesis. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via the SMART PLS 3.0 software. PLS-SEM was chosen because it is suitable for predictive modeling with relatively small sample sizes and complex relationships between variables. Convergent validity assesses whether the items used to measure a construct are strongly related to each other, indicating they capture the same underlying concept. Discriminant validity checks whether constructs are truly distinct from one another. Composite reliability evaluates the internal consistency of items within each construct, showing how reliably they measure the intended concept. All tests in this study met recommended thresholds, confirming the measurement model's adequacy.

RESULT AND DISCUSSION

Description of Research Respondents

An overview of the respondents in this study can be seen in Table 1 below.

Table 1. Research Respondent Data

Information	Frequency	Accumulatio n	Percentage	Accumulatio n
Gender				
Man	36	36	36%	36%
Woman	64	100	64%	64%
Age				
20-30 Years	65	65	65%	65%
31-40 Years	25	90	25%	90%
40-50 Years	8	98	8%	98%
< 50 Years	2	100	2%	100%
Long Family Life				
Less than 5 Years	65	65	65%	65%
5 to 10 Years	17	82	17%	82%
11 to 15 years	8	90	8%	90%
More than 15 Years	10	100	10%	100%
Last education				
Senior High School	9	9	9%	9%
S1/ equivalent	79	88	79%	88%
S2	12	100	12%	100%
Work				
Civil Servant	11	11	11%	11%
Private sector employee	43	54	43%	54%
Businessman	17	71	17%	71%

Other	29	100	29%	100%
Income Per Month				
>Rp 3.000.000	20	20	20%	20%
Rp 3.000.000 – Rp 5.000.000	50	70	50%	70%
Rp 5.000.001– Rp 10.000.000	19	89	19%	89%
<Rp 10.000.000	11	100	11%	100%

Source: Data Processed by Researchers, 2021

Based on Table 1 above, it can be seen that the majority of respondents are female with a percentage of 64% and for the presentation of male respondents is 36%. For the age of the respondents, the majority are millennials, namely between 25 to 40 years and the majority of respondents have been married for less than 5 years. The level of education of the majority of respondents is Bachelor's degree with the majority of jobs as private employees. For monthly income of 50% of respondents is between IDR 3,000,000 to IDR 5,000,000, this means that the majority of respondents have an income of approximately the UMR (Regional Minimum Wage) of the Surabaya area, which is IDR 4,300,000.

Measurement Model (Outer Model)

Convergent Validity

In the measurement through the SMART PLS application to assess the correlation between item scores/component scores is seen through the outer loading value or also called convergent validity. Convergent validity is used to prove that the questions on the latent variables can be understood by respondents. The individual reflexive measure is said to be high if it correlates more than 0.70 with the construct being measured so that in this study a loading factor limit of 0.70 will be used. The measurement results in Appendix 1 show that the items in each variable have met the loading factor limit and for some items that do not meet the limit, modifications have been made so that the question items are considered understandable by respondents.

Discriminant Validity

Discriminant validity is conducted to ensure that each concept of each latent variable is different from other variables. Discriminant validity is met if the Average Variance Extracted (AVE) of the average variance extracted is higher than the correlation involving the latent variable. The results of the discriminant validity test are obtained as follows:

Table 2. Discriminant Validity (Fornier Larcker Criterion)

	Family Financial Socialization	Financial Behaviour	Financial Distress	Locus of Control	Religiosity
Family Financial Socialization	0,811				
Financial Behaviour	0,551	0,877			
Financial Distress	0,035	-0,106	0,808		
Locus of Control	0,319	0,407	0,101	0,776	
Religiusitas	0,413	0,340	-0,073	0,003	0,819

Source: Data processing with SMART PLS, 2021

In table 2 above, it can be seen that the AVE value for each variable is higher than the AVE correlation value with other variables, thus fulfilling the requirements of discriminant validity and proving that the concept of each latent variable is different from other latent variables.

Composite Reliability dan Validity

Validity and reliability criteria can also be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. A construct is said to have high reliability if its value is 0.70 and AVE is above 0.50. In addition, reliability criteria can also be seen from the cronbach's alpha value and can be said to be very reliable if its value is more than 0.8.

Table 3. Composite Reability dan Validity

	Cronbach's Alpha	Composite Reliability	AVE (Average Vaariance Extracted)
Family Financial Socialization	0,827	0,885	0,659
Financial Behaviour	0,851	0,909	0,770
Financial Distress	0,912	0,929	0,653

Locus of Control	0,869	0,901	0,602
Religiusitas	0,839	0,889	0,670

Source: Data processing with SMART PLS, 2021

In table 3 above, it can be seen that the values of Cronbach's alpha, composite reliability and AVE have met the validity and reliability requirements. This is indicated by Cronbach's alpha of more than 0.8, composite reliability values above 0.70 and AVE above 0.50 as recommended criteria.

Structural Model Evaluation (Inner Model)

Inner model or structural model testing is done to see the relationship between constructs, significance values and R-square of the research model. The structural model is evaluated using R-square for the dependent construct of the t-test and the significance of the structural path parameter coefficient. In assessing the model with PLS, it begins by looking at the R-square for each dependent latent variable (endogenous).

Table 4. R- Square Value

Variabel	R-Square
Financial Behaviour	0,389
Financial Distress	0,047

Source: Data processing with SMART PLS, 2021

In table 4 above, the R-Square value of the two endogenous variables in this study can be seen. The financial behavior variable has an R-Square value of 0.389, which means that based on the model proposed in this study, the influence of religiosity, family financial socialization, and locus of control on financial behavior can be explained by 38.9%. The financial distress variable has an R-Square value of 0.047, meaning that the variables proposed based on the research model can explain the influence on financial distress by 4.7%.

Hypothesis Testing and Discussion

The basis used in testing the hypothesis is the value contained in the Path coefficients output. Below is a table containing the results of the bootstrap path coefficients test which shows the relationship between variables in the study.

Table 5. Path Coefficients

Hubungan	Original sample (O)	Statistic t (O/STDEV)	P Values	Information
H1: religiusitas □ financial behaviour	0,179	0,1692	0,091	rejected
H2: Family financial socialization □ financial behaviour	0,387	3,840	0,000	accepted
H3: locus of control □ financial behaviour	0,283	3,472	0,001	accepted
H4: religiusitas □ financial distress	-0,052	0,311	0,756	rejected
H5: Family financial socialization □ financial distress	0,131	0,879	0,380	rejected
H6: locus of control □ financial distress	0,149	0,862	0,389	rejected
H7: Financial behaviour □ financial distress	-0,221	1,405	0,161	rejected

Source: Data processing with SMART PLS, 2021

Table 5 presents the path coefficients for each hypothesized relationship in the research model, including the estimated coefficients, t-statistics, and p-values. These values indicate both the strength and statistical significance of the relationships between variables, providing the basis for determining whether each hypothesis is accepted or rejected in line with the theoretical framework. Of the seven hypotheses, two of them have a significant relationship, namely hypothesis 2 with a p value of 0.000 < 0.05 and hypothesis 3 with a p value of 0.001 < 0.05. Hypothesis 2 has a positive relationship direction which can be seen from the positive original sample value of 0.387, which means that the higher the family financial socialization, the higher the financial behavior. P value 0.000 means Family financial socialization significantly improves financial behavior, consistent with the idea that direct and indirect financial learning from family members fosters better financial habits. Hypothesis 3 has a positive relationship direction with an original sample value of 0.283. This means that the higher the locus of control, the higher the level of financial behavior. P value 0.001 means Locus of control significantly influences financial behavior, suggesting that individuals with stronger self control and personal responsibility are more likely to practice sound financial management.

The significant results between family financial socialization and financial behavior are in accordance with previous studies conducted by Mohamed, (2017) on young employees, Zhao, (2020) on adults. This means that in terms of financial socialization or learning, families, especially parents, have an important role so that financial behavior carried out by Muslim families can run well. The significant results between locus of control and financial behavior show that a person needs internal control within themselves in order to see an action or event originating

from their own abilities which are then used as positive motivation in their financial behavior. The same results were also found in studies conducted by Abbas et al., (2020) on members of the management of Islamic organizations, Ahmad et al., (2020) on young employees, Bapat, (2020) and Jorgensen et al., (2017) on young adults.

Other hypotheses in this study have insignificant results, including hypothesis 1 with a p value of $0.091 > 0.05$. Hypothesis 1 shows a positive relationship between religiosity and financial behavior with an original sample value of 0.179, which means that the higher a person's religiosity, the better their financial behavior, but this relationship is not significant. When compared with previous studies, these results are not the same because several previous studies conducted by Ahmad et al., (2020); Abbas et al., (2020); (Lajuni et al., 2018) showed significant results. The insignificant relationship between religiosity and financial behavior in this study contrasts with findings from Ahmad et al. (2020) and Lajuni et al. (2018), which reported significant positive effects. One possible explanation is contextual, while Islamic teachings promote responsible financial practices, in urban Muslim families of Surabaya, religiosity may be more expressed in ritual or spiritual activities rather than directly shaping daily financial management. Additionally, the majority of respondents hold at least a bachelor's degree, suggesting that financial decision-making may rely more on education and economic considerations than religious guidance. This highlights the complexity of translating religious values into actual financial practices, especially in modern urban contexts. Hypothesis 4, which shows the relationship between religiosity and financial distress, also shows insignificant results with a p value of $0.756 > 0.05$. The negative original sample value in hypothesis 4, namely -0.052, shows that the higher a person's religiosity, the lower their financial stress level, but this relationship is not statistically significant. These results are in accordance with research conducted by Beny, (2021); Ahmad et al., (2020) and Lajuni et al., (2018) which also found an insignificant relationship.

The next hypothesis, namely hypothesis 5, 6, and 7 also showed insignificant results. Hypothesis 5 shows a relationship between family financial socialization and financial distress with a p value of $0.380 > 0.05$ and an original sample value of 0.131. From these results, it can be seen that family financial socialization has a positive relationship with financial distress, but this relationship is not significant. This result is not in accordance with previous research conducted by White et al.,(2020) on students who stated that parental financial messages about saving, banking, and investing resulted in less financial stress. Hypothesis 6 shows a relationship between locus of control and financial distress with a p value of $0.389 > 0.05$ and an original sample value of 0.149. This shows that locus of control has a positive relationship with financial distress but is not statistically significant. This result is different from previous research conducted by Ahmad et al., (2020) and Seno Pitoyo et al., (2023) which found that there was a significant relationship. Hypothesis 7 shows a relationship between financial behavior and financial distress with a p value of 0.161 and an original sample value of -0.221. Based on these results, it can be seen that financial behavior has a negative relationship with financial distress, so the better a person's financial behavior, the lower their financial stress level, but this relationship is not statistically significant. This negative relationship direction is in accordance with previous research conducted by Lajuni et al., (2018); Ahmad et al., (2020); (Beny, 2021) and the results are significant.

Table 6. Indirect Relationship (mediation)

Indirect Relationship	Original sample (O)	Statistic t (O/STDEV)	P Values	Information
Religiusitas1 Financial Behaviour1 Financial Distress	-0,040	0,902	0,368	rejected
Locus of Control1 Financial Behaviour1 Financial Distress	-0,062	1,250	0,212	rejected
Family Financial Socialization1 Financial Behaviour1 Financial Distress	-0,085	1,266	0,206	rejected

Source: Data processing with SMART PLS, 2021

The table above shows the results of testing indirect relationships through intervening variables (mediation) in the research model. It can be seen that the three relationships between religiosity, locus of control, and family financial socialization to financial distress through financial behavior are not significant. The relationship between religiosity and financial distress through financial behavior has a p value of $0.368 > 0.05$ and the original sample value of -0.040 which indicates that religiosity has a negative relationship with financial distress through financial behavior so that the higher the religiosity, the lower the level of financial distress through financial behavior, but this relationship is not statistically significant. The relationship between locus of control and financial distress through financial behavior can be seen from the original sample value of -0.062 and the p value of $0.212 > 0.05$ which means that the higher the locus of control, the lower the level of financial distress through financial behavior, but this relationship is not statistically significant. The relationship between family financial socialization and financial distress through financial behavior is shown by a p value of $0.206 > 0.05$ and an original sample value of -0.085, which means that the higher the financial socialization in the family, the lower the level of financial stress

through financial behavior, but this relationship is not statistically significant. In this research model, especially those related to financial distress as endogenous variables, the results of the relationship are not significant with the proposed variables. According to the researcher, this is because the majority of respondents in the study, namely 50%, have a monthly income of approximately the equivalent of the Minimum Wage of the city of Surabaya, so they do not experience a significant level of financial distress. In addition, the majority of respondents also have a fairly high level of education, namely S1 (Strata 1) so that this can affect financial behavior and the level of financial stress

CONCLUSION

The accepted hypothesis in this study are Hypothesis two and three which show a significant positive influence between family financial socialization and locus of control on financial behavior. From these results, it can be concluded that financial behavior in Muslim families is influenced by socialization or learning, either directly or indirectly, by family members. In addition, financial behavior is also influenced by the state of locus of control or internal control of individuals regarding their views on a behavior or event. The results of financial socialization and the ability to motivate themselves then increase effective financial behavior in Muslim families. Other hypotheses in this study, namely hypotheses one, four, five, six, and seven, show an insignificant relationship between variables so that the hypothesis is rejected. Based on the results of this study, it can be concluded that religiosity does not affect financial behavior and financial distress. In addition, Family financial socialization, locus of control, and financial behavior were also found to have no effect on financial distress.

Based on this, efforts to socialize finance through families and internal self-control must be improved both from self-awareness and from the government or related institutions so that the financial behavior of Muslim families in Indonesia is more effective and hopefully can improve welfare. The findings also highlight the need for family-based financial education and self-regulation development to improve financial behavior in Muslim families, emphasizing the role of financial literacy programs at home, in schools, and within workplaces. Policymakers must address macro-level factors influencing financial distress, such as economic stability, job security, and access to affordable credit, while also expanding Islamic microfinance and digital financial inclusion to promote responsible financial habits. Policymakers also need to design and implement family-centered financial literacy programs that actively involve parents in teaching financial management to their children. Community-based initiatives and religious institutions can also be leveraged to promote internal self-regulation and responsible financial decision-making within Muslim families. Financial institutions, meanwhile, could develop accessible financial education modules, savings programs, and microfinance products tailored to the needs of urban Muslim households to encourage sustainable financial practices.

While this study provides valuable insights, several limitations should be acknowledged. The study utilized a sample size of 100 respondents, which may not fully represent the diverse characteristics of Muslim families in Surabaya. Researchers hope that further research can choose more relevant and comprehensive variables in explaining the factors that influence financial behavior and financial distress. In addition, the population reach can be expanded but with more specific criteria in order to explain the phenomenon of financial distress that occurs.

REFERENCES

- Abbas, D., Ali, M., Nohong, M., & Sobarsyah, M. (2020). *Predicting the Financial Behavior of the Religious Organization Board in Indonesia*. 7(12), 1159–1166. <https://doi.org/10.13106/jafeb.2020.vol7.no12.1159>
- Adiputra, I. G. (2021). *The Influence of Financial Literacy, Financial Attitude and Locus of Control on Financial Satisfaction: Evidence From the Community in Jakarta*. 2021, 636–654. <https://doi.org/10.18502/kss.v5i5.8848>
- Ahmad, G. N., Khairunnisa, T. K., & Gurendawati, E. (2020). Pengaruh Religiusitas, Preferensi Risiko, Dan Locus of Control Terhadap Perilaku Keuangan Dan Dampaknya Terhadap Personal Financial Distress Pada Pekerja Muda Di Dki Jakarta. *JRMSI - Jurnal Riset Manajemen Sains Indonesia*, 11(2), 381–403. <https://doi.org/10.21009/jrmsi.011.2.010>
- antaranews.com. (2020). *Dampak pandemi COVID-19 terhadap ekonomi rumah tangga*. <https://www.antaranews.com/infografik/1693094/dampakpandemi-covid-19-terhadap-ekonomi-rumah-tangga>
- Ariyanti, D. I., Achmad Budi Susetyo, & Roisatun Kasanah. (2024). Pengaruh Struktur Modal dan Kebijakan Dividen terhadap Nilai Perusahaan pada DES Sektor Halal. *Jurnal Riset Ekonomi Syariah*, 3(1), 87–96.

<https://doi.org/10.29313/jres.v4i2.5428>

- Badan Pusat Statistik. (2021). *Berita resmi statistik*.
<https://www.bps.go.id/pressrelease/2021/02/05/1811/ekonomi-indonesia-2020-turun-sebesar-2-07-persen--c-t-o-c>
- Bapat, D. (2020). *Antecedents to responsible financial management behavior among young adults : moderating role of financial risk tolerance*. 38(5), 1177–1194. <https://doi.org/10.1108/IJBM-10-2019-0356>
- Beny, S. K. (2021). *The Effect of Financial Knowledge , Financial Behavior , and Religiosity on Personal Financial Distress in the Millennial Generation (Case Study in the Community of Semarang City)*. 169(Icobame 2020), 338–340.
- Berita Kompas. (n.d.). *Menag Sebut Mayoritas Muslim Indonesia Setuju dengan Pancasila*.
<https://nasional.kompas.com/read/2021/03/13/11584391/menag-sebutmayoritas-muslim-indonesia-setuju-dengan-pancasila>
- Cadaret, M. C., & Bennett, S. R. (2019). College Students' Reported Financial Stress and Its Relationship to Psychological Distress. *Journal of College Counseling*, 22(3), 225–239. <https://doi.org/10.1002/jocc.12139>
- Cnnindonesia. (2020). *8 Bulan Pandemi, 56 Persen Ibu Rumah Tangga Alami Stres*.
<https://www.cnnindonesia.com/gaya-hidup/20201111113804-255-568443/8-bulan-pandemi-56-persen-ibu-rumah-tangga-alami-stres>
- Creed, P. A., Sawitri, D. R., Hood, M., & Hu, S. (2020). *Career Goal Setting and Goal Pursuit in Young Adults : The Role of Financial Distress*. 1–16. <https://doi.org/10.1177/0894845319897136>
- Curran, M. A., Parrott, E., Ahn, S. Y., Serido, J., & Shim, S. (2018). Young Adults' Life Outcomes and Well-Being: Perceived Financial Socialization from Parents, the Romantic Partner, and Young Adults' Own Financial Behaviors. *Journal of Family and Economic Issues*, 39(3), 445–456. <https://doi.org/10.1007/s10834-018-9572-9>
- de Souza, J. A., & Wong, Y.-N. (2013). Financial distress in cancer patients. *Journal of Medicine and the Person*, 11(2), 73–77. <https://doi.org/10.1007/s12682-013-0152-3>
- Delafrooz, N., & Paim, L. H. (2011). *Determinants of financial wellness among Malaysia workers*. 5(24), 10092–10100.
- Falahati, L., & Paim, L. H. (2011). *Toward a framework of determinants of financial management and financial problems among university students*. 5(22), 9600–9606. <https://doi.org/11.5897/AJBM11.1293>
- Furnham, A., & Cheng, H. (2017). *Socio-Demographic Indicators , Intelligence , and Locus of Control as Predictors of Adult Financial Well-Being*. 1–11. <https://doi.org/10.3390/jintelligence5020011>
- Garman, E. T., & Sorhaindo, B. (2005). Delphi Study of Experts' Rankings of Personal Finance Concepts Important in the Development of the InCharge Financial Distress/Financial Well-being Scale. *Consumer Interest Annual*, 51, 184–194.
- Gudmunson, C. G., & Danes, S. M. (2011). *Family Financial Socialization : Theory and Critical Review*. 644–667. <https://doi.org/10.1007/s10834-011-9275-y>
- Herdjiono, I., & Damanik, L. A. (2016). Pengaruh Financial Attitude, Financial Knowledge, Parental Income Terhadap Financial Management Behavior. *Jurnal Manajemen Teori Dan Terapan| Journal of Theory and Applied Management*, 9(3), 226–241. <https://doi.org/10.20473/jmtt.v9i3.3077>
- Hess, D. (2012). *The impact of religiosity on personal financial decisions*. 14, 1– 13.
- Hilgert, Marianne A., J. M. H. dan S. B. (2003). Household Financial Management: The Connection between Knowledge and Behavior. *Federal Reserve Bulletin*, 89(7), 309–322.
- Jorgensen, B. L., Rappleyea, D. L., Schweichler, J. T., Fang, X., & Moran, M. E. (2017). The Financial Behavior of Emerging Adults : A Family Financial Socialization Approach. *Journal of Family and Economic Issues*, 38(1), 57–69. <https://doi.org/10.1007/s10834-015-9481-0>
- Kasanah, R. (2022). PRINSIP IQTISHODUNA DALAM PRAKTIK KONSUMSI MUSLIM. *Hukum Islam*, 22(1). <https://doi.org/10.24014/jhi.v22i1.12293>
- Kuswandi, D., Sari, A. L., Wiranto, E., Adiyanto, Y., & Sutira, A. (2023). Pengaruh Ramadan Terhadap Perilaku Pengeluaran Keluarga Di Indonesia: Studi Kasus Pada Keluarga Muslim. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 7(1), 613–627. <https://doi.org/10.31955/mea.v7i1.2993>
- Lajuni, N., Bujang, I., Karia, A. A., & Yacob, Y. (2018). Religiosity, Financial Knowledge, and Financial Behavior Influence on Personal Financial Distress Among Millennial Generation. *Jurnal Manajemen Dan Kewirausahaan*, 20(2), 92–98. <https://doi.org/10.9744/jmk.20.2.92-98>

- Lanz, M., Sorgente, A., & Danes, S. M. (2020). *Implicit Family Financial Socialization and Emerging Adults' Financial Well-Being: A Multi-Informant Approach*. 8(6), 443–452. <https://doi.org/10.1177/2167696819876752>
- Leon, A. K., & Pfeifer, C. (2013). *Religious Activity, Risk Taking Preferences, and Financial Behaviour: Empirical Evidence from German Survey Data by Anja Köbrich León and Christian Pfeifer Working Paper Series in Economics ISSN 1860 - 5508 Religious Activity, Risk Taking Preferences*. 269.
- Mohamed, N. A. (2017). *Financial Socialization: A Cornerstone for Young Employees' Financial Well-Being*. 3(1), 15–35.
- Muflikhati, I., Hartoyo, S. (2010). Peran Ibu Rumah Tangga dalam Meningkatkan Kesejahteraan Keluarga. *Jurnal Ilmu Keluarga Dan Konsultasi*, 3(1), 1-10.
- Murdayanti, Y., Ulupui, I., Gurendrawati, E., & Purwohedi, U. (2020). *AN A SSESSMENT OF SAVING BEHAVIOR IN THE R ELIGIOUS*.
- Ningtyas, M. N., & Istiqomah, D. F. (2021). *Indonesia: tinjauan Theory of Planned Behavior*. 17, 158–172.
- Osman, Z., Madzlan, E. M., & Ing, P. (2018). *In Pursuit of Financial Well-being: The Effects of Financial Literacy, Financial Behaviour and Financial Stress on Employees in Labuan*.
- Prawitz, A. D., & Cohart, J. (2016). Financial Management Competency, Financial Resources, Locus of Control, and Financial Wellness. *Journal of Financial Counseling and Planning*, 27(2), 142–157. <https://doi.org/10.1891/1052-3073.27.2.142>
- Prawitz, A. D., Kalkowski, J. C., & Cohart, J. (2013). Responses to Economic Pressure by Low-Income Families: Financial Distress and Hopefulness. *Journal of Family and Economic Issues*, 34(1), 29–40. <https://doi.org/10.1007/s10834-012-9288-1>
- Roostae, F. Nikmanesh, Z. Sharifi-Rad, J. Kiani, M. Shahnazi, A. (2016). Relation of religious coping with occupational stress and quality of work life for midwives working in maternity hospitals in Zahedan, Iran. *International Journal of Research in Medical Sciences*, 4(12).
- Rotter, J. B. (1966). *No Title*. 80(1).
- Sabri, M. F., Wahab, R., Mahdzan, N. S., Magli, A. S., Rahim, H. A., Suhaimi, S. S. A., & Nazuri, N. S. (2023). An enigma of Malaysia's low-income young adults: Mediation of financial behaviour on financial well-being and locus of control cohesion. *PLoS ONE*, 18(7 July), 1–27. <https://doi.org/10.1371/journal.pone.0288204>
- Sedikides, C. (2010). *Why Does Religiosity Persist? Personality and Social Psychology Review*. 14(1), 3–6.
- Seno Pitoyo, B., Handayani, M., & Bhayangkara Jakarta Raya, U. (2023). The Influence of Financial Literacy, Religiousness, Risk and Locus of Control on Financial Distress in the Millennial Generation in Bekasi City. *Indonesian Journal of Economics and Strategic Management (IJESM)*, 1, 213–222. <https://journal.drafpublihser.com>
- Sipon, S., Othman, K., Abd, Z., & Mohd, H. (2014). The Impact of Religiosity on Financial Debt and Debt Stress. *Procedia - Social and Behavioral Sciences*, 140(2003), 300–306. <https://doi.org/10.1016/j.sbspro.2014.04.424>
- SMERU Research Institute. (2020). *Mengantisipasi Potensi Dampak Krisis Akibat Pandemi COVID-19 terhadap Sektor Ketenagakerjaan*. <https://smeru.or.id/id/content/mengantisipasi-potensi-dampak-krisis-akibatpandemi-covid-19-terhadap-sektor-ketenagakerjaan>
- Sugiyono. (2010). *Metode Penelitian Bisnis*. Alfabeta.
- Ware, S. J. (2015). Debt, Poverty, and Personal “Financial Distress”. *American Bankruptcy Law Journal*, 89, Pp. 493-509.
- Wheeler, B. E., Kerpelman, J. L., & Yorgason, J. B. (2019). Economic Hardship, Financial Distress, and Marital Quality: The Role of Relational Aggression. *Journal of Family and Economic Issues*, 40(4), 658–672. <https://doi.org/10.1007/s10834-019-09632-4>
- White, K., Watkins, K., Mccoy, M., Muruthi, B., & Lynn, J. (2020). How Financial Socialization Messages Relate to Financial Management, Optimism and Stress: Variations by Race. *Journal of Family and Economic Issues*. <https://doi.org/10.1007/s10834-020-09704-w>
- Zaimah, R., Md Sum, S., Lyndon, N., Azima, A., Selvadurai, S., Saad, S., & Er, A. 187 C. (2013). Financial Behaviors of Female Teachers in Malaysia. *Asian Social Science*, 9. <https://doi.org/https://doi.org/10.5539/ass.v9n8p34>
- Zhao, H. (2020). *Talking money at home: the value of family financial socialization*. 38(7), 1617–1634. <https://doi.org/10.1108/IJBM-04-2020-0174>

