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The Role of Financial Planning in Mediating the Impact of Financial Literacy on the Financial Well-Being of Millennials in Jakarta

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Financial Literacy, Financial Planning, Financial Well-Being, Millennial Generation, SEM-PLS

Abstract

Financial welfare is an important issue for the millennial generation, especially in DKI Jakarta which has high economic dynamics and consumptive lifestyles. Financial literacy is needed to improve an individual's ability to manage finances, but without good planning, this knowledge does not necessarily have an impact on well-being. This research aims to analyze the influence of financial literacy on financial well-being with financial planning as a mediating variable in the millennial generation in DKI Jakarta. The study used a quantitative approach with an explanatory design. Data was obtained through a survey of 400 respondents using a purposive sampling technique using a Likert scale questionnaire. Data analysis was carried out using the SEM-PLS method. The results showed that financial literacy had a positive and significant effect on financial well-being ($\beta = 0.236$) and had a strong effect on financial planning ($\beta = 0.889$). Financial planning also has a positive and significant effect on financial well-being ($\beta = 0.708$). In addition, financial planning is able to partially mediate the influence of financial literacy on financial well-being with a greater indirect influence ($\beta = 0.630$). The financial well-being of the millennial generation is not only influenced by financial literacy, but also by the ability to implement structured and effective financial planning.

INTRODUCTION

Along with the acceleration of the complexity of the modern financial system, people are required to have adequate financial literacy skills so that they are not only able to understand financial instruments, but also make wise and sustainable financial decisions. Financial literacy is considered the foundation for people's economic stability (Chueva & Voronenko, 2025; Katnic et al., 2024; Serhiichuk et al., 2025). When individuals are able to manage their personal finances in a healthy manner, the pressure on the national financial system can be reduced, for example through a reduction in the burden of consumptive debt or household liquidity pressures. However, the increasing access to financial services and financial products actually brings new challenges, namely the risk of debt traps and bad impulsive decisions. Although the financial system promotes financial inclusion, easy access to credit can also push consumers into a "*debt trap*" if it is not accompanied by a good understanding and management of risk (Yue, Korkmaz, Yin, & Zhou, 2022).

More recent research on the Indonesian millennial generation also reinforces the importance of a more holistic literacy dimension of literacy that is not only about knowledge, but also skills and attitudes to realize financial well-being (Muat, Mahdzan, & Sukor, 2025).

The Millennial generation refers to a demographic group born between 1981 and 1996, so that by 2025 they will be in the age range of 30 to 44 years. According to the *Pew Research Center*, this generation is known for its technology-oriented characteristics, exposure to the development of social media, and has a more open view of social and economic issues. The Millennial generation is a productive age group that dominates the population structure of Indonesia, including in Jakarta.

The *GoodStats* report (2023) confirms that financial problems are the biggest cause of stress for the millennial group, showing that financial welfare issues not only have an impact on economic aspects, but also on mental health.

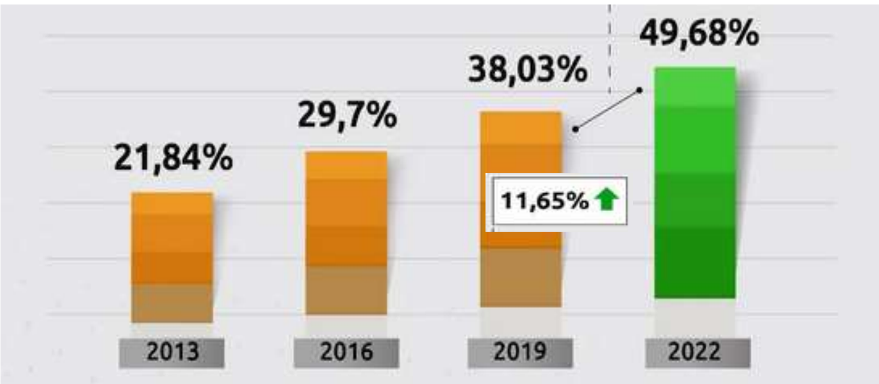

Figure 1. National Financial Literacy Index

Source: OJK National Survey on Financial Literacy and Inclusion (SNLIK) in 2022

The OJK's 2022 National Financial Literacy and Inclusion Survey (SNLIK) shows that Indonesia's financial literacy index has only reached 49.68%, even though it has increased by 11.65% from 2019 of 38.03%. This low financial literacy (because it is still below 50%), makes young groups, especially urban millennials like Jakarta, vulnerable to financial management errors, improper use of financial products, and long-term financial instability.

The OECD/INFE report (2023) emphasizes that young people are at risk of having low financial well-being due to digital consumption and weak long-term planning, so it is important to research millennials in Jakarta who face pressure on the cost of living and consumptive lifestyle, where financial literacy affects well-being (Hermawanti, 2025). The pre-survey of 32 respondents showed that most of them did not have adequate financial understanding and skills (Creswell & Creswell, 2018), in line with the findings of Yunita (2020) that a good financial understanding encourages more stable financial management and improves financial well-being.

From the aspect *of financial literacy*, respondents' understanding of basic concepts such as interest rates, inflation, and the time value of money is still relatively low, as can be seen from only around 43.8% of respondents understand *the time value of money* and 40.6% understand the risks and diversification of investments, as well as financial behaviors such as saving regularly (40.6%) and controlling expenses (43.8%) which are still not optimal. In the Financial Planning variable, most respondents did not have structured planning, as indicated by low ownership of emergency savings (31.3%), investment planning (34.4%), financial monitoring (34.4%), retirement planning (25%), and inheritance planning (18.8%). In terms of financial welfare, the respondents' condition was also unstable, where 56.3% did not have full control over their finances, 71.9% were unable to face unexpected expenses without debt, and only 34.4% felt that they had financial progress. Overall, the results of this pre-survey show that the financial literacy, financial planning, and financial well-being of millennials are still not ideal, thus reinforcing the urgency of this research.

Thus, a more in-depth study of the relationship between these variables needs to be carried out in order to provide a comprehensive picture of the factors that affect the financial welfare of the millennial generation.

Research shows that financial literacy generally has a positive effect on financial well-being, both directly and through better financial behavior (Kaiser et al., 2024; Lusardi, Hasler, & Yakoboski, 2023; Koposko & Hershey, 2023; Kim & Lee, 2023), however some studies found insignificant results when behavioral and psychological factors were controlled (Mercan, 2024; Kaiser & Menkhoff, 2017). In addition, the influence of financial literacy on financial planning is also not always consistent, where only certain dimensions are influential (Kalmi & Ruuskanen, 2018; Mutlu & Özer, 2021; Raharja et al., 2021). Meanwhile, financial planning has been proven to be related to financial well-being and stability (Suryadevi, 2024; MIT AgeLab & Transamerica, 2022), although it is not the only determining factor because psychological aspects also play a role (Center for Retirement Research, 2024). The inconsistency of these findings shows the existence of a mediation mechanism, so this study focuses on examining the role of financial planning as a mediator between financial literacy and the financial welfare of the millennial generation in Jakarta which has its own characteristics of financial pressure.

In terms of novelty research, this study contributes by combining three important dimensions in one conceptual model, namely financial literacy as the foundation of knowledge, financial planning as a strategic mechanism, and financial welfare as the final outcome. In this study, it adjusts the local context by highlighting the unique characteristics of the Jakarta millennial generation who live in a competitive and high-cost environment so that the research results are expected to be more relevant for financial policy formulation in urban areas.

Based on this background, the objectives of this research are to analyze the influence of *Financial Literacy* on the financial welfare of the millennial generation in Jakarta, analyze the influence *of Financial Literacy* on the Financial Planning of the millennial generation in Jakarta, analyze the influence *of Financial Planning* on the financial welfare of the millennial generation in Jakarta and analyze the role *of Financial Planning* in mediating the influence of *Financial Literacy* on the financial welfare of the millennial generation in Jakarta. In addition to its theoretical contribution, this study also has important practical benefits. Academically, this research is expected to enrich the literature on personal finance, particularly regarding the mediating role of financial planning in the relationship between financial literacy and financial well-being among millennials in urban settings. Practically, the findings may serve as useful input for government institutions, financial authorities, educational institutions, and financial service providers in designing more effective financial education and financial planning programs that are suited to the characteristics of the millennial generation. For individuals, especially millennials in Jakarta, this study is expected to provide greater awareness that financial well-being is not determined solely by financial knowledge, but also by the ability to convert that knowledge into concrete and structured financial planning practices. Thus, this research is expected to contribute not only to the development of theory, but also to the formulation of strategies and policies aimed at improving the long-term financial well-being of the millennial generation.

METHODS

The research method in this study used a quantitative approach with an explanatory (causal) design and a cross-sectional type of research, namely data collection is carried out at one time to test the relationship between the variables of financial literacy, financial planning, and financial welfare. Data was collected through the distribution of a Likert scale-based questionnaire to the millennial generation in DKI Jakarta who were selected using a purposive sampling technique with a sample of 400 respondents. Furthermore, the data was analyzed using the SEM-PLS (Partial Least Squares Structural Equation Modeling) method with the help of SmartPLS software to test the direct and indirect influence (mediation) between variables in the research model, so as to be able to provide comprehensive analysis results on the structural relationships studied.

RESULTS AND DISCUSSION

Descriptive Analysis of Research Variables

1. Descriptive Analysis of Financial Literacy (X)

Table 1. Mean Financial Literacy Indicator (N = 400)

Code	Statement	Red
FL1	I understand how interest rates work.	3.815
FL2	I know the impact of inflation on the value of money.	3.810
FL3	I understand the concept of the time value of money.	3.800
FL4	I know the risks and diversification of investments.	3.725
FL5	I am able to manage and control my debt.	3.818
FL6	I have discipline in saving.	3.785
FL7	I am careful about taking or using debt.	3.685
FL8	I have a long-term financial orientation.	3.858
FL9	I am able to control my consumption/expenses.	3.848
FL10	I am responsible for managing personal finances.	3.925
FL11	I prepare a monthly budget (budgeting).	3.890
FL12	I have a habit of saving regularly.	3.825
FL13	I was able to control my expenses.	3.945
FL14	I have an investment behavior.	3.735
FL15	I use credit wisely.	3.742
FL16	I understand the importance of protection like insurance.	3.740

Source: Primary Data processed, 2026

Based on Table 1, the results of the descriptive analysis show that the level of Financial Literacy of millennial respondents in Jakarta is in the high category with a mean value of all indicators above 3.60, which indicates that respondents have a good understanding and ability in daily financial management. The highest indicator is the ability to control spending and financial responsibility, followed by budgeting habits and long-term financial orientation. Meanwhile, the lowest indicator is prudent in the use of debt, although still in the high category, as well as investment and protection aspects which are relatively lower than basic financial management. Overall, the financial literacy of respondents is good, but there is still room for improvement in the aspect of debt prudence and the use of financial instruments such as investment and protection.

2. Descriptive Analysis of Financial Planning (Z)

Table 2. Mean Financial Planning Indicators (N = 400)

Code	Statement	Mean
FP1	I have clear financial goals.	3.692
FP2	I create a budget and manage cash flow.	3.515
FP3	I have emergency savings.	3.530
FP4	I do investment planning.	3.642
FP5	I plan my personal taxes.	3.558
FP6	I have protection/insurance to manage the risk.	3.680
FP7	I have a retirement plan.	3.800
FP8	I have an estate plan.	3.692
FP9	I regularly evaluate/improve my financial plan.	3.702

Source: Primary Data processed, 2026

Based on the results of the descriptive analysis in Table 2, the level of Financial Planning of millennial respondents in Jakarta is in the category of quite high with a mean value ranging from 3,515 to 3,800, which shows that respondents have implemented financial planning in their daily lives although there are still variations in several aspects. The highest rated indicator is the retirement plan, which reflects a high awareness of the importance of long-term planning, followed by regular financial evaluations and clarity of financial goals and legacy planning, which is also relatively good. However, operational aspects such as budgeting and cash flow management had the lowest value, indicating that budgeting habits were not yet fully strong, followed by the formation of emergency funds which were also relatively low. Meanwhile, investment and protection aspects have been paid enough attention, although tax planning is still not optimal. Overall, these results show that although millennial financial planning in Jakarta is already relatively good, improvements are still needed in more technical and operational aspects so that financial planning becomes more structured, consistent, and able to support long-term financial stability.

4.2.3 Descriptive Analysis of Financial Well-Being (Y)

Table 3. Mean Financial Well-Being Indicators (N = 400)

Code	Statement	Mean
KK1	I have control over my day-to-day finances.	3.652
KK2	I was able to cope with unexpected expenses.	3.635
KK3	I feel like I have made progress towards my financial goals.	3.642
KK4	I am free to make financial decisions without pressure.	3.630
KK5	I am able to manage my expenses so that I do not exceed my income every month.	3.812
KK6	In the event of an emergency (e.g. illness or job loss), I am confident that I can survive financially for some time.	3.658

Source: Primary Data processed, 2026

Based on Table 3, the results of the descriptive analysis show that the level of financial welfare of millennial respondents in Jakarta is in the category of quite high with a mean value ranging from 3,630 to 3,812, which indicates that respondents have relatively stable financial conditions and fairly good financial control. The highest indicator is the ability to manage expenses so as not to exceed income, followed by confidence in facing emergency conditions, daily financial control, and progress towards financial goals. Meanwhile, the lowest indicators are freedom to make financial decisions without pressure and the ability to deal with unexpected expenses, which suggests that aspects of financial freedom and risk resilience are still challenges. Overall, the financial well-being of respondents is relatively good, but it still needs to be improved, especially in terms of emergency preparedness and strengthening financial freedom.

Evaluation of Measurement Models (Outer Model)

1. Convergent Validity Test

Convergent validity tests are performed to ensure that each indicator on the construct has a high correlation to the constructed being measured. Convergent validity is assessed through two main measures, namely the outer loading value and the Average Variance Extracted (AVE).

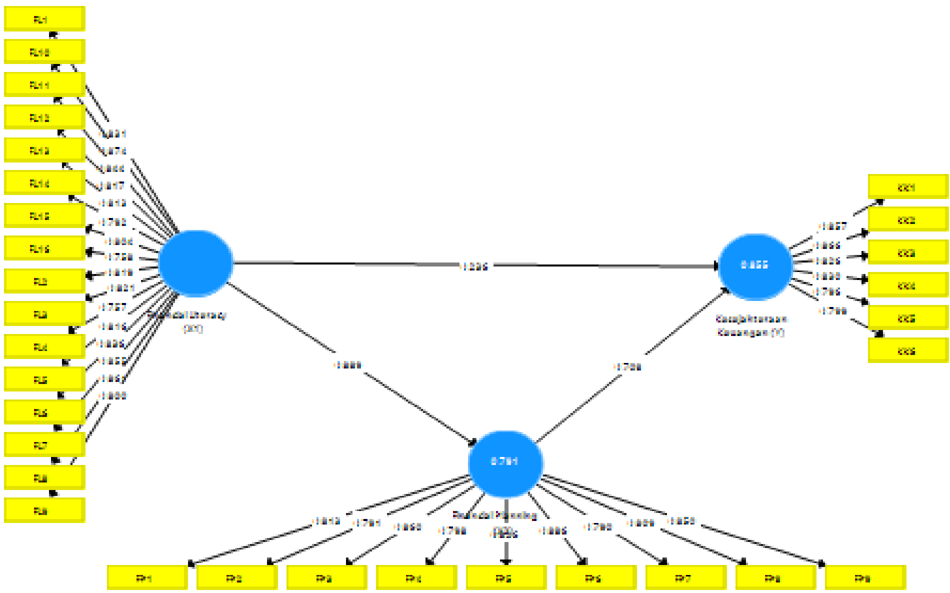

Figure 1. Measurement Model
Source: Primary Data processed, 2026

1. Outer Loading

Table 4. Convergence Validity

	Financial Literacy (X)	Financial Planning (Z)	Financial Well-Being (Y)
FL1	0,831		
FL10	0,874		
FL11	0,844		
FL12	0,817		
FL13	0,813		
FL14	0,792		
FL15	0,804		
FL16	0,758		
FL2	0,819		
FL3	0,821		
FL4	0,757		
FL5	0,816		
FL6	0,836		
FL7	0,855		

	Financial Literacy (X)	Financial Planning (Z)	Financial Well-Being (Y)
FL8	0,861		
FL9	0,800		
FP1		**0,813**	
FP2		**0,791**	
FP3		**0,860**	
FP4		**0,798**	
FP5		**0,826**	
FP6		**0,886**	
FP7		**0,790**	
FP8		**0,809**	
FP9		**0,850**	
KK1			**0,857**
KK2			**0,866**
KK3			**0,826**
KK4			**0,830**
KK5			**0,796**
KK6			**0,799**

Source: Primary Data processed, 2026

Based on the results of the outer loading test in Table 4, all indicators in the construct of Financial Literacy (X), Financial Planning (Z), and Financial Welfare (Y) have an outer loading value above 0.70, so it can be concluded that all indicators are declared valid and meet the criteria of convergent validity. In the Financial Literacy (X) construct, the outer loading value ranges from 0.757 to 0.874. The indicator with the highest outer loading value is FL10 (0.874), which shows that this indicator is the most powerful in representing financial literacy. While the indicators with the lowest values are FL16 (0.758) and FL4 (0.757), both still meet the minimum limit of convergent validity so that they can still be maintained in the model. In the Financial Planning construct (Z), all indicators show a good outer loading value with a range of 0.790 to 0.886. The indicator with the highest value is FP6 (0.886), which means that the indicator is the most dominant in explaining the variables of financial planning. While the indicator with the lowest value is FP7 (0.790), but the value is still above the minimum limit (0.70) so it is still declared valid.

Furthermore, in the Financial Welfare (Y) construct, the outer loading value is in the range of 0.796 to 0.866. The highest indicator is found in KK2 (0.866), while the lowest indicator is found in KK5 (0.796). Nevertheless, all indicators of financial well-being have met the criteria of convergent validity because the outer loading value is above 0.70.

2. Average Variance Extracted (AVE)

Table 5. AVE

	Average Variance Extracted (AVE)
Financial Literacy (X)	0.671
Financial Planning (Z)	0.681
Financial Well-Being (Y)	0.688

Source: Primary Data processed, 2026

In addition to outer loading, convergent validity is also evaluated through Average Variance Extracted (AVE) values. AVE describes the proportion of indicator variance that can be explained by latent constructs. According to Hair et al. (2022), a construct is declared to meet convergent validity if the AVE value ≥ 0.50, which means that the construct is able to explain at least 50% of the variance of the indicator. The higher the AVE value, the better the construct's ability to represent the indicator. Based on the results of the AVE test in Table 4.6, all constructs in this study have an AVE value that has met the criteria for convergent validity, which is above 0.50. The Financial Literacy construct (X) has an AVE value of 0.671, the Financial Planning construct (Z) is 0.681, and the Financial Welfare construct (Y) is 0.688. The AVE value shows that each construct is able to explain more than 67% of the variance of its indicators.

2. Discriminating Validity Test

1. Fornell-Larcker Criterion

Table 6. Fornell Larcker

	Financial Literacy (X)	**Financial Planning (Z)**	**Financial Well-Being (Y)**
Financial Literacy (X)	0.819		
Financial Planning (Z)	0.889	0.825	
Financial Well-Being (Y)	0.866	0.918	0.830

Source: Primary Data processed, 2026

Based on the results of the Fornell-Larcker test in Table 6, the square root value of AVE for the Financial Literacy (X) construct is 0.819, the Financial Planning (Z) construct is 0.825, and the Financial Welfare (Y) construct is 0.830. However, the correlation value between constructs shows a fairly high number, namely the correlation between Financial Literacy and Financial Planning is 0.889, between Financial Literacy and Financial Welfare is 0.866, and between Financial Planning and Financial Welfare is 0.918. This correlation value is greater than the square root of AVE in each construct. These results indicate that based on the Fornell-Larcker criteria, the discriminant validity of this research model has not been fully fulfilled because there is a very high correlation between constructs. This shows that the constructs in the model have a very strong relationship so that there is the potential for conceptual overlap between variables.

2. Heterotrait-Monotrait Ratio (HTMT)

Table 4. 1 HTM

	Financial Literacy (X)	Financial Planning (Z)
Financial Literacy (X)		
Financial Planning (Z)	0.830	
Financial Well-Being (Y)	0.822	0.789

Source: Primary Data processed, 2026

Based on the results of the HTMT test in Table 4.9, the HTMT value between Financial Literacy (X) and Financial Planning (Z) is 0.830, the HTMT value between Financial Literacy (X) and Financial Welfare (Y) is 0.822, and the HTMT value between Financial Planning (Z) and Financial Welfare (Y) is 0.789. All HTMT values are below the 0.90 criterion limit. It can be concluded that all constructs in this study have met the criteria of discriminant validity, so that the constructs of financial literacy, financial planning, and financial welfare can be stated to be conceptually different and the indicators are able to measure the right variables.

3. Reliability Test

Table 7. Reliability Test

	Cronbach's Alpha	Composite Reliability
Financial Literacy (X)	0.967	0.970
Financial Planning (Z)	0.941	0.951
Financial Well-Being (Y)	0.909	0.930

Source: Primary Data processed, 2026

Based on the results of the reliability test in Table 4.9, all constructs in this study have Cronbach's Alpha and Composite Reliability values that are well above the minimum limit of 0.70, so it can be concluded that all constructs have excellent reliability. The Financial Literacy construct (X) has a Cronbach's Alpha value of 0.967 and a Composite Reliability of 0.970, which shows that financial literacy indicators have a very strong internal consistency. The Financial Planning construct (Z) also shows high reliability with Cronbach's Alpha value of 0.941 and Composite Reliability of 0.951. Furthermore, the Financial Welfare construct (Y) has a Cronbach's Alpha value of 0.909 and Composite Reliability of 0.930, which also meets the reliability criteria.

Evaluation of Structural Models (Inner Model)

1. R-Square Value

Table 8. R Square

	R Square	Adjusted R Square
Financial Planning (Z)	0.791	0.790
Financial Well-Being (Y)	0.855	0.854

Source: Primary Data processed, 2026

Based on Table 8, the R-square value in the Financial Planning variable (Z) is 0.791, with the Adjusted R-square value is 0.790. This shows that 79.1% of the variation in Financial Planning (Z) can be explained by the Financial Literacy variable (X), while the remaining 20.9% is influenced by other variables outside the research model.

Furthermore, the R-square value in the Financial Welfare (Y) variable is 0.855, with the Adjusted R-square value of 0.854. This means that 85.5% of the variation in Financial Well-being (Y) can be explained by the variables Financial Literacy (X) and Financial Planning (Z), while the remaining 14.5% can be explained by factors outside the model.

2. Predictive Relevance (Q^2)

Table 9. Q Square

	SSO	SSE	Q^2 (=1-SSE/SSO)
Financial Literacy (X)	6.400.000	6.400.000	
Financial Planning (Z)	3.600.000	1.676.716	0.534
Financial Well-Being (Y)	2.400.000	1.006.281	0.581

Source: Primary Data processed, 2026

Based on Table 9, the Q² value in the Financial Planning variable (Z) is 0.534. This value indicates that the model has a high predictive ability in explaining and predicting financial planning variables, as the Q² value is well above 0 and belongs to a large category.

Furthermore, the Q² value on the Financial Welfare variable (Y) is 0.581, which is also greater than 0 and belongs to the large category. This shows that the research model has a very good predictive relevance in predicting the financial well-being of respondents.

3. Inner VIF Value

Table 10. LIVE

	Financial Planning (Z)	Financial Well-Being (Y)
Financial Literacy (X)	1.000	4.779
Financial Planning (Z)		4.779

Source: Primary Data processed, 2026

Based on the results of the VIF test in Table 10, the value of the VIF Financial Literacy (X) on Financial Planning (Z) is 1,000, which indicates the absence of multicollinearity problems in the track. Furthermore, the VIF value for the Financial Literacy (X) construct to Financial Welfare (Y) is 4.779, and the VIF value for the Financial Planning (Z) construct to Financial Welfare (Y) is also 4.779.

The VIF value of 4.779 is still below the maximum limit of 5, so it can be concluded that the structural model does not suffer from serious multicollinearity problems. However, this value is close to the maximum limit, thus showing that the relationship between Financial Literacy and Financial Planning to Financial Welfare has a fairly high correlation. This is still acceptable as long as the VIF value does not exceed 5, so that the model can be continued at the next stage of evaluation, namely testing the research hypothesis.

4. Effect Size (F²)

Table 11. F Square

	Financial Literacy (X)	Financial Planning (Z)	Financial Well-Being (Y)
Financial Literacy (X)		3.779	0.080
Financial Planning (Z)			0.724

Source: Primary Data processed, 2026

Based on Table 11, the influence of Financial Literacy (X) on Financial Planning (Z) has an f² value of 3.779, which is well above 0.35. This shows that Financial Literacy has a very large effect size on Financial Planning. In other words, the contribution of financial literacy in shaping respondents' financial planning behavior is very strong.

Furthermore, the effect of Financial Literacy (X) on Financial Welfare (Y) has an f² value of 0.080. The value is in a small range (above 0.02 but still below 0.15). This means that the direct contribution of Financial Literacy to improving the financial welfare of respondents is relatively small. This indicates that financial literacy does not automatically improve financial well-being if it is not translated into more structured financial behaviors and actions.

Meanwhile, the influence of Financial Planning (Z) on Financial Welfare (Y) has an f^2 value of 0.724, which belongs to the large category (above 0.35). This shows that Financial Planning has a strong and dominant contribution in improving the financial welfare of the millennial generation in Jakarta.

Research Hypothesis Test

Table 12. Hypothesis Test (direct effect)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Financial Literacy (X) -> Financial Planning (Z)	0.889	0.890	0.012	71.629	0.000
Financial Literacy (X) - > Financial Welfare (Y)	0.236	0.238	0.044	5.330	0.000
Financial Planning (Z) -> Financial Welfare (Y)	0.708	0.706	0.044	16.026	0.000

Source: Primary Data processed, 2026

The H1 hypothesis states that Financial Literacy has a positive and significant effect on the Financial Welfare of the millennial generation in Jakarta. The test results showed that the Financial Literacy (X) to Financial Welfare (Y) track had a coefficient value of 0.236, with a t-statistics value of 5.330 and p-values of 0.000. A positive coefficient value indicates that increasing financial literacy tends to improve the financial well-being of individuals. Because the p-values < 0.05, the influence is significant. Thus, the H1 hypothesis is accepted, so that financial literacy is proven to contribute to improving the financial welfare of the millennial generation in Jakarta, although the direct influence is not as great as the influence of financial planning variables.

The H2 hypothesis states that Financial Literacy has a positive and significant effect on the Financial Planning of the millennial generation in Jakarta. Based on the bootstrapping results, the Financial Literacy (X) to Financial Planning (Z) track has a coefficient value of 0.889, with a t-statistics value of 71.629 and p-values of 0.000. A positive coefficient value shows that the higher the individual's financial literacy, the higher the financial planning behavior carried out. Because the p-values < 0.05 and the t-statistics > 1.96, the H2 hypothesis is accepted, which means that financial literacy has a very strong and significant influence on the formation of financial planning.

The H3 hypothesis states that Financial Planning has a positive and significant effect on the Financial Welfare of the millennial generation in Jakarta. Based on the results of bootstrapping, the Financial Planning (Z) to Financial Welfare (Y) path has a coefficient value of 0.708, with a t-statistics value of 16.026 and p-values of 0.000. A positive coefficient indicates that the better an individual's financial planning (such as budgeting, emergency savings, investments, protection, and retirement plans), the higher the perceived financial well-being. Because the p-values < 0.05 and the t-statistics > 1.96, the H3 hypothesis is accepted, which means that financial planning plays a dominant role as a factor that improves financial well-being.

Here are the two stages of mediation analysis:

Equation 1:

$$\textbf{Financial Planning (Z)} = a + b_1 \textbf{ Financial Literacy (X)} + e$$

Equation 2:

Here's an equation model for the indirect effect:

$$\textbf{Financial Well-Being (Y)} = a + b_1 \textbf{ Financial Literacy (X)} + b_2 \textbf{ Financial Planning (Z)} + e$$

Table 13. Hypothesis Test (indirect effect)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Financial Literacy (X) -> Financial Planning (Z) -> Financial Welfare (Y)	0.630	0.629	0.039	16.091	0.000

Source: Primary Data processed, 2026

Indirect influence testing was carried out to find out whether the Financial Planning variable (Z) was able to mediate the relationship between Financial Literacy (X) and Financial Welfare (Y). The mediation test in SEM-PLS was carried out using the bootstrapping method, by looking at the values of the indirect effect coefficient, t-statistics, and p-values. The indirect relationship is stated to be significant if the t-values > 1.96 and p-values < 0.05 at the significance level of $\alpha = 0.05$.

Based on the bootstrapping results in Table 4.16, the mediation pathway of Financial Literacy (X) → Financial Planning (Z) → Financial Welfare (Y) produced an indirect influence coefficient value of 0.630, with a t-statistics value of 16.091 and p-values of 0.000. P-values smaller than 0.05 indicate that the indirect influence is statistically significant. Thus, it can be concluded that Financial Planning (Z) is able to mediate the influence of Financial Literacy (X) on Financial Welfare (Y).

These results show that the higher a person's financial literacy, the better the financial planning carried out, which ultimately has an impact on improving financial well-being. In other words, financial literacy not only has a direct effect, but also has a stronger influence when translated into tangible actions through financial planning.

1. **Financial Literacy Affects the Financial Welfare of the Millennial Generation in Jakarta**

The results of the SEM–PLS test show that Financial Literacy has a positive and significant effect on the Financial Welfare of the millennial generation in Jakarta ($\beta = 0.236$), which means that the higher the financial literacy, the higher the financial welfare, in line with the research of Oktariswan (2023), Birawan et al. (2024), Ramadhania & Krisnawati (2024), Putri & Amri (2025), and supported internationally by Kaiser et al. (2024) and Lusardi et al. (2023). Theoretically, this is explained through the concept of Personal FinanceManagement (Kapoor, Dlabay, & Hughes, 2022; Gitman & Zutter, 2022) and Theory of Planned Behavior (Ajzen, 1991), where financial literacy improves individuals' ability and confidence in managing financial decisions, as well as supporting the achievement of the financial well-being dimension according to the CFPB (2022). However, the effect is moderate so that financial literacy has not automatically improved welfare without being followed by implementation in financial planning and management, so it is necessary to strengthen structured financial practices so that the impact is more optimal.

2. Financial Literacy Affects Financial Planning for the Millennial Generation in Jakarta

The results of the SEM-PLS test showed that Financial Literacy had a positive and significant effect on the Financial Planning of the millennial generation in Jakarta ($\beta = 0.889$; $t = 71.629$; $p < 0.05$) with a very large effect size ($f^2 = 3.779$), which means that financial literacy is the dominant factor in shaping financial planning. These findings are in line with the research of Putra, Kusumawati, & Kartikasari (2024), Agustina et al. (2023), and Rizquha, Husni, & Adrianto (2025), and are theoretically supported by Personal Finance Management (Kapoor, Dlabay, & Hughes, 2022; Gitman & Zutter, 2022) and Theory of Planned Behavior (Ajzen, 1991) which explains that financial literacy increases the ability, control, and confidence of individuals in compiling rational and directed financial planning. In the context of Jakarta millennials, financial literacy helps to face the complexity of modern financial products, although descriptively there are still weaknesses in technical aspects such as budgeting and emergency funds, so it is necessary to strengthen not only knowledge but also practical skills so that financial planning becomes more optimal and sustainable.

3. Financial Planning Affects the Financial Welfare of the Millennial Generation in Jakarta

The results of the SEM-PLS analysis showed that Financial Planning had a positive and significant effect on the Financial Welfare of the millennial generation in Jakarta ($\beta = 0.708$; $t = 16.026$; $p < 0.05$) with a large effect size ($f^2 = 0.724$), which means that the better the financial planning, the higher the financial welfare. These findings are in line with Anggraini (2023), Agustina et al. (2023), and Utami & Subur (2025), and are supported by the concepts of Financial Well-Being (CFPB, 2022), Personal Finance Management (Kapoor, Dlabay, & Hughes, 2022; Gitman & Zutter, 2022), and the Theory of Planned Behavior (Ajzen, 1991) which explains that financial planning helps individuals control cash flow, face risks, and achieve financial goals. In the context of Jakarta millennials, financial planning has been proven to improve daily financial control, although there are still weaknesses in readiness to face unexpected expenses, so it is necessary to strengthen the aspects of emergency funds and risk mitigation so that financial welfare can be achieved more optimally and sustainably.

4. Financial Planning Mediates the Influence of Financial Literacy on the Financial Welfare of the Millennial Generation in Jakarta

The results showed that Financial Planning was proven to partially mediate the influence of Financial Literacy on the Financial Welfare of the millennial generation in Jakarta, with a greater indirect influence ($\beta = 0.630$; $t = 16.091$; $p < 0.05$) compared to the direct influence ($\beta = 0.236$; $p < 0.05$). This means that financial literacy still has a direct impact, but its impact becomes much stronger when it is realized through structured financial planning. These findings are supported by a strong relationship between Financial Literacy to Financial Planning ($\beta = 0.889$) and Financial Planning to Financial Welfare ($\beta = 0.708$), and is in line with research by Ramadhania & Krisnawati (2024), Andrene & Pamungkas (2025), Soepardi (2025), and Agustina et al. (2023). Theoretically, these results are explained through Personal Finance Management (Kapoor, Dlabay, & Hughes, 2022; Gitman & Zutter, 2022), the concept of financial well-being (CFPB, 2022), and the Theory of Planned Behavior (Ajzen, 1991), which emphasizes that literacy as knowledge will be more effective in improving welfare if implemented in concrete actions in the form of financial planning, especially in the context of Jakarta millennials who face modern financial complexity, so that it is necessary to strengthen not only literacy but also systematic financial planning practices and sustainable.

CONCLUSION

Based on the results of the research analysis, it can be concluded that Financial Literacy and Financial Planning have a positive and significant influence on the Financial Welfare of the millennial generation in Jakarta, where Financial Literacy also has a positive effect on Financial Planning, and Financial Planning has been proven to be able to mediate the relationship between Financial Literacy and Financial Welfare. Managerially, these findings show that improving financial welfare is more effectively achieved through strengthening concrete and structured financial planning practices, because financial planning has a more dominant role than financial literacy alone, although literacy remains an important foundation. However, this study has limitations in the variables used, the coverage of respondents is limited to millennials in DKI Jakarta, the use of purposive sampling techniques, as well as perception-based instruments and cross-sectional design that limit generalization and time dynamics. Therefore, further research is recommended to expand the region and respondents, use more representative sampling techniques, add other relevant variables, combine more objective data collection methods, and use longitudinal design so that the research results become more comprehensive and have a wider generalization power.

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