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Family decision-making and youth financial decisions: evidence from financial capability

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Abstract

This study examines the impact of financial capability – comprising financial awareness, experience, skills, and knowledge – on financial decision-making among youth in Jayapura, Papua, Indonesia, while exploring the moderating role of family decision-making dynamics. A total of 229 respondents aged 17 to 25 completed a structured questionnaire, and the data were analyzed using partial least squares structural equation modeling (PLS-SEM). The results indicate that financial awareness significantly enhances financial knowledge, which in turn is a strong predictor of sound financial decision-making. Financial experience contributes substantially to the development of financial skill; however, financial skills alone do not exert a direct influence on decision-making behavior. Notably, family decision-making significantly moderates the relationship between financial knowledge and financial decision-making, underscoring the importance of sociocultural context in shaping youth financial behavior. These findings highlight the necessity of comprehensive financial education programs that integrate both individual financial competencies and familial influences. This study contributes to the financial capability literature by emphasizing the role of family as a contextual factor in financial decision-making processes among young adults.

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1. Introduction

Young adults, particularly university students aged 18 to 24, are undergoing a critical period in their personal and financial development. This transitional stage is characterized by increasing responsibilities in managing personal finances, including budgeting, saving, and making informed financial decisions. Although access to financial services has expanded significantly, many students continue to experience difficulties related to overspending and inadequate financial planning. According to the 2024 financial literacy survey conducted by Indonesia's Financial Services Authority (Otoritas Jasa Keuangan/OJK), the national financial literacy index reached 65.43%, indicating substantial room for improvement, particularly among the youth segment (Ana, 2024).

Consumerist behavior has become increasingly prevalent among university students, driven by social lifestyle expectations and the convenience of digital payment systems. Frequent café visits, impulsive online shopping, and reliance on short-term credit reflect limited financial self-control and weak long-term financial planning. The rapid growth of digital financial services, including buy now pay later (BNPL) schemes and peer-to-peer lending platforms, has further intensified these challenges. As of June 2024, OJK reported that the total value of online loans in Indonesia reached IDR 47 trillion, with Generation Z (aged 12–27) accounting for IDR 26.87 trillion. Alarmingly, this demographic also recorded the highest level of non-performing loans, amounting to IDR 763.65 billion, and more than 60% of Gen Z borrowers reportedly used credit for lifestyle-related consumption rather than emergency needs (OJK, 2024).

Empirical evidence confirms that financial literacy among Indonesian university students remains relatively low. Rahman et al. (2024) found that students correctly answered only 45.39% of key financial knowledge questions. This paradox raises an important question: why do young adults who have access to financial products and information continue to make suboptimal financial decisions? One theoretical framework that helps explain this phenomenon is the theory of planned behavior (Ajzen, 1991), which posits that behavior is shaped not only by individual attitudes and knowledge, but also by subjective norms and perceived behavioral control—many of which are developed within the family environment.

The family serves as a primary agent of financial socialization, shaping individuals' financial attitudes, values, and behaviors from an early age. Informal financial education practices, such as allowance management, family budget discussions, and parental involvement in household financial decisions, have been shown to enhance financial capability in adulthood. Rufaidah and Setiyono (2023) demonstrate that family-based financial education strengthens financial self-efficacy, which subsequently supports better financial management behavior. Similarly, Rahardi et al. (2023) report that parental financial socialization is positively associated with students' financial literacy levels.

Beyond its direct influence, the family may also function as a contextual factor that conditions the effectiveness of financial literacy in shaping financial decision-making. Individuals with comparable levels of financial knowledge may arrive at different financial decisions depending on the quality of family communication, authority structures, and decision-making dynamics within the household. Abriyanto and Barusman (2024) emphasize that family socioeconomic conditions and parenting styles significantly affect students' ability to apply financial knowledge in real-world financial situations.

Previous studies provide important foundations but leave several gaps. Dewi et al. (2020) conceptualize financial literacy as a multidimensional construct comprising

financial awareness, experience, knowledge, and skills, and provide empirical evidence from the Indonesian context. However, their study primarily focuses on the relationships among financial literacy components and does not extend the analysis to financial decision-making as a behavioral outcome. Moreover, the model adopts an individual-centered perspective and does not account for the role of family context in translating financial capability into actual financial decisions.

Other studies examining the relationship between financial literacy and financial behavior tend to treat financial literacy as a direct and linear predictor of individual decision-making (Rahadi, et al., 2023). While such findings confirm the importance of financial literacy, they overlook potential contextual factors that may strengthen or weaken this relationship. In particular, the moderating role of family decision-making in influencing the effectiveness of financial literacy remains underexplored. Similarly, Rufaidah and Setiyono (2023) acknowledge the importance of family-related factors but treat them primarily as background characteristics rather than as analytical mechanisms that interact with individual financial literacy.

Taken together, existing studies have not sufficiently explained whether financial literacy consistently leads to sound financial decisions among youth, or whether this relationship depends on family decision-making dynamics. Moreover, empirical evidence focusing on young adults in underrepresented regions such as Papua remains limited. Addressing these gaps, the present study introduces family decision-making as a moderating variable within a multidimensional financial capability framework and focuses on university students in Jayapura.

This study aims to examine the moderating role of family decision-making in the relationship between financial literacy—particularly financial knowledge as its core component—and financial decision-making among university students. Importantly, this study highlights that financial knowledge emerges as the most influential dimension of financial capability, while family decision-making plays a critical moderating role in shaping youth financial decisions. The findings are expected to contribute to the financial capability literature by providing a more contextualized understanding of youth financial behavior and to inform the design of more effective financial education programs that integrate both individual competencies and family-based financial socialization.

2. Literature review and hypotheses developlement

2.1. Financial capability and financial decision-making

Financial capability has been widely conceptualized as a multidimensional construct that reflects an individual's ability to manage financial resources effectively. Prior studies emphasize that financial capability extends beyond financial knowledge alone and includes awareness, experience, and skills that jointly influence financial behavior and decision-making (Hung, Parker, & Yoong, 2009; Atkinson & Messy, 2012). In the Indonesian context, Dewi et al. (2020) provide empirical evidence that financial literacy comprises several interrelated dimensions, including financial awareness, experience, knowledge, and skills, which together shape individuals' financial competence.

Financial awareness reflects individuals' attentiveness to financial planning and information-seeking behavior, which serves as a foundation for developing financial knowledge. Individuals who actively seek financial information and engage in planning activities tend to possess a better understanding of financial concepts and products. Empirical studies consistently report a positive relationship between financial awareness and financial knowledge, suggesting that awareness plays a critical role in enhancing financial literacy.

Financial experience represents individuals' exposure to real-life financial activities, such

as managing income, savings, debt, or investment decisions. Experiential learning allows individuals to translate abstract financial concepts into practical understanding, thereby strengthening financial skills. Previous studies indicate that individuals with greater financial experience tend to demonstrate stronger financial skills, particularly in budgeting, monitoring expenses, and evaluating financial alternatives.

Financial knowledge and financial skills are often regarded as key drivers of financial decision-making. Financial knowledge equips individuals with the cognitive ability to evaluate risks, returns, and long-term consequences, while financial skills reflect the technical capacity to implement financial plans. Empirical evidence generally supports the positive influence of financial knowledge on sound financial decisions; however, findings related to financial skills remain mixed, suggesting that skills alone may not consistently translate into rational financial behavior without supportive contextual factors.

Based on this literature, the following hypotheses are proposed,

H1: Financial awareness positively influences financial knowledge

H2: Financial experience positively influences financial skill

H3: Financial knowledge positively influences financial decision

H4: Financial skill positively influences financial decision

2.2. Family decision-making as a contextual factor

The family plays a central role in shaping individuals' financial attitudes, values, and behaviors through financial socialization processes. Family Financial Socialization Theory (Gudmunson & Danes, 2011) posits that financial behaviors are formed through interactions within the family, including parental guidance, communication patterns, and shared decision-making practices. Through these mechanisms, families influence not only what individuals know about finance but also how they apply this knowledge in real-life decisions.

Empirical studies demonstrate that family-based financial education enhances financial self-efficacy and financial literacy among young adults (Rufaidah & Setiyono, 2023; Rahadi, et al., 2023). Open communication, participatory decision-making, and supportive parental involvement have been associated with better financial outcomes. Conversely, highly centralized or dominant family decision structures may limit individual autonomy in financial decision-making, particularly among youth.

Despite this evidence, most existing studies position family-related variables as direct predictors or background characteristics rather than as contextual mechanisms. As a result, the interaction between individual financial capability and family decision-making dynamics remains insufficiently explored. This limitation is particularly relevant for young adults, who often operate within family financial systems while simultaneously developing independent financial identities

2.3. Research gap and moderating role of family decision-making

Although prior studies have established the importance of financial literacy and financial capability in shaping financial behavior, several gaps remain. First, research by Dewi et al. (2020) focuses on relationships among financial literacy components but does not extend the analysis to financial decision-making as a behavioral outcome, nor does it incorporate family context into the model. Second, studies examining the relationship between financial literacy and financial behavior often treat this relationship as direct and linear (Rahadi et al., 2023), overlooking the possibility that the effectiveness of financial literacy may depend on contextual factors. Third, while family-related factors have been acknowledged in studies of youth financial behavior (Rufaidah & Setiyono, 2023), they are typically treated as background variables rather than as analytical mechanisms that interact with individual financial capability.

These limitations suggest that financial literacy may not uniformly translate into sound

financial decisions across different family environments. Individuals with similar levels of financial knowledge and skills may arrive at different financial decisions depending on family communication patterns, authority structures, and decision-making involvement. This gap is particularly salient in collectivist cultural settings, where family influence remains strong during emerging adulthood.

Addressing these gaps, the present study introduces family decision-making as a moderating variable in the relationship between financial capability components and financial decision-making among university students. By focusing on youth in Jayapura, Papua—an underrepresented region in financial behavior research—this study provides new empirical insights into how family decision-making dynamics condition the effectiveness of financial literacy.

Accordingly, the following hypotheses are proposed:

H5: Family decision-making moderates the relationship between financial knowledge and financial decision

H6: Family decision-making moderates the relationship, between financial skill and financial decision

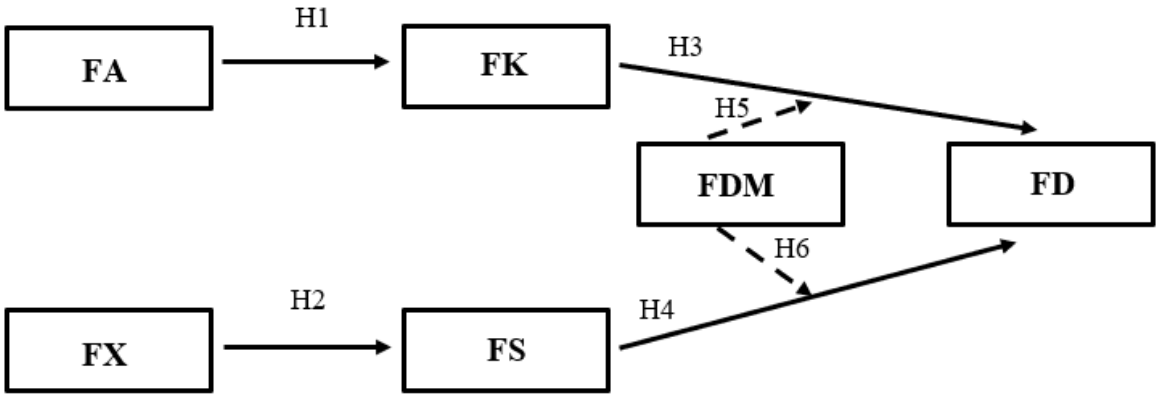


Figure 1. Research paradigm: financial literacy

3. Research methods

3.1. Sample and data collection

This study involved 229 youth participants residing in Jayapura, Papua, Indonesia. Following Hair et al. (2017), the recommended minimum sample size for structural equation modelling (SEM) is between 5 and 10 times the number of indicators. With 30 indicators included in the measurement model, a sample size ranging from 150 to 200 respondents is considered adequate. Therefore, the collected sample of 229 participants meets the minimum requirement for PLS-SEM analysis.

Data were gathered using structured questionnaires distributed through both face-to-face interviews and self-administered online surveys. Purposive sampling was employed to ensure that respondents met the following criteria: aged between 17 and 25 years, and residing in urban areas of Jayapura.

3.2. Measures

The measurement instruments were adapted from Dewi et al. (2020) and designed to capture the following laten constructs:

- Financial awareness (FA)
- Financial experience (FX)
- Financial skill (FS)

- Financial knowledge (FK)
- Financial decision (FD)
- Family decision-making (FDM) - (moderating variable)

All items were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

3.3. Data analysis

The data were analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 4 software. A two-step approach was employed, comprising the evaluation of the measurement model followed by the structural model.

3.3.1. Reliability and validity

The reliability and validity of the constructs were assessed using the following criteria:

- Outer loadings > 0.70 (indicator reliability)
- Average variance extracted (AVE) > 0.50 (convergent validity)
- Cronbach's alpha and composite reliability (CR) > 0.70 (internal consistency)
- Discriminant validity, confirmed using the Heterotrait Monotrait ratio (HTMT) with values < 0.90

Before assessing the structural relationships, the measurement model was evaluated to ensure indicator reliability and construct validity. Although the initial instrument consisted of 30 indicators (five items per construct), six indicators were excluded during the measurement model evaluation due to outer loadings below the recommended threshold of 0.70. Following Hair et al. (2017), indicators with insufficient loadings were removed to enhance construct reliability and convergent validity. The final measurement model retained 24 indicators, which adequately represent the conceptual domains of each construct.

3.3.2. Structural model evaluation

Once the measurement model was validated, the structural model was assessed using the following procedures:

- Variance inflation factor (VIF): Evaluated for multicollinearity among predictor constructs. VIF values below 5 indicate acceptable levels
- Path coefficients: Estimated using a bootstrapping procedure with 5,000 resamples. The significance of each path was assessed through t-values, p-values and confidence intervals
- Coefficient of determination (R2): Used to evaluate the explanatory power of endogenous constructs. R2 values of 0.25, 0.50, and 0.75 indicate weak, moderate, and substantial levels, respectively
- Effect size (f2): Indicates the individual contribution of each exogenous variable. Values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively
- Predictive relevance (Q2): Assessed using the blindfolding techniques; values greater than 0 indicate that the model has predictive relevance for the endogenous variables

Moderation analysis was conducted using interaction terms (FDM x FK and FDM x FS) to evaluate the moderating role of family decision-making in the relationship between financial capability variables and financial decision-making. Negative financial decision items were reverse-coded so that higher scores consistently indicate

better and more rational financial decision-making.

4. Results and discussion

The evaluation of the measurement model aims to assess the reliability and validity of the latent constructs used in the study. As recommended by Hair et al. (2019), four key indicators were examined: outer loadings, internal consistency reliability (Cronbach's alpha and composite reliability), convergent validity (average variance extracted or AVE), and discriminant validity (HTMT). Table 1 summarizes the results of the measurement model assessment, including the outer loadings (OL), Cronbach's alpha (CA), composite reliability (CR), and AVE for each construct. All outer loadings exceeded the threshold value of 0.70, indicating strong indicator reliability. One item under financial decision (FD1) had a slightly lower loading (0.649), but it was retained due to the construct's overall acceptable CR and AVE values, which is considered acceptable in PLS-SEM analysis.

Regarding internal consistency reliability, all constructs achieved Cronbach's alpha values above 0.70, with the lowest value found in financial decision (0.711) and the highest in financial skill (0.839). Composite reliability (CR) values ranged from 0.808 to 0.891, surpassing the recommended minimum of 0.70 and confirming the internal consistency of each construct. Convergent validity was also satisfied, as all constructs recorded AVE values greater than 0.50. The AVE scores ranged from 0.514 (financial decision) to 0.673 (financial skill), indicating that each construct was able to explain more than 50% of the variance in its indicators.

Table 1. Outer loading (OL), Cronbach's alpha (CA), composite reliability (CR), and AVE for each measurement variable

Latent Variables	Code	Measurement variable	OL	CA	CR	AVE	Result
Financial Awareness (FA)	FA2	Before shopping, I usually prepare a list of my needs.	0.786	0.809	0.875	0.636	Valid & Reliable
	FA3	I compare the benefits and risks before choosing financial products.	0.812				Valid & Reliable
	FA4	I seek financial information from the internet, social media, or webinars.	0.818				Valid & Reliable
	FA5	I often discuss financial issues with my family or close friends.	0.773				Valid & Reliable
Financial Experience (FX)	FX1	I have an emergency fund to be used in unforeseen situations.	0.701	0.718	0.824	0.541	Valid & Reliable
	FX2	I regularly record my income and expenses.	0.802				Valid & Reliable
	FX3	I have experience managing money from scholarships, part-time jobs, or small business.	0.726				Valid & Reliable
	FX5	I have invested in capital markets such as stocks or mutual funds.	0.708				Valid & Reliable
Financial Skill (FS)	FS1	I am able to prepare a monthly spending budget.	0.824	0.839	0.891	0.673	Valid & Reliable
	FS2	I regularly check my savings or investment account statements.	0.878				Valid & Reliable
	FS3	I can calculate loan interest or expected returns from basic investments.	0.792				Valid & Reliable
	FS4	I evaluate my debts periodically to avoid late payments.	0.783				Valid & Reliable
Financial Knowledge (FK)	FK2	I understand that high-return investments usually carry high risks.	0.847	0.810	0.875	0.638	Valid & Reliable
	FK3	I frequently engage in discussions about economic and financial issues.	0.725				Valid & Reliable
	FK4	I understand the difference between needs and wants in spending.	0.784				Valid & Reliable
	FK5	I am aware of the role of formal and informal financial institutions.	0.834				Valid & Reliable
Family Decision Making (FDM)	FDM1	I am usually involved in important decision-making discussions in the family.	0.814	0.819	0.879	0.646	Valid & Reliable
	FDM2	My parents communicate decisions after allowing room for discussion.	0.812				Valid & Reliable
	FDM3	In my family, conflicts are resolved through open discussion.	0.794				Valid & Reliable
	FDM5	I often discuss future financial plans with my parents.	0.794				Valid & Reliable
Financial Decision (FD)	FD1	I often make financial decisions without prior planning.	0.649	0.711	0.808	0.514	Valid & Reliable
	FD2	I have regretted purchasing something without considering its benefits.	0.739				Valid & Reliable
	FD3	I tend to make impulsive purchases.	0.721				Valid & Reliable
	FD5	I consider the long-term impact before making financial decisions.	0.754				Valid & Reliable

Data processing result using SmartPLS 4

This study used the Heterotrait-Monotrait ratio of correlations (HTMT) as recommended by Henseler et al. (2015). HTMT values below 0.90 indicate that each latent construct is empirically distinct from the others.

Table 2. Heterotrait-Monotrait ratio (HTMT)

	FA	FD	FDM	FK	FS	FX	FDM x FS	FDM x FK	Result
FA									Valid
FD	0.675								Valid
FDM	0.711	0.549							Valid
FK	0.892	0.884	0.566						Valid
FS	0.728	0.493	0.431	0.725					Valid
FX	0.887	0.608	0.602	0.804	0.873				Valid
FDM x FS	0.070	0.103	0.090	0.045	0.124	0.103			Valid
FDM x FK	0.272	0.340	0.254	0.281	0.079	0.082	0.683		Valid

Data processing result using SmartPLS 4

As shown in Table 2, all HTMT values among the main constructs and interaction terms are below the recommended threshold. The highest HTMT value (0.884) was observed between financial knowledge (FK) and financial decision (FD), which remains within the acceptable range. Interaction terms (FDM × FS and FDM × FK) demonstrated low HTMT values with all main constructs, confirming that the moderating variables are distinct and do not overlap with the predictor constructs.

These findings collectively confirm that the latent variables used in this study are both valid and reliable, allowing for further analysis of the structural model.

Following the confirmation of the measurement model's validity and reliability, the next stage involved assessing the structural (inner) model. The evaluation covered collinearity testing, hypothesis testing through path coefficients, effect size (f^2), and the explanatory power of the model as reflected in R^2 values.

Variance inflation factor (VIF) values were examined to detect multicollinearity among predictor constructs. As shown in Table 3, all VIF values are below the conservative threshold of 5, indicating that collinearity is not a concern in this model (Hair, Hult, Ringle, & Sarstedt, 2017). The highest VIF value was observed in the interaction term FDM × FK (2.167), which remains well within the acceptable limit.

Table 3. Variance inflation factor (VIF)

	VIF
FA -> FK	1.000
FDM -> FD	1.339
FDM x FK -> FD	2.167
FDM x FS -> FD	1.973
FK -> FD	1.934
FS -> FD	1.658
FX -> FS	1.000

Data processing result using SmartPLS 4

The structural path relationships were assessed using bootstrapping with 5,000 subsamples. Table 4 presents the path coefficients, t-statistics, p-values, and effect sizes (f^2). The results indicate several significant relationships:

- Financial awareness significantly influences financial knowledge ($\beta = 0.727$, $p < 0.001$), with a large effect size ($f^2 = 1.122$).

- Financial knowledge significantly affects financial decision (β = 0.679, p < 0.001), also with a substantial effect size (f^2 = 0.598).
- Financial experience strongly predicts financial skill (β = 0.693, p < 0.001), with a large effect size (f^2 = 0.926).
- Financial skill not significantly affects financial decision (β = -0.041, p = 0.491), indicating a negligible direct influence. (f^2 = 0.598).
- Family decision making positively influences financial decision (β = 0.133, p = 0.007), albeit with a small effect size (f^2 = 0.003).

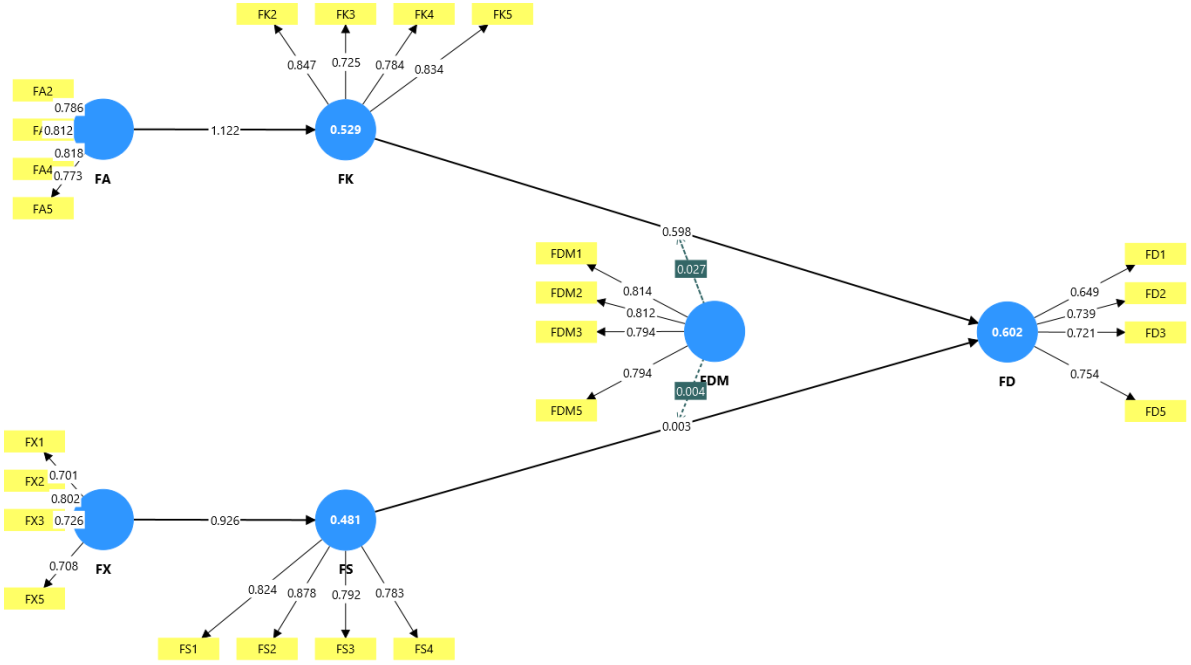
The moderating effect of FDM × FK on financial decision was significant (β = -0.119, p = 0.015), suggesting that family dynamics alter the influence of financial knowledge on decisions (f^2 = 0.027).

Table 4. Path coefficients and hypothesis testing

	Path Coefficient	T statistics	P values	f-square
FA -> FK	0.727	18.569	0.000	1.122
FDM -> FD	0.133	2.687	0.007	0.033
FDM x FK -> FD	-0.119	2.444	0.015	0.027
FDM x FS -> FD	0.049	0.897	0.370	0.004
FK -> FD	0.679	13.179	0.000	0.598
FS -> FD	-0.041	0.689	0.491	0.003
FX -> FS	0.693	17.402	0.000	0.926

Data processing result using SmartPLS 4

Conversely, the interaction between FDM × FS and financial decision was not significant (β = 0.049, p = 0.370), indicating that the moderation effect does not apply to financial skill in this context.



Data processing result using SmartPLS 4

Figure 2. Structural measurement model path coefficient

The R-square (R^2) value is used to assess the explanatory power of the structural model in predicting the variance of endogenous (dependent) variables. Based on the R Square table 3, the

result of the analysis:

Table 5. Coefficient of determination (R^2)

	R-square	R-square adjusted
FD	0.602	0.593
FK	0.529	0.527
FS	0.481	0.478

Data processing result using SmartPLS 4

- The financial decision (FD) variable has an R^2 value of 0.602, with an adjusted R^2 of 0.593. This indicates that approximately 60.2% of the variance in financial decision-making can be explained by its predictors, reflecting a moderate level of explanatory power.
- The financial knowledge (FK) variable shows an R^2 of 0.529 and an adjusted R^2 of 0.527, suggesting that about 52.9% of its variance is explained by the exogenous variables. This also falls under the moderate category.
- The financial skill (FS) variable obtained an R^2 of 0.481 and an adjusted R^2 of 0.478, which means that 48.1% of its variance is explained by the predictors. This is interpreted as weak to moderate explanatory power.

These values demonstrate that the model explains a substantial proportion of variance in financial-related outcomes among youth respondents.

Predictive relevance was assessed using the Q^2predict values obtained through the blindfolding procedure. As shown in Table 6, all endogenous constructs demonstrated Q^2 values greater than zero, indicating that the model has satisfactory predictive capability

Table 6. Predictive relevance (Q^2)

	Q^2predict
FD	0.339
FK	0.522
FS	0.470

Data processing result using SmartPLS 4

Specifically, financial knowledge (Q^2 = 0.522) and financial skill (Q^2 = 0.470) showed high levels of predictive relevance. Financial decision also exhibited a strong predictive relevance with Q^2 = 0.339, which falls within the substantial threshold. These results confirm that the exogenous variables in the model possess adequate predictive power for their respective endogenous outcomes.

The findings of this study provide new insights into the dynamics between financial capability and financial decision-making among young adults, with particular attention to the moderating role of family decision-making (FDM). Consistent with the framework of financial literacy proposed by Dewi et al. (2020), the results reveal that each component of financial capability—awareness, experience, knowledge, and skill—plays a distinct role in shaping financial behavior.

Firstly, financial awareness was found to have a strong and significant influence on financial knowledge ($\beta = 0.727$, $p < 0.001$; $f^2 = 1.122$), confirming previous studies that emphasize the foundational role of awareness in promoting financial understanding (Lusardi & Mitchell, 2014). Awareness indicators such as planning purchases and seeking financial information appeared to significantly enhance students' financial knowledge, including concepts such as risk-return trade-offs and financial institutions. This aligns with the premise of the theory of planned behavior (Ajzen, 1991), which

suggests that increased awareness contributes to more favorable financial attitudes and perceived behavioral control.

Secondly, financial knowledge significantly predicted financial decision-making ($\beta = 0.679$, $p < 0.001$; $f^2 = 0.598$), reinforcing the assertion that cognitively equipped individuals are more likely to engage in responsible financial behavior (Atkinson & Messy, 2012). Students who understood core concepts in finance demonstrated stronger decision-making ability, such as avoiding impulsive purchases or planning with long-term consequences in mind.

Third, the path from financial experience to financial skill ($\beta = 0.693$, $p < 0.001$; $f^2 = 0.926$) was both statistically and practically significant. This indicates that exposure to real-life financial activities—such as managing savings, budgeting from scholarships or part-time income, and engaging with financial platforms—contributes to the development of practical financial skills. This supports findings by Grohmann et al. (2018), who assert that experiential learning plays a critical role in translating theoretical literacy into actionable competence.

However, an unexpected result emerged regarding the influence of financial skill on financial decision-making. The relationship was found to be non-significant ($\beta = -0.041$, $p = 0.491$; $f^2 = 0.003$), suggesting that skill alone, without contextual reinforcement or support, may not directly influence financial choices among students. This result diverges from prior expectations and implies that skills such as budgeting or tracking debt may not be sufficient in guiding behavior unless mediated by other factors—such as attitudes, emotional readiness, or external guidance.

The role of family decision-making was observed to be both direct and interactive. FDM showed a modest but significant direct effect on financial decision-making ($\beta = 0.133$, $p = 0.007$; $f^2 = 0.033$), implying that students who are involved in family discussions about money are more likely to exhibit thoughtful financial behavior. This finding supports the view that family interaction enhances financial self-efficacy (Rufaidah & Setiyono, 2023) and reinforces social norms that shape long-term habits (Gudmunson & Danes, 2011).

Most notably, the interaction effect between FDM and financial knowledge was statistically significant ($\beta = -0.119$, $p = 0.015$; $f^2 = 0.027$), suggesting a moderating role of family in the translation of knowledge into decisions. Interestingly, the negative coefficient implies that in families with strong decision-making structures, the impact of individual knowledge may be dampened—perhaps due to reliance on parental input or deference to family authority. This interaction reflects the complex interplay between individual agency and familial norms, especially within collectivist cultures such as Papua. It also supports the assertion of Ayuninggar et al. (2024) that family context mediates the effectiveness of formal financial education.

In contrast, the interaction between FDM and financial skill was not significant ($\beta = 0.049$, $p = 0.370$), suggesting that family influence may not enhance the utility of technical skills in decision-making. This may be due to the nature of financial skill being more mechanical or transactional, requiring less negotiation or shared values compared to financial knowledge.

The overall model demonstrated satisfactory explanatory power, with R^2 values indicating moderate predictability for financial decision-making (0.602), financial knowledge (0.529), and financial skill (0.481). In addition, all Q^2 values were positive and well above the threshold of 0, confirming the model's predictive relevance (Hair, Hult, Ringle, & Sarstedt, 2017).

Taken together, these results highlight the multifaceted nature of financial behavior

among youth. While knowledge and experience are critical, their effectiveness depends on the socio-familial context in which financial decisions are made. This underscores the importance of incorporating family-based approaches into financial education programs, particularly in regions where family dynamics play a central role in shaping individual values and behaviors.

5. Conclusions and suggestion

This study explored the relationship between financial capability—comprising financial awareness, experience, skills, and knowledge—and financial decision-making among youth in Jayapura, Papua, Indonesia, with a specific focus on the moderating role of family decision-making. Using a PLS-SEM approach on data collected from 229 participants, the findings reveal several important insights.

First, financial awareness was found to significantly enhance financial knowledge, which in turn emerged as the strongest predictor of sound financial decision-making. Financial experience also played a vital role in developing financial skills; however, these skills did not directly translate into improved financial decisions. Notably, the moderating effect of family decision-making was significant only in the relationship between financial knowledge and financial decisions, suggesting that family dynamics can either strengthen or weaken the impact of financial literacy on behavior.

These findings highlight the multifaceted nature of financial decision-making among young people and the importance of integrating sociocultural dimensions—particularly family influence—into financial education strategies. For policy-makers, educators, and development practitioners, the results underscore the need for financial literacy programs that extend beyond the individual and involve family structures to foster more sustainable financial behaviors in youth.

Future research could benefit from examining similar models across different cultural contexts, socioeconomic groups, or educational levels to further generalize and validate these findings.

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