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The Influence of Financial Literacy, Financial Awareness, and Income on Financial Well-Being with Financial Behavior and Financial Inclusion as Intervening Variables (A Case Study on Families in Surabaya)

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ABSTRACT: As a result of the Covid-19 pandemic, the Indonesian economy has been severely affected. Surabaya city's economy contracted by -4.85% in 2020 and by 2021 it grew to 4.29%. Surabaya's poverty rate in 2021 is 5.23%, or 152,489, an increase of just 5.02% from 2020. As a result, household consumption, the mainstay of the economy, slowed significantly, impacting various performance sectors. Fiscal welfare is important for governments to accelerate economic recovery. The purpose of this study is to analyze the impact of financial management on financial literacy, financial awareness, income, financial behavior, and financial inclusion of Surabaya families. This study used a quantitative method with a simple random sampling method. This study uses primary data through the distribution of questionnaires. The data analysis used in this study is partial least squares (PLS). The results of this study show that financial literacy has a significant and positive effect on financial behavior, financial literacy has a significant and positive effect on financial inclusion, financial literacy has no significant effect on financial well-being, and financial perceptions has no significant effect on financial well-being. Financial behavior, Financial perceptions have a significant positive impact on financial inclusion, Financial perceptions have no significant impact on financial well-being, Income has a significant positive impact on financial behavior, Income has a significant positive impact on financial inclusion Affects positively, income does not have a significant impact on financial well-being. In addition, financial activity brings income from financial well-being. Financial behavior, on the other hand, cannot mediate the impact of financial literacy and financial awareness on financial well-being. Also, financial inclusion cannot communicate the impact of financial literacy, financial awareness, or income on financial well-being.

KEYWORDS: financial literacy, financial awareness, income, behavioral finance, financial inclusion, financial well-being

INTRODUCTION

Indonesia's economy has been significantly affected by the covid-19 pandemic. Surabaya is the largest city in Indonesia after Jakarta. In the General Policy of Surabaya Revenue Budget (KUA) in 2022, the economic performance in Surabaya in 2020 contracted quite significantly. It was recorded that from 2020 it contracted -4.85%, then jumped to 4.29% in 2021. The statistics of the poor population in Surabaya according to data from the Central Statistics Agency (BPS) in 2021 was recorded at 5.23% or 152,489 people, an increase from 2020 which was only 5.02%. Several factors are thought to have caused the poverty rate in Surabaya to increase, including economic activity that has not yet recovered due to the impact of the co-19 pandemic and general inflation due to various government policies. The COVID-19 pandemic has had a tremendous impact on all aspects of life.

One of the efforts in increasing economic growth is to overcome poverty conditions, through the Financial Services Authority (OJK) the government has encouraged an increase in the level of financial knowledge, financial behavior, and financial inclusion to improve people's welfare. Additionally, a person must work and have the income to make ends meet, so the financial welfare of the community plays an important role for the government in helping accelerate economic recovery (Selvia et.al., 2021). Welfare can also be seen in how they manage their finances for savings, loans, and investments they make. A series of these activities are on financial literacy skills.

Today, many financial challenges are faced by families who are often not satisfied with their material resources. Especially financial problems, the economic limitations experienced by families often trigger arguments that make families depressed in handling finances. This phenomenon happened because the economy is one of the vital family functions and simultaneously, impacts family welfare (Raharjo et.al., 2015).

This research examines family financial welfare in Surabaya. Understanding family finances is important because it is a pillar of a country's economy. Financial problems in the family are caused by poor budgeting, large expenses, unwise decisions, and a great desire to spend their income. So that to be able to achieve the right finances, financial planning must be applied, because managing finances in the right way is not only an obligation for companies or business entities but also for individuals in households who have a requirement to manage finances properly for future prosperity. By managing finances appropriately, individuals in the household can avoid financial difficulties (Dwiastanti, 2015).

Based on the background of the problem that has been formulated previously, the purpose of this study is to test the significance of:

1. Financial literacy on financial behavior in families in Surabaya.
2. Financial literacy on financial inclusion in families in Surabaya.
3. Financial literacy on the financial welfare of families in Surabaya.
4. Financial awareness on financial behavior in families in Surabaya.
5. Financial awareness on financial inclusion in families in Surabaya.
6. Financial awareness on the financial well-being of families in Surabaya.
7. Income on financial behavior in families in Surabaya.
8. Income on financial inclusion in families in Surabaya.
9. Income on the financial well-being of families in Surabaya.
10. Financial behavior on the financial well-being of families in Surabaya.
11. Financial inclusion on the financial well-being of families in Surabaya.

LITERATURE REVIEW

Financial Well-Being

Financial well-being is a state in which a person is prepared to meet future financial needs, can be said to be able to pay financial obligations for the present and the future, and is able to make choices to enjoy his life (CFPB, 2015).

Financial Literacy

Financial literacy is an individual's ability to make judgments and make effective decisions related to financial management (Chen & Volpe, 1998).

Financial Awareness

Financial awareness is an action of a person who is aware of their financial capabilities to change their financial outcomes (Pahlevi & Nashrullah, 2020).

Income

Income is a flow of funds received from work activities and can also come from asset management (Hidayah et.al., 2021).

Financial Behavior

Financial behavior tends to make budgets, save money, and control spending and tends to be effectively responsible for the use of the money it has, such as making budgets, saving money and controlling spending, investing, and paying taxes on time (Nababan & Sadalia, 2012).

Financial Inclusion

Presidential Regulation Number 114 of 2020 concerning the National Strategy for Inclusive Finance, inclusive finance is an important component in the process of social and economic inclusion that plays a role in encouraging economic growth, creating financial system stability, supporting poverty reduction programs, and reducing gaps between individuals and between regions in order to create community welfare.

METHODOLOGY

This study uses a quantitative approach that emphasizes the use of formal questions with predetermined answer options in the questionnaire, and causal research that tests the influence between variables based on previous studies (Sekaran & Bougie, 2017). The population in this study were people in Surabaya who were married. The number of samples obtained was 100 samples. The sampling technique used in this study was simple random sampling. This research refers to the cross-sectional time dimension.

This study uses primary data collected directly from respondents to answer research problems. Data analysis in this study used PLS (Partial Least Square).

RESEARCH RESULTS

Outer Model Test

Convergent Validity Test

Convergent validity must also be assessed from the AVE value of each construct, all constructs in the PLS model are declared to have met convergent validity if the AVE value of each construct is> 0.5. The complete AVE value of each construct can be seen in the following table:

Tabel 5. 1 Outer Loading Results

Variable	Item	Outer Loading Value	State
Financial Literacy	X1.1	0,736	Valid
	X1.2	0,801	Valid
	X1.3	0,729	Valid
	X1.4	0,701	Valid
	X1.5	0,744	Valid
	X1.6	0,751	Valid
	X1.7	0,745	Valid
Financial Awareness	X2.1	0,918	Valid
	X2.2	0,878	Valid
	X2.3	0,877	Valid
	X2.4	0,829	Valid
	X2.5	0,900	Valid
	X2.6	0,873	Valid
	X2.7	0,787	Valid
	X2.8	0,828	Valid
	X2.9	0,848	Valid
Income	X3.1	0,900	Valid
	X3.2	0,871	Valid
	X3.3	0,802	Valid
	X3.4	0,830	Valid
Financial Behavior	Z.1.1	0,848	Valid
	Z1.2	0,805	Valid
	Z1.3	0,842	Valid
	Z1.4	0,834	Valid
	Z1.5	0,739	Valid
	Z1.6	0,727	Valid
	Z1.7	0,717	Valid
Financial Inclusion	Z2.1	0,711	Valid
	Z2.2	0,796	Valid
	Z2.3	0,772	Valid
	Z2.4	0,817	Valid
	Z2.5	0,849	Valid
	Z2.6	0,870	Valid
	Z2.7	0,853	Valid
	Z2.8	0,869	Valid
Financial Well-being	Y.1.1	0,836	Valid
	Y1.2	0,908	Valid

	Y1.3	0,807	Valid
	Y1.4	0,875	Valid
	Y1.5	0,805	Valid
	Y1.6	0,840	Valid

Source: SmartPLS 3.0 Output, 2022

Based on the results of the outer loading in the table above, the results of the calculation of the AVE value are obtained as follows:

Table 5. 2 Average Variance Extracted value (AVE)

Variable	*Average Variance Extracted* (AVE)
X1_Financial Literacy	0,554
X2_Financial Awareness	0,741
X3_Income	0,725
Y_Financial Well-being	0,716
Z1_Financial Behavior	0,623
Z2_Financial Inclusion	0,670

Source: SmartPLS 3.0 Output, 2022

Based on Table 5.2, all AVE values are> 0.50 so it can be concluded that the measurement has met the criteria for convergent validity and is declared ideal.

Construct Reliability Test

Table 5.3 shows all Construct Reliability and Validity values: Cronbach's Alpha and Composite Reliability have coefficients above 0.70 so that the respondents' answers are declared consistent and the research questionnaire is declared reliable.

Table 5. 3 Construct Reliability Test

Variable	*Cronbach's Alpha*	*Composite Reliability*
X1_Financial Literacy	0,867	0,897
X2_Financial Awareness	0,956	0,962
X3_Income	0,873	0,913
Y_Financial Well-being	0,920	0,938
Z1_Financial Behavior	0,898	0,920
Z2_Financial Inclusion	0,929	0,942

Source: SmartPLS 3.0 Output, 2022

HYPOTHESIS VERIFICATION

Partial Effect Testing

The results of the direct effect significance test can be seen in the following table:

Tabel 5. 4

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Sig.
X1_ Financial Literacy-> Z1_Financial Behavior	0,199	0,207	0,090	2,209	0,028	Sig.
X1_ Financial Literacy-> Z2_Financial Inclusion	0,194	0,197	0,083	2,324	0,021	Sig.

X1_ Financial Literacy-> Y_Financial Well-being	0,213	0,235	0,142	1,498	0,135	Not Sig.
X2_Financial Awareness-> Z1_Financial Behavior	0,088	0,093	0,085	1,036	0,301	Not Sig.
X2_Financial Awareness-> Z2_Financial Inclusion	0,221	0,226	0,085	2,599	0,010	Sig.
X2_Financial Awareness-> Y_Financial Well-being	0,014	0,014	0,123	0,112	0,911	Not Sig.
X3_Income-> Z1_Financial Behavior	0,482	0,492	0,074	6,553	0,000	Sig.
X3_Income-> Z2_Financial Inclusion	0,507	0,499	0,079	6,381	0,000	Sig.
X3_Income-> Y_Financial Well-being	0,006	0,002	0,134	0,044	0,965	Not Sig.
Z1_Financial Behavior-> Y_Financial Well-being	0,293	0,281	0,113	2,590	0,010	Sig.
Z2_Financial Inclusion-> Y_Financial Well-being	0,080	0,090	0,142	0,562	0,574	Not Sig.

Direct Effect Test Results

Source: SmartPLS 3.0 Output, 2022

Based on the results of the hypothesis testing above, the following test results are obtained:

H_1 Financial literacy has a significant effect on financial behavior

Based on the test results in the table above, the effect of financial literacy on financial behavior shows results in a positive standardized coefficient of 0.199 and a T-Statistic of 2.209> t-table 1.96 and a P-Values value of 0.028 <0.05, then financial literacy has a significant effect on financial behavior with support for a positive or unidirectional direction of influence. So, hypothesis 1 (H_1) is accepted. This means that financial literacy owned by the family can make a positive contribution to financial behavior.

H_2 Financial literacy has a significant effect on financial inclusion

Based on the test results in the table above, the effect of financial literacy on financial inclusion shows results in a positive standardized coefficient of 0.194 and a T-Statistic value of 2.324> t-table 1.96 and a P-Values value of 0.021 <0.05, then financial literacy has a significant effect on financial inclusion with support for a positive or unidirectional direction of influence. So, hypothesis 2 (H_2) is accepted. This means that if families have good financial literacy, it will make it easier for them to make access to financial services.

H_3 Financial literacy has a significant effect on financial well-being

Based on the test results in the table above, the effect of financial literacy on financial well-being shows results in a positive standardized coefficient of 0.213 and a T-Statistic value of 1.498 < t-table 1.96, and a P-Values value of 0.135 > 0.05, then financial literacy is not proven to have a significant effect on financial well-being with the support of a positive or unidirectional direction of influence. So hypothesis 3 (H3) is rejected. This can be interpreted that financial literacy owned by the family does not necessarily guarantee family financial welfare.

H_4 Financial Awareness has a significant effect on financial behavior

Based on the test results in the table above, the effect of financial awareness on financial behavior shows results in a positive standardized coefficient of 0.088 and a T-Statistic value of 1.036 < t-table 1.96 and a P-Values value of 0.301 > 0.05, then financial awareness is not proven to have a significant effect on financial behavior with support for a positive or unidirectional direction of influence. So hypothesis 4 (H4) is rejected. This can be interpreted that financial awareness owned by the family does not guarantee a contribution to family financial behavior.

H_5 Financial Awareness has a significant effect on financial inclusion

Based on the test results in the table above, the effect of financial awareness on financial inclusion shows results in a positive standardized coefficient of 0.221 and a T-Statistic value of 2.599> t-table 1.96 and a P-Values value of 0.010 <0.05, then financial awareness has a significant effect on financial inclusion with support for a positive or unidirectional direction of influence. So hypothesis 5 (H5) is accepted. It can be interpreted that if financial awareness related to how to manage their finances is good, families can easily access and obtain financial service products and services such as savings, transfer services, and other investments.

H_6 Financial Awareness has a significant effect on financial well-being

Based on the test results in the table above, the effect of financial awareness on financial well-being shows results in a positive standardized coefficient of 0.014 and a T-Statistic value of 0.112 < t-table 1.96, and a P-Values value of 0.911 > 0.05, then financial awareness is not proven to have a significant effect on financial well-being with the support of a positive or unidirectional direction of influence. So hypothesis 6 (H6) is rejected. It can be interpreted that financial awareness owned by the family has no impact on the family's financial well-being.

H_7 Income has a significant effect on financial behavior

Based on the test results in the table above, the effect of income on financial behavior shows results in a positive standardized coefficient of 0.482 and a T-Statistic value of 6.553> t-table 1.96 and a P-Values value of 0.000 <0.05, then income has a significant effect on financial behavior with support for a positive or unidirectional direction of influence. So hypothesis 7 (H7) is accepted. It can be interpreted that if the income received by the family is sufficient to meet their needs, the family can easily manage financial funds starting from planning, budgeting, managing, controlling, and storing.

H_8 Income has a significant effect on financial inclusion

Based on the test results in the table above, the effect of income on financial inclusion shows results in a positive standardized coefficient of 0.507 and a T-Statistic value of 6.381> t-table 1.96 and a P-Values value of 0.000 <0.05, then income has a significant effect on financial inclusion with support for a positive or unidirectional direction of influence. So hypothesis 8 (H8) is accepted. It can be interpreted that the income owned will affect the family in using financial services such as saving to the bank.

H_9 Income has a significant effect on financial well-being

Based on the test results in the table above, the effect of income on financial well-being shows results in a positive standardized coefficient of 0.006 and a T-Statistic value of 0.044 < t-table 1.96 and a P-Values value of 0.965 > 0.05, then income is not proven to have a significant effect on financial well-being with support for a positive or unidirectional direction of influence. Therefore, hypothesis 9 (H9) is rejected. It can be interpreted that the income received by the family does not guarantee the family's financial well-being.

H_{10} Financial behavior has a significant effect on financial well-being

Based on the test results in the table above, the effect of financial behavior on financial well-being shows results in a positive standardized coefficient of 0.293 and a T-Statistic value of 2.590> t-table 1.96, and a P-Values value of 0.010 <0.05, then financial behavior has a significant effect on financial well-being with support for a positive or unidirectional direction of influence. So hypothesis 10 (H10) is accepted. It can be interpreted that if the family has financial behavior related to how to manage and make good financial decisions, their finances will be prosperous.

H_{11} Financial Inclusion has a significant effect on financial well-being

Based on the test results in the table above, the effect of financial inclusion on financial well-being shows results in a positive standardized coefficient value of 0.080 and a T-Statistic value of 0.562 < t-table 1.96 and a P-Values value of 0.574 > 0.05, then financial inclusion is not proven to have a significant effect on financial well-being with support for a positive or unidirectional direction of influence. Therefore, hypothesis 11 (H11) is rejected. It can be interpreted that financial inclusion owned by the family does not guarantee family financial welfare.

Testing the Mediation Effect (Indirect Effect)

In testing the effect of the mediating effect of these variables, indirect effect testing is carried out by hypothesis testing. With a significance level of 5% with a p-value <0.05. The results of this indirect effect significance test can be seen in the following table:

Table 5. 5 Indirect Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Sig.
X1_Financial Literacy -> Z1_Financial Behavior -> Y_Financial Well-being	0,055	0,055	0,036	1,546	0,123	Not Sig.

X2_Financial Awareness -> Z1_Financial Behavior -> Y_Financial Well-being	0,029	0,028	0,024	1,217	0,224	Not Sig.
X3_Income -> Z1_Financial Behavior -> Y_Financial Well-being	0,131	0,124	0,059	2,228	0,026	Sig.
X1_Financial Literacy -> Z2_Financial Inclusion -> Y_Financial Well-being	0,015	0,016	0,032	0,480	0,632	Not Sig.
X2_Financial Awareness -> Z2_Financial Inclusion -> Y_Financial Well-being	0,020	0,019	0,038	0,515	0,607	Not Sig.
X3_Income -> Z2_Financial Inclusion -> Y_Financial Well-being	0,038	0,044	0,075	0,510	0,610	Not Sig.
X1_Financial Literacy -> Z1_Financial Behavior -> Y_Financial Well-being	0,055	0,055	0,036	1,546	0,123	Not Sig.

Source: SmartPLS 3.0 Output, 2022

Based on the results of testing the indirect effects above, the test results are as follows:

1) Financial Literacy is proven to have no significant effect on Financial Well-Being through Financial Behavior. With path coefficients of 0.055, T-Statistic value of 1.546 < 1.96, and P-Values of 0.123 > 0.05.
2) Financial Awareness is proven to have no significant effect on Financial Well-Being through Financial Behavior. With path coefficients of 0.029, T-Statistic value of 1.217 < 1.96, and P-Values of 0.224 > 0.05.
3) Income significantly and positively affects financial well-being through financial behavior. With a path coefficient of 0.131, T-Statistic value of 2.228 > 1.96, and P-Values of 0.026 < 0.05.
4) Financial literacy has proven to have no significant effect on Financial Welfare through Financial Inclusion. With path coefficients of 0.015, T-Statistic value of 0.480 < 1.96, and P-Values of 0.632 > 0.05.
5) Financial Awareness is proven to have no significant effect on Financial Welfare through Financial Inclusion. With a path coefficient of 0.020, T-Statistic value of 0.515 < 1.96, and P-Values of 0.607 > 0.05.
6) Income is proven to have no significant effect on Financial well-being through Financial Inclusion. With a path coefficient of 0.038, T-Statistic value of 0.510 < 1.96, and P-Values of 0.610 > 0.05.

DISCUSSIONS

The influence of financial literacy on financial behavior

The results of this study indicated that financial literacy has a significant and positive effect on family financial behavior in Surabaya. This finding stated that families in Surabaya have understood financial literacy.

Financial literacy in this case includes knowledge related to personal financial knowledge such as financial management, the benefits of short-term and long-term saving, understanding the procedures and risks of loans used, understanding the risks and types of investments, and understanding the benefits of insurance and factors to consider in choosing the type of insurance. Broadly speaking, the results of this study suggest that financial literacy plays an important role in financial behavior.

Families who have adequate financial literacy will create healthy financial behavior. They will better understand managing their finances by controlling their desire to sort out their needs or wants before buying a product so that they can reduce expenses and save their money to achieve their financial goals. A good understanding of financial literacy can also make the right decisions in financial matters. In general, families in Surabaya have been in direct contact with various financial literacy products. The concept of financial literacy is created so that people can know and utilize financial products that can help and support their needs in financial management which will be very helpful in maximizing their utilization to achieve welfare.

This finding is consistent with research conducted by Supriadi & Santi (2021), Fatimah & Susanti (2018), and Anisyah et.al. (2021) found that financial literacy significantly and positively affects financial behavior.

The influence of financial literacy on financial inclusion

The results show that financial literacy significantly and positively affects family financial inclusion in Surabaya. This shows that families in Surabaya have understood the financial literacy provided by financial service actors. Broadly speaking, financial literacy can be used as a basis for thinking about the most appropriate financial products and providing maximum benefits for family finances.

This finding is consistent with research conducted by Febriyanti et.al (2022), Fitriah & Ichwanudin (2020), and Morgan & Long (2020) found that financial literacy has a significant and positive effect on financial inclusion. The results of this study are not in line with the research of Nandru et.al. (2021) that financial literacy has no significant effect on financial behavior.

The influence of financial literacy on financial well-being

Financial literacy does not significantly affect the financial welfare of families in Surabaya. This indicates that families who have good financial literacy do not guarantee that they will be prosperous in terms of their finances.

When viewed from the educational background of respondents, 62% of respondents have a bachelor's degree, but a high level of education does not guarantee that the person has high financial literacy so financial welfare is difficult to achieve. In addition, it can also be seen from the total family income per month, which will affect achieving welfare in terms of finance. The average income of respondents is IDR 3,000,001 - IDR 5,000,000 amounting to 41%. In theory, the higher the income, the higher the level of welfare. However, in reality, this is not the case, with the highest level of education and sufficient income, in fact, financial welfare is still difficult to achieve. The reality of the field results can be interpreted, this may occur because families still need a process in applying known financial literacy in managing their family finances cannot be realized. It is also evident in the result that 27% of respondents understand the benefits of saving for the short and long term. This can have an impact on financial welfare which will be difficult to achieve.

The results of this study do not support research conducted by Rahman et.al. (2021), Tahir & Ahmed (2021) found that financial literacy has a positive effect on financial well-being.

The influence of financial awareness on financial behavior

The results revealed that financial awareness did not significantly affect family financial behavior in Surabaya. The results of this study have never been done before, so this research is the first research.

This research indicates that the financial awareness of families in Surabaya is quite good. This can be seen from the fact that most respondents have carried out financial behavior in planning their financial management, but may not be in accordance with family financial planning procedures. Broadly speaking, the income earned by respondents is monthly, which shows that family financial planning has been carried out even though at the stage of consumption patterns which generally prioritize needs, while less basic needs will be met when the income is sufficient. So that families who have a monthly salary payment system must be able to plan the salary earned to meet their daily needs until they get the next month's salary payment.

The influence of financial awareness on financial inclusion

The results indicate that financial awareness significantly and positively affects family financial inclusion in Surabaya. The results of this study have never been done before, so this research is the first research.

This research shows that the financial awareness of families in Surabaya is quite high. Where the condition of the family began to realize the finances owned and began to carry out financial management. With financial awareness, it will also increase understanding related to information on financial products or services, and easily adapt to financial products or services such as savings accounts, credit cards, insurance, and so on.

The influence of financial awareness on financial well-being

The results indicate that financial awareness does not significantly affect family financial welfare in Surabaya. Thus, it can be concluded that the financial awareness of families in Surabaya is not enough to contribute to their financial welfare.

Most families in Surabaya have an undergraduate education level (S1). The level of education has an important role for respondents in filling out various statements regarding financial awareness. It can be seen that respondents in their financial management are still very doubtful if a phenomenon such as the covid-19 pandemic occurs, and families cannot ensure their future finances, besides that most families do not have a way to improve their financial quality by knowing their financial goals. From all respondents' answers to each question item, it means that the financial awareness of families in Surabaya is quite high. So that awareness in terms of finance owned by families does not guarantee their financial welfare.

The results of this study do not support research conducted by Chavali et.al. (2021) which found that financial awareness has a positive effect on financial well-being.

The influence of income on financial behavior

The results of this study indicate that the income earned by families in Surabaya has an impact on behavior.

The results of this study indicate that the average income of respondents is IDR 3,000,001 - IDR 5,000,000 per month. The income received by the family is an opportunity to be responsible for managing finances. Broadly speaking, when viewed on income indicators, namely main income, and other income, the average income received by the family from work is sufficient for family needs and other income received can also support family needs. For families with a high income of > IDR5,000,001, the income received can be used for consumption, saving, investment, and insurance payments. Whereas families with an income of < Rp3,000,000, the income received is likely only used to buy consumption and emergency reserves. It can be seen that respondents whose income is relatively high have more opportunities to allocate income and vice versa. This research also indicates that the higher the family income, the better the family's financial behavior.

This finding is consistent with research conducted by Dahlia Pinem, (2021), Pinem & Dwi (2021), Yusnia & Jubaedah (2017) found that income has a significant and positive effect on financial behavior.

The Influence of income on financial inclusion

The results of this study indicate that the income received by families in Surabaya has a major influence on the decision to access financial services.

Broadly speaking, the income indicators obtained can affect account ownership, saving in formal institutions, and family financial inclusion in deciding to use investment products and services. This reinforces that income levels will increase family needs and attention in managing better finances. One of them is by using financial products. Families who use financial products or services must be able to manage their finances well and develop their assets.

This finding is consistent with research conducted by Abel et.al. (2018) found that income significantly and positively affects financial inclusion.

The Influence of income on financial well-being

The results of this study indicate that income does not have a significant effect on the financial well-being of families in Surabaya. This indicates that the income earned by families in Surabaya is not enough to fulfill their needs, which has an impact on family welfare.

The daily life of every family always carries out consumption activities to meet their needs, thus having an impact on the level of family financial welfare. In fulfilling an appropriate need is inseparable from the level of income earned by the family. The higher the income earned by the family, the higher the level of welfare felt.

Broadly speaking, the respondents who participated in this study have different levels and amounts of income from each family, the majority of whom are private employees and housewives (husbands work), which also has an impact on meeting the needs of each family. Based on the results of the questionnaire in measuring income for financial welfare, it can be seen that most families are still not said to be prosperous because the income earned only meets basic needs, it is not uncommon for expenses to meet needs to be greater than the income the family earns. Therefore, some families in Surabaya still cannot be said to be prosperous when viewed from the income they earn.

The results of this study support research conducted by Salsabila & Hapsari (2022) which states that income has no significant effect on financial well-being.

The influence of financial behavior on financial well-being

Financial behavior significantly and positively affects family financial well-being in Surabaya. This shows that the financial behavior of families in Surabaya is good so that it can make a positive contribution to their financial welfare.

Broadly speaking, indicators of financial behavior such as paying bills on time, budgeting and spending, recording expenses, preparing unexpected funds, saving regularly, and comparing prices before buying something, in this case, the family can be said to be able to determine family priorities in shopping and not making purchases that are forced so that they can increase their sense of financial security. This finding is consistent with research conducted by Younas et.al. (2019), Luis & Nuryasman, 2020) found that financial behavior significantly and positively affects financial well-being.

In this study, financial behavior significantly mediates the effect of income on financial well-being, meaning that financial behavior is a factor in family decisions in allocating their income for expenses such as business or household consumption. This result states that financial behavior strengthens the relationship between income and financial well-being. Therefore, families who have good financial behavior will not be excessive in making expenditures so that they can reduce the amount of expenditure that should not be incurred. It can be interpreted that the existence of good financial behavior at high income can improve financial well-being. Furthermore, this study also shows that financial behavior cannot mediate the effect of financial literacy and financial awareness on financial well-being, although the results of the hypothesis test show an indirect positive value.

The influence of financial inclusion on financial well-being

The result of this study indicates that family financial inclusion in Surabaya has a positive direction toward family financial welfare, but tends not to have a significant effect. The wider the disclosure of financial services information, the more financial welfare increases, and vice versa.

Broadly speaking, the results of this study mean that financial inclusion is a means to obtain financial assistance and also contributes to financial goals to achieve welfare. The existence of financial inclusion that has provided open access to financial information, however, can indicate that if the family experiences a change in mindset that considers financial inclusion cannot provide benefits in household financial management, it will not be encouraged to do so, because this mindset determines a person's desire to take or not take action in achieving their financial goals, namely prosperity. This finding is not in line with research conducted by Rashid et.al. (2022) and Selvia et.al. (2021) found that financial inclusion positively affects financial well-being.

The results of the research analysis also show that financial inclusion cannot mediate the effect of financial literacy, financial awareness, or income on financial well-being, although the hypothesis test results show an indirect positive value.

CONCLUSIONS

Based on the results of the analysis and discussion described in the previous chapter, the conclusions of this study are as follows:

1) Financial literacy significantly and positively affects family financial behavior in Surabaya.
2) Financial literacy significantly and positively affects family financial inclusion in Surabaya.
3) Financial literacy does not significantly affect family financial well-being in Surabaya.
4) Financial awareness does not significantly affect family financial behavior in Surabaya.
5) Financial awareness significantly and positively affects family financial inclusion in Surabaya.
6) Financial awareness does not significantly affect family financial well-being in Surabaya.
7) Income significantly and positively affects family financial behavior in Surabaya.
8) Income significantly and positively affects family financial inclusion in Surabaya.
9) Income has no significant effect on family financial welfare in Surabaya.
10) Financial behavior significantly and positively affects family financial well-being in Surabaya.
11) Financial inclusion has no significant effect on family financial welfare in Surabaya.

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