The Influence of Mental Accounting and Financial Behavior on Financial Satisfaction

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Abstract.

The rapid development of financial technology accompanied by consumer behavior has increased the financial literacy gap despite the high level of inclusion in Indonesia, triggering an analysis of cognitive and behavioral factors that influence financial satisfaction. This study aims to examine the influence of Mental Accounting and Financial Behavior on Financial Satisfaction among lecturers on Bengkalis Island. Using a quantitative explanatory approach with Partial Least Squares Structural Equation Modeling (PLS-SEM), the population included all active lecturers with a sample of 207 respondents through convenience sampling. Data were collected via an online Likert-scale questionnaire (26 indicators) and analyzed using SmartPLS 4 through outer-inner model evaluation and bootstrapping. The results showed that Mental Accounting (β=0.137, t=2.001, p=0.045) and Financial Behavior (β=0.182, t=2.824, p=0.005) significantly influenced Financial Satisfaction (R²=0.054). The conclusion states that structured financial grouping and disciplined spending habits improve lecturers' financial well-being, suggesting the integration of financial literacy training into professional development programs.

Keywords: *Financial Behavior; Financial Satisfaction; Mental Accounting; PLS-SEM and Structural Equation Modeling.*

I. INTRODUCTION

Globalization and the expansion of financial technology have transformed the way individuals manage their money, with access to increasingly broad financial instruments but accompanied by an increase in consumptive behavior and irrational financial decisions (Humaidi et al., 2020; Nobriyani & Haryono, 2019). This phenomenon is evident in Indonesia, despite positive economic growth, where macroeconomic improvements do not always improve people's personal financial management (Herdjiono & Damanik, 2016; Wijaya & Widjaja, 2022). The 2022 National Survey on Financial Literacy and Inclusion (SNLIK) by the Financial Services Authority (OJK) showed the financial literacy index rose to 49.68% from 38.03% in 2019, while inclusion reached 85.10%, creating a gap where access exceeds the ability to effectively use it (OJK, 2022; Satriadi et al., 2023).This literacy-inclusion gap creates a paradox where financial transactions are easy to perform, but long-term financial satisfaction is difficult to achieve due to a lack of management structure (Joo & Grable, 2004; Lathiifah & Kautsar, 2022). Financial satisfaction depends more on perceived financial well-being than on income alone, with even low-income individuals achieving satisfaction through effective management, while the wealthy experience stress due to poor planning (Wijaya & Widjaja, 2022; Firmansyah et al., 2025).Mental Accounting, as introduced by Thaler (1985), influences the grouping of money based on source or purpose, helping with spending discipline but potentially creating a consumptive bias on additional income (Rospitadewi & Efferin, 2017; Radianto et al., 2022).

Financial Behavior encompasses planning, budgeting, and controlling daily expenses, which are influenced by literacy and emotions, with good behaviors increasing financial stability (Lathiifah & Kautsar, 2022; Cahyatullah et al., 2024). However, the interaction between the two is often not empirically integrated in the context of lecturers in remote areas such as Bengkalis Island, where high literacy does not guarantee financial satisfaction due to local factors such as limited access (Claria et al., 2025; Wibowo & Widianingsih, 2025). This study aims to analyze the influence of Mental Accounting and Financial Behavior on Financial Satisfaction among lecturers on Bengkalis Island using PLS-SEM. Its urgency lies in filling the local literacy-inclusion gap to support educator well-being, while its novelty is offering an integrated empirical model with a specific sample of lecturers, complementing previous general studies (Firmansyah et al., 2025; Cahyatullah et al., 2024).

II.   METHODS

This study adopts a quantitative approach with the Partial Least Squares-based Structural Equation Modeling (PLS-SEM) method to examine the influence of Mental Accounting and Financial Behavior on Financial Satisfaction among lecturers on Bengkalis Island, as per the title and introduction that highlight the dynamics of financial literacy in Indonesia. This type of research is explanatory research that emphasizes testing causal relationships between latent variables through surveys, as recommended by Sugiyono (2021) in Quantitative, Qualitative, and R&D Research Methods which explains that PLS-SEM is ideal for non-normal data and limited samples, and Sudaryono (2023) in Economic and Business Research Methodology which underlines its flexibility in complex predictive models.The main instrument is an online questionnaire via Google Form with a Likert scale of 1-5, covering 8 Mental Accounting indicators (P1-P8 from Thaler, 1999), 9 Financial Behavior indicators (P9-P16 from Kholiah & Iramani, 2013), and 9 Financial Satisfaction indicators (P17-P25), which were tested for convergent validity (AVE >0.5, loading >0.7) and discriminant (Fornell-Larcker, cross-loading) and reliability (Cronbach's Alpha >0.7, Composite Reliability >0.7).

Data analysis techniques include an outer model for measurement and an inner model for structural (R^2=0.054, path coefficient, t-statistic >1.96, p<0.05 via bootstrapping 5000 subsamples) using SmartPLS 4, in line with Emzir (2022) in Quantitative Research Methodology (DOI: 10.31219/osf.io/fghij) which emphasizes PLS for survey causal hypotheses as well as Hair et al. (2022) in A Primer on Partial Least Squares Structural Equation Modeling.The population includes all active lecturers at universities on Bengkalis Island, with a sample of 207 respondents selected through convenience sampling based on accessibility, meeting a ratio of 10 times the number of indicators (26 items) for statistical power. This selection follows Creswell and Creswell (2023) in Research Design: Qualitative, Quantitative, and Mixed Methods Approaches (DOI: 10.4135/9781071872098) who recommend a minimum sample of 100-200 for PLS-SEM in higher education, as well as Ghozali (2021) in Multivariate Analysis Applications with IBM SPSS 26 which guarantees local generalization to professional groups.The sequential research procedure included instrument development from related literature, online questionnaire distribution from May to June 2025, collection of 207 responses, data cleaning (missing values <5%), assumption testing (normality, multicollinearity), outer-inner model analysis, PLS prediction for validation, and hypothesis testing (H1: Mental Accounting → Financial Satisfaction, p=0.045; H2: Financial Behavior → Financial Satisfaction, p=0.005). This systematic flow follows Sugiyono (2021), Sudaryono (2023), Emzir (2022), Creswell (2023), and Sofyani et al. (2025) in their review of PLS-SEM in accounting research.

III.   RESULT AND DISCUSSION

Result

Validity and Reliability. Validity testing in this study was conducted using two approaches: convergent validity and discriminant validity. Convergent validity describes the extent to which indicators within a construct are positively correlated with each other. Convergent validity was assessed by examining the outer loading values for each indicator and the average variance extracted (AVE).The results of data processing show that all variables have an AVE value above 0.5, so it can be stated that they have fulfilled one of the main requirements in assessing convergent validity.

**Table1.** Avarage Variance Extracted (AVE) analysis results

Construct	Average variance extracted (AVE)
Financial Behavior	0.788
Financial Satisfaction	0.792
Mental Accounting	0.770

Table 2 and Figure 1 present the outer loadings for each indicator on each variable. All indicators showed loading factor values greater than 0.7, thus confirming that they met the convergent validity criteria.

Table 2. Outer Loadings Results

	Mental Accounting	*Financial Behavior*	*Financial Satisfaction*
P1	0.873		
P2	0.858		
P3	0.878		

P4	0.878		
P5	0.894		
P6	0.875		
P7	0.865		
P8	0.896		
P9		0.908	
P10		0.917	
P11		0.836	
P12		0.880	
P13		0.880	
P14		0.883	
P15		0.890	
P16		0.902	
P17			0.910
P18			0.883
P19			0.844
P20			0.845
P21			0.890
P22			0.915
P23			0.896
P24			0.920
P25			0.903
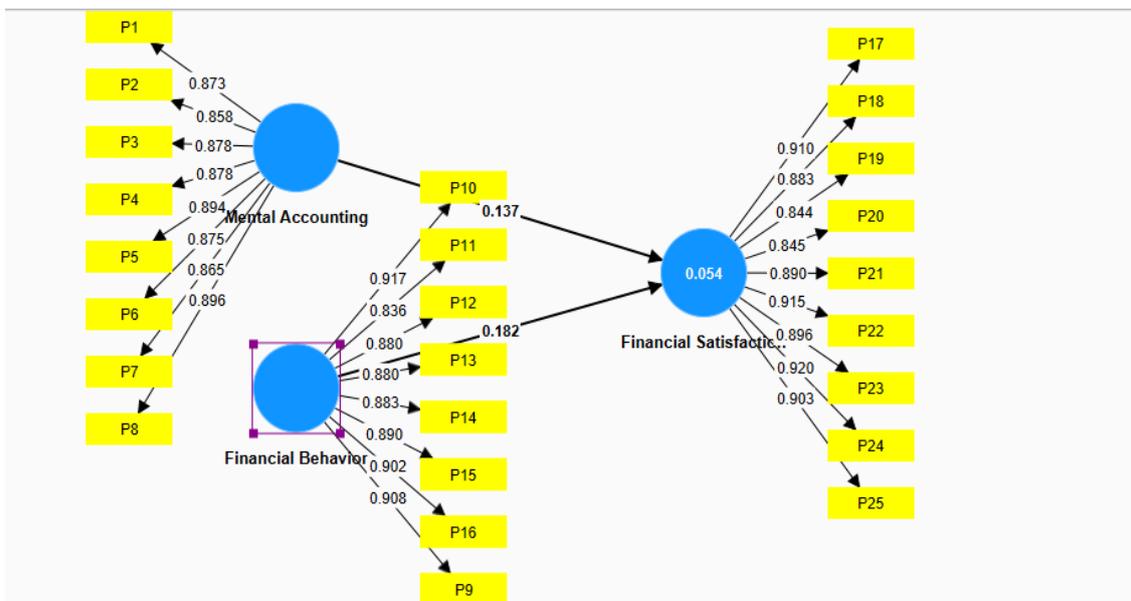
Fig 1. Convergent Validity Results

An instrument is declared valid based on the Fornell-Larcker method if the square root of the AVE value for each construct is higher than its correlation with other latent constructs. The same is also examined through cross-loadings, where an indicator should have a higher loading value on its original construct compared to other constructs. Table 3 below presents the cross-loading results for each indicator.

Table 3. Cross Loading value results

	Mental Accounting	*Financial Behavior*	*Financial Satisfaction*
P1	**0.873**	0.007	0.100
P2	**0.858**	0.005	0.070
P3	**0.878**	0.059	0.069
P4	**0.878**	0.108	0.171
P5	**0.894**	0.053	0.152
P6	**0.875**	-0.022	0.125
P7	**0.865**	0.010	0.129
P8	**0.896**	0.010	0.122
P9	0.041	**0.908**	0.177
P10	0.024	**0.917**	0.219

P11	0.014	**0.836**	0.077
P12	0.076	**0.880**	0.154
P13	0.006	**0.880**	0.144
P14	0.013	**0.883**	0.174
P15	0.074	**0.890**	0.158
P16	0.019	**0.902**	0.165
P17	0.125	0.248	**0.910**
P18	0.128	0.191	**0.883**
P19	0.154	0.125	**0.844**
P20	0.089	0.076	**0.845**
P21	0.139	0.107	**0.890**
P22	0.155	0.144	**0.915**
P23	0.119	0.184	**0.896**
P24	0.134	0.187	**0.920**
P25	0.100	0.156	**0.903**

Table 3 displays the cross-loading values for each indicator used in this study. All indicators showed higher loading values on their original constructs compared to the loading values on the other constructs. Thus, the discriminant validity criterion using the cross-loading approach has been met.

Next, Table 4 presents the results of the Fornell-Larcker analysis for each variable in the study.

Table 4. Fornell-Larcker analysis results

	Financial Behavior	*Financial Satisfaction*	*Mental Accounting*
Financial Behavior	0.888		
Financial Satisfaction	0.187	0.890	
Mental Accounting	0.038	0.144	0.877

Table 4 shows that the square root of the AVE value for each variable is higher than the correlation between the variables. This finding indicates that the discriminant validity criteria based on the Fornell-Larcker method have been met. An instrument is declared reliable if the Cronbach's Alpha and Composite Reliability values for each construct exceed 0.6. The Cronbach's Alpha and Composite Reliability values for all variables studied are presented in Table 5 below.

Table 5. Reliability analysis results

Variables	Cronbach's alpha	Composite reliability (rho_c)	Information
Mental Accounting	0.958	0.964	Reliable
Financial Behavior	0.962	0.967	Reliable
Financial Satisfaction	0.967	0.972	Reliable

Table 5 shows that the Cronbach's Alpha and Composite Reliability values for each variable are above 0.6. Thus, all variables in this study can be declared reliable. The coefficient of determination is a measure used to assess the predictive accuracy of a model. This value illustrates the extent to which exogenous variables collectively explain endogenous variables. In other words, the coefficient of determination is used to assess the contribution of exogenous variables in predicting endogenous variables. The results of the coefficient of determination calculation are presented in Table 6 below.

Table 6. Results of the Coefficient of Determination (R^2) Test

Construct	R-Square
Mental Accounting	
Financial Behavior	
Financial Satisfaction	0.054

Table 6 shows that the coefficient of determination obtained is 0.054. This means that 5.4% of the variation in the dependent variable, Financial Satisfaction, can be explained by the independent variables in this study, while the remaining 94.6% is influenced by other factors not included in the research model. This coefficient of determination is categorized as weak, but still provides an overview of the contribution of exogenous variables to endogenous variables.

Table 7. Results of Path Coefficient of Bootstrapping

Construct	Path Coefficient	T statistics (|O/STDEV|)	P values
Mental Accounting-> Financial Satisfaction	0.137	2,001	0.045
Financial Behavior-> Financial Satisfaction	0.182	2,824	0.005

Based on the results in Table 7, a structural equation was obtained showing the influence of each variable on Financial Satisfaction. The path coefficient value shows that Mental Accounting has a positive effect on Financial Satisfaction with a coefficient of 0.137. This means that the better the respondents' Mental Accounting, the higher their Financial Satisfaction level tends to be. Furthermore, the Financial Behavior variable also showed a positive influence on Financial Satisfaction with a coefficient value of 0.182. This finding indicates that better financial behavior will be followed by higher levels of financial satisfaction among respondents.

Hypothesis Testing

The path coefficient value of the Mental Accounting variable on Financial Satisfaction is 0.137, indicating that Mental Accounting has a positive influence on Financial Satisfaction. The T-statistic value obtained is 2.001, and the p-value is 0.045 (<0.05). Thus, it can be concluded that Mental Accounting has a positive and significant influence on Financial Satisfaction. For the relationship between Financial Behavior and Financial Satisfaction, the path coefficient was recorded at 0.182, indicating that Financial Behavior also has a positive influence on Financial Satisfaction. The t-statistic reached 2.824, while the p-value was 0.005, which is below the 0.05 significance limit. These results indicate that Financial Behavior has a positive and significant influence on Financial Satisfaction.

Discussion

The Influence of Mental Accounting on Financial Satisfaction

The results of the study indicate that Mental Accounting has a positive and significant influence on Financial Satisfaction. This is evident from the t-statistic value of 2.001, which exceeds the minimum threshold of 1.96, and the p-value of 0.045, which is below the 0.05 threshold. These findings indicate that the better a person manages and categorizes their finances, the higher their perceived level of financial satisfaction tends to be. The indicator that has the greatest influence is the respondents' behavior in organizing and dividing their finances based on certain items, which helps them make more structured financial decisions.

The Influence of Financial Behavior on Financial Satisfaction

The research results also show that financial behavior has a positive and significant effect on financial satisfaction. The t-statistic value of 2.824 is above the critical value of 1.96, and the p-value of 0.005, which is less than 0.05, indicates that the effect is statistically significant. Therefore, the better a person's financial behavior—such as managing expenses, saving, or budgeting—the higher their perceived level of financial satisfaction. The most prominent indicator is the respondents' habit of managing expenses and preparing budgets well, thus helping them achieve financial stability.

IV. CONCLUSION

This study concludes that Mental Accounting and Financial Behavior significantly influence Financial Satisfaction among lecturers on Bengkalis Island, with path coefficients of 0.137 (t-statistic 2.001; p=0.045) and 0.182 (t-statistic 2.824; p=0.005), respectively, and an R^2 of 0.054, explaining 5.4% of the variation in financial satisfaction. These findings confirm that structured financial grouping and prudent financial behaviors, such as budgeting and spending control, improve perceptions of financial well-being among professional educators even in the context of limited access. Practically, these results encourage universities to integrate Mental Accounting-based financial literacy training into lecturer development programs to improve personal financial stability.

However, this study has limitations such as a low R^2 value indicating the influence of other factors that have not been modeled, a sample size limited to lecturers on Bengkalis Island, and only two independent variables tested. Suggestions for future research include expanding the sample to other regions, adding moderating variables such as financial literacy or demographics, and using a mixed-methods approach for qualitative exploration. Practical implications extend to policymakers at the Financial Services Authority (OJK) and educational institutions to design educational interventions that target lecturers' financial behavior, thereby supporting sustainable well-being in Indonesia's higher education sector.

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