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Digital Financial Literacy, Financial Self-Efficacy and University Students' Economic Behaviour: The Mediation 'Role of Economic Literacy

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ABSTRACT

The expansion of the digital economy means that students must be competent not only in conventional finance but also in digital financial services. This study investigates how Digital Financial Literacy and Financial Self-Efficacy affect students' Economic Behaviour, with Economic Literacy serving as a mediating variable. This quantitative study surveyed 174 students from the Faculty of Economics and Business, Universitas Negeri Surabaya, class of 2023. Data were gathered via a questionnaire and analysed using descriptive statistics and PLS-SEM in SmartPLS 4. The findings reveal that Digital Financial Literacy and Financial Self-Efficacy each have a positive and significant effect on both Economic Literacy and Economic Behaviour, and Economic Literacy positively affects Economic Behaviour. Economic Literacy also partially mediates the effect of both predictors on Economic Behaviour.

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INTRODUCTION

Digital technology has fundamentally transformed how people engage with the financial system. Instant payments, mobile banking, e-wallets, and e-commerce platforms enable financial transactions to be carried out at any time and from any location, meaning that individual financial decisions now go far beyond saving, spending, and budgeting (Chhillar et al., 2025). A clear outcome is the increasing adoption of "buy now, pay later" (BNPL) or e-paylater services among Indonesian consumers, including university student. As a result, digital financial literacy integrating financial knowledge with the capabilities required to use digital financial services safely has become a core competence for young people.

The magnitude of this market is substantial. The Financial Services Authority (OJK) reported that outstanding BNPL debt in Indonesia reached Rp29.59 trillion in April 2025, consisting of Rp21.35 trillion from banks and Rp8.24 trillion from multifinance companies (Isaac, 2025). In parallel, the 2024 National Survey of Financial Literacy and Inclusion indicates a gap between the use of financial products and understanding: the financial inclusion index (75.02%) is higher than the financial literacy index (65.43%) by 9.59 percentage points (Table 1; Otoritas Jasa Keuangan & Badan Pusat Statistik, 2024). This figure comprises debt from both the banking and multifinance sectors that provide BNPL services (Ototritas Jasa Keuangan, 2024). This gap makes the connection between digital financial capability and everyday economic decisions especially pertinent for university student. As a result, students' likely to use financial products despite not being well literate about them, which makes the link between digital financial capability and day-to-day economic choices particularly relevant for university students. Digital financial literacy refers to the knowledge and practical skills required to use digital financial products and services safely and effectively. However, access to digital tools by it self may not lead to responsible financial conduct.(Yuneline & Rosanti, 2023), for instance, found that using digital finance had no significant partial effect on students' financial behaviour, even though financial literacy and lifestyle were significant. Studies of buy-now-pay-later services have also investigated impulsive online purchasing, underscoring the need to understand how digital payment arrangements shape consumer decisions.

Table 1. *National financial literacy and inclusion indicators (2024)*

Indicator	Index %
National financial literacy index	65.43
National financial inclusion index	75.02
Gap (inclusion minus literacy), percentage points	9.59

Sources: Otoritas Jasa Keuangan & Badan Pusat Statistik (2024)

Taken together, these results indicate that digital financial literacy should be examined alongside individual psychological and cognitive factors. Financial self-efficacy adds a psychological component to this issue it captures and individual confidence in their ability to plan, manage, and make financial decisions. Social Cognitive Theory highlights reciprocal interactions among personal factors, behaviour, and the environment, and it treats self-efficacy as relevant to the actions

individual carry out (Bandura, 2001). Economic literacy may also help explain how knowledge and confidence are translated into economic behaviour, because understanding economic concepts can facilitate the evaluation of alternatives, opportunity costs, and consequences. Recent research has similarly identified financial self-efficacy as a relevant factor in students' financial behaviour', although the variable and mediation pathways assessed vary across studies (Deviana et al., 2025).

Prior studies have assessed these factors individualy, yielding mixd result. (Respati, 2024) that digital financial literacy significantly affects students' financial behaviour, while (Yuneline & Rosanti, 2023) found that digital finance use has no significant partial effect, indicating that digital use my be oriented toward transactional purposes rather than driving behavioural change. Similar inconsistency also characterizes financial self-efficacy, a construct originating from Bandura's social cognitive theory (Bandura, 2001)and adapted to personal finance by (Lown, 2011). (Farrell et al., 2016) a significant impact of financial self-efficacy on students' economic behaviour, whereas (Noor et al., 2020)no significant effect on financial account ownership, suggesting that is influence varies with the socio economic context of the studied population. In contrast, economic literacy has been consistenly linked to more rational consumption and financial behaviour among students (Efendi et al., 2019; Mei Lyn & Sahid, 2021 ; Narmaditya et al., 2024)

Two research gaps underpin the present study. First, the inconsistent findings above discussed above require an explanatory framework such as mediating variable to clarify how digital financial competencies shape behaviour. Second, the majority of studies link financial literacy and financial self-efficacy to financial behaviour or financial management behaviour, rather than to broader economic behaviour. In this study, financial behaviour denotes money management actions including budgeting, saving, borrowing, and investing (Xiao, 2008), whereas economic behaviour is more expansive and concerns how individuals distribute scarce resources across productive versus consumptive activities (Narmaditya et al., 2024) in addition, economic literacy hs seldom been assessed as a mediator between digital financial competencies and economic behaviour within a single model . for example, (Deviana et al., 2025) used financial self-efficacy as the mediator connecting income, financial literacy, and personal financial behaviour among Indonesian students. Accordingly, this study address two questions : (1) What are the levels of digital financial literacy, financial self-efficacy, economic literacy, and economic behaviour among students in the Faculty of Economics and Business, Universitas Negeri Surabaya ? (2) Do digital financial literacy and financial self-efficacy affect economic behaviour directly and indirectly through economic literacy?

Therefore, the study's objectives are to characterize each variael's level, analyze how digital financial literacy and financial self-efficacy affect economic behaviour, and determine whether economic literacy plays a mediation reole in tehese interactions. Based on the Theory of Planned Behaviour and Social Cognitive Theory, the study offers in intregated model that integrates economic comprehension, self-belief, and digital financial competence to explain Indonesian students' economic behaviour. Its findings are expected to inform curriculum

development and financial education programmes in higher education, particularly for economics education students who will later teach economic and financia literacy. Drawing on SCT and the Theory of Planned Behaviour (TPB), the study proposes an intedrated model that combines digital financial competence, self-belief, and economic understanding (Figure 1.) . the findings are expected to inform curriculum development and financial education programmes in higher education, particularly for economics education students who will later teach economic and financial literacy.

LITERATURE REVIEW

Social Cognitive Theory

This section examines the theories, constructs, and empirical result that form the basis of each study variable, and it highlights the debates and research gaps that frame the present work. Theoretical Foundations : Social Cognitive Theory and the Theory of Planned Behaviour. Social Cognitive Theory (SCT) explains human functioning through triadic reciprocal determinism, whereby personal factors (beliefs,knowledge,skils, and self-efficacy), behaviour and the environment affect one another dynamically rather than operating an a single direction (Bandura, 1986). SCT also characterises individuals as active agents who manage their own behaviour instead of passive recepients of environmental cues Bandura (2001) and it places self-efficcay at the core as the belief in one's capacity to organise and carry out the actions needed to achieve desired outcome Bandura (1997).

Bandura explains that another distinctive characteristic of social cognitive theory is the central role it assigns to self-regulatory functions. People do not behave merely to conform to the tendencies of other, rather mush of their behaviour is motivated and regulated by internal standards and self-evaluative reactions to their own actions. There are several key theoretical aspects within social cognitive theory that can contribute to the process of affective learning in order to shape a individual possessing the right attitudes and character, these include the following :

Reciprocal Determinism

Bandura (1986) posits that reciprocal determinism involves a mutual influence among the person (P), the environment (E), and behaviour (B). Consequently, from the perspective of social cognitive theory, humans are not merely reactors to environmental stimuli; there are times when they act as agents within their environment. Individuals can influence the environment (acting as agents) by behaving in specific ways, and the resulting environmental changes, in turn, influence their subsequent behaviour. In other words, the way we behave (stimulate) within an environment determines how that environment responds to us.

Observational Learning

That observational learning is a concept based on modeling—learning by observing a model or example Bandura (1986). The concept of observational learning

entails cognitive involvement; individuals do not simply mimic or fully imitate a model but instead introduce modifications when performing the behaviour.

Behavioural Self-Regulation and Self-Efficacy

Were determined solely by external reinforcement (rewards) and punishment, people would be inconsistent, merely drifting with the prevailing winds. However, through the ability to evaluate oneself and control behaviour in alignment with one's own capabilities and environmental demands, individuals are able to engage in self-regulated behaviour.

Human Agency

A core aspect of social cognitive theory—representing an accumulation of ideas from various theorists—is the concept of human agency. Bandura (in Alfaiz, 2014: 90) explains that individuals are not merely a collection of internal mechanisms governed by environmental events; the concept of human agency represents an accumulation of theoretical concepts from social cognitive theory

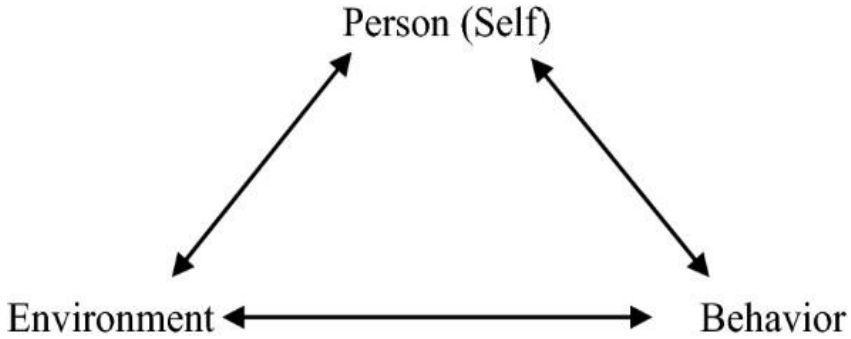


Figure 1. *Bandura's triadic reciprocal causation model*
Source: Bandura (2001)

Attitude Toward the behaviour

Attitude toward a behaviour represents an individual's overall positive or negative evaluation of performing a specific action. Within the framework of the Theory of Planned Behaviour (TPB), this construct is a significant predictor of behavioural intention. It reflects how favorably or unfavorably an individual views the behaviour in question, which in turn influences their intention to perform it.

Conversely, if they associate decision-making with errors or personal incompatibility, the process is viewed negatively, and their attitude may hinder the formation of strong academic intentions. Ultimately, the more positive the attitude toward a specific behaviour, the more likely an individual is to form a strong intention to engage in that behaviour. Within the TPB framework, this relationship underscores the importance of fostering a positive attitude through the reinforcement of beliefs and the alignment of values, particularly when the goal is to encourage students to make rational decisions.

Subjective Norms

Subjective norms denote an individual's understanding of the social pressure they perceive to carry out or refrain from a particular behaviour. Within the Theory of Planned Behaviour (TPB) framework, this concept represents how influential others such as family members, peers, teachers, and the wider community affect an individual's intention to act.

It captures the degree to which individuals think that people who matter to them believe they should take a given action, and also the degree to which they are inclined to conform to those views. Subjective norms are mainly determined by two elements: normative beliefs and motivation to comply.

Normative beliefs consist of a person's assumptions about whether important others approve or disapprove of the behaviour at issue, functioning as a mental portrayal of the social expectations directed toward the individual. The second element, motivation to comply, indicates how strongly a person is likely to follow the perceived expectations.

Consequently, even when a student believes others encourage a specific action, the effect on their intention will be greater if the student is also motivated to satisfy those expectations. This motivation is closely related to the need for social acceptance, the desire to avoid conflict, the wish to obtain approval, or conformity with perceived cultural norms.

Ultimately, subjective norms highlight the role of social context and interpersonal influence in decision-making. Understanding how this perceived pressure operates can help educators, counselors, and policymakers design interventions that not only inform students but also engage their support systems in a positive and empowering way.

Perceived Behavioural Control

Perceived behavioural control denotes a person’s assessment of how easy or difficult it is to carry out a particular behaviour. As a component of the Theory of Planned Behaviour (TPB), it reflects how capable individuals believe they are in executing the intended action, drawing on both internal and external considerations. It is important not only for shaping behavioural intention but also for predicting whether the behaviour is likely to be carried out in practice, especially when it is not fully within one’s own control.

This construct is mainly driven by control beliefs, meaning individuals’ perceptions of factors that may either enable or impede performance of the behaviour. Such beliefs are formed through a range of experiences, including prior attempts to perform the behaviour and input received from others. For example, a university student who believes they have the academic skills, financial resources, and support networks required to pursue a degree in economics would likely show higher perceived behavioural control.

When people view behavioural outcomes as highly controllable, they generally feel more confident and develop greater self-efficacy; as a result, they form stronger behavioural intentions and maintain persistence despite difficulties. On the other hand, if individuals expect substantial barriers—such as insufficient information, poor preparation, or inadequate support—they may come to believe that they lack control, which can ultimately weaken their intentions and behaviour.

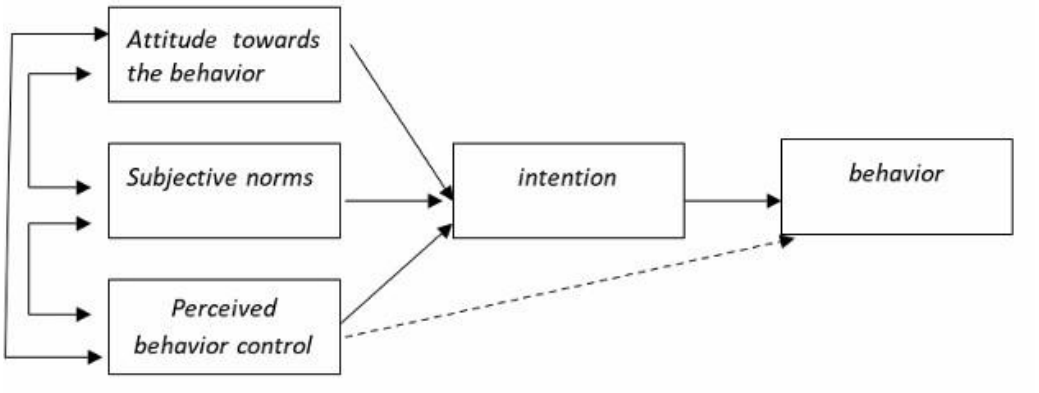


Figure 2. *Theory of Planned Behaviour*
Source: Ajzen (1991)

Theoretical Framework and Hyphotheses Development

Digital Financial Literacy and Economic Behaviour

Digital financial literacy refers to the capacity to understand the risks and safeguards tied to digital transactions, to possess both basic and advanced knowledge of digital financial instruments, and to hold appropriate attitudes and demonstrate relevant behaviours toward digital finance (Chhillar et al., 2025). Digital finance also broadens access to financial services (Ozili, 2018) and digital competence enables individuals to use these services in safer and more effective ways (Lyons & Kass-Hanna, 2021). Empirical findings show that (Respati, 2024) reported a significant relationship between digital financial literacy and students' financial behaviour, while (Chhillar et al., 2025) associated digital financial literacy and personal financial behaviour with financial stress and well-being. The findings are not fully consistent, however, because (Yuneline & Rosanti, 2023) found no significant partial effect of digital finance use on financial behaviour. Since the construct examined here includes knowledge, attitudes, and behaviours rather than usage alone, a positive effect on economic behaviour is anticipated that they will manage.

H1: Digital financial literacy has a positive on economic behaviour.

Financial Self-Efficacy and Economic Behaviour

Financial Self-Efficacy denotes a person's belief that they can modify their spending, make progress toward financial objectives, and manage financial difficulties without depending on debt (Farrell et al., 2016); (Lown, 2011)In line with SCT, strong financial self-belief promotes more productive and more regulated economic conduct.

H2: Financial self-efficacy has a positive and significant influence on economic behaviour

Digital financial literacy and economic literacy

Digital financial literacy encompasses the skills and awareness required to use digital financial services safely and effectively (Lyons & Kass-Hanna, 2021).The use of these services exposes individuals to various economic concepts—such as interest rates, inflation, risk, and opportunity costs which progressively broaden their economic understanding (Koskelainen et al., 2023). In the context of human capital, digital skills serve as an asset that expands the capacity to acquire other competencies, including economic literacy.

H3: Digital Financial Literacy has a positive effect on Economic Literacy.

Financial self-efficacy on Economic literacy

Self-efficacy refers to the conviction that one can carry out a given course of action, and it shapes motivation, effort, and persistence (Bandura, 1997). People who feel confident in handling money are more inclined to search for and continue engaging with financial and economic information, and their confidence and knowledge strengthen each other.

H4: Financial Self-Efficacy has a positive effect on Economic Literacy.

Economic literacy on Economic behaviour

Economic literacy enables individuals to evaluate outcomes and consider various alternatives when deciding how to spend and save money (Hung et al., 2011). It also plays turn, influence behaviour (Ajzen, 1991); Xiao, 2008) although the impact is often found to be small (Fernandes, 2014)

H5: Economic Literacy has a positive Economic Behaviour

Digital Financial Literacy on Economic Behaviour Mediated by Economic Literacy

Digital financial literacy is expected to influence economic behaviour directly, because digital skills allow individuals to budget, track spending, save, and compare options in practice (Lyons & Kass-Hanna, 2021); (Ozili, 2018). However, its influence may also operate through a knowledge channel. Using digital financial services repeatedly exposes individuals to concepts such as interest, fees, inflation, and risk, which broadens their economic literacy (Lusardi & Mitchell, 2014). This understanding then equips them to evaluate the consequences of their choices and to set spending and saving priorities more rationally . In this sequence, digital skills first build economic understanding, and economic understanding then guides behaviour.

H6: Economic Literacy mediates the effect of Digital Financial Literacy on Economic Behaviour.

Financial Self-Efficacy on Economic Behaviour Mediated by Economic Literacy

Financial self-efficacy is anticipated to affect economic behaviour directly because belief in one's financial competence motivates both action and perseverance (Bandura 1997; Farrell et al., 2016). At the same time, confidence may operate indirectly by enhancing knowledge. People who think they can manage their finances are more likely to actively search for and engage with financial and economic information (Zimmerman, 2000). This resulting economic literacy, in turn, helps individuals assess alternatives more effectively and make more informed choices, meaning that confidence becomes behaviour through understanding (Maitlo et al., 2025). From the standpoint of Social Cognitive Theory, efficacy beliefs influence both the pursuit of knowledge and the enactment of that knowledge Bandura (1997). Accordingly, economic literacy can be understood as the cognitive resource constructed through self-belief, which directs it toward concrete economic behaviour. A mediation function is therefore anticipated: when financial self-efficacy enhances economic literacy (H4) and economic literacy, in turn, promotes economic behaviour (H5).

H7: Economic Literacy mediates the effect of Financial Self-Efficacy on Economic Behaviour.

METHODS

1. **Research Design**
   This study uses a quantitative methodology with an explanatory survey design to investigate the predictive associations among the research variables (Sugiyono, 2019). In the proposed structural model, digital financial literacy (X1) and financial self-efficacy (X2) are treated as exogenous predictor variables, economic literacy (M) functions as a mediating variable, and economic behavior (Y) is identified as the endogenous outcome variable. Data were gathered using a cross-sectional approach at a single time point. The empirical analysis targeted university students, and primary data were collected from October 1 to October 10 2026, through a structured online questionnaire administered via Google Forms. The final sample included 174 respondents. Questionnaire items were operationalized according to established indicators for each respective variable and assessed using a five-point Likert scale. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software (Ringle et al., 2024), applying a two-stage procedure: assessment of the measurement model (outer model) and evaluation of the structural model (inner model).

2. **Population and Sample**
   The population targeted in this study includes all 300 students from the 2023 cohort at the Faculty of Economics and Business, State University of Surabaya. These participants were chosen because they are members of the "digital native" generation, who use digital financial services directly in their everyday lives. A

cross sectional design was applied in this study (Sugiyono, 2019): an online questionnaire was sent to all 300 students in the cohort through personal WhatsApp messages, yielding 174 completed questionnaires that were collected and analyzed.The only inclusion requirement was being a student enrolled in the 2023 cohort at the Faculty of Economics and Business. Because the sample comprises students from the cohort who took part of their own accord, the results represent only the attributes of those students who responded. Participation was voluntary, and informed consent was obtained on the first page of the questionnaire form. The data reported here are primary data, gathered using a structured questionnaire delivered via Google Forms. The questionnaire items were constructed based on the indicators for each respective variable (Table 2).

3. Data Collection Methods

The data used in this study consist of primary data gathered through a structured questionnaire administered via Google Forms. The questionnaire items were developed using indicators aligned with each variable and were assessed on a five-point Likert scale. The analytical approach adopted in this study includes descriptive statistics and Partial Least Squares Structural Equation Modeling (PLS-SEM) conducted with SmartPLS 4 (Ringle et al., 2024).

4. Research Instruments

The measurement instruments for each variable were adapted from validated scales in prior literature. All items were translated into Indonesian using a forward-and-backward translation protocol to ensure semantic equivalence and contextual alignment with undergraduate students. Responses were scored using a 5-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). Prior to primary data collection, a pilot test was conducted with 30 non-sample students to establish readability and initial psychometric properties. *Digital Financial Literacy* was measured using 19 items adapted from (Chhillar et al., 2025) encompassing basic and advanced digital knowledge, risk management awareness, digital attitude, and digital transaction behavior. *Financial Self-Efficacy* was evaluated using 6 items adapted from (Farrell et al., 2016) capturing student confidence in handling emergency expenses, reaching financial goals, and managing personal finances without unmanageable debt reliance. *Economic Behaviour* was assessed using 8 items adapted from (Narmaditya et al., 2024), measuring dimensions of productive resource planning and consumptive self-restraint. *Economic Literacy* was evaluated using 9 items adapted from (Narmaditya et al., 2024), assessing self-perceived economic knowledge and rational decision-making attitudes. It should be noted that Economic Literacy was measured via self-reported perceptions rather than an objective knowledge test, which represents a potential construct validity limitation that is further acknowledged in the study limitations. An instrument is considered valid if it meets the following criteria : the corvengent validity, composite reliability, and Cronbach;s alpha values must each be above 0,7. Furthermore, the average variance extracted (AVE) value must be above 0,5

Table 2. *Research Instruments and Indicators*

Variable	Items	Instrument source	Indicators
Digital financial literacy (X1)	19	(Chhillar et al., 2025)	Basic digital financial literacy knowledge, advanced digital financial literacy knowledge, digital financial attitudes, digital financial behaviours, digital financial risks and controls.
Financial self-efficacy (X2)	6	(Farrell et al., 2016)	Managing unexpected expenses, achieving financial goals, overcoming financial problems, feeling confident in managing finances, preparing for long-term finances
Economic behaviour (Y)	9	(Narmaditya et al., 2024)	Productive behaviour, consumptive behaviour
Economic literacy (M)	8	(Narmaditya et al., 2024)	Knowledge, attitudes

Behaviour rafer to dimensions of productive and consumptive behaviour, utilising indicators that reflect an understanding of individual economic conduct (Narmaditya et al., 2024). Economic literacy is defined as the ability to apply economic concepts to make better economi decisions; this variable is measured by two indicator; knowledge and attitude (Narmaditya et al., 2024)

5. Data Analysis Techniques

The measurement model (outer model) was evaluated in three steps. Convergent validity was assessed through outer loadings (above 0.70) and average variance extracted (AVE above 0.50). Construct reliability was assessed through Cronbach's alpha and composite reliability (rho_a and rho_c), each of which should exceed 0.70. Discriminant validity was assessed through the heterotrait–monotrait ratio (HTMT), where values below 0.90 indicate that the constructs are empirically distinct (Henseler et al., 2015), and through a comparison of each indicator's loading on its own construct with its cross-loadings on the other constructs (Hair et al., 2019).

The structural model (inner model) was evaluated through collinearity statistics (inner VIF, where values below 5 indicate no collinearity problem), the coefficient of determination (R^2), and the path coefficients. R^2 values of about 0.75, 0.50, and 0.25 are interpreted as substantial, moderate, and weak, respectively (Hair et al., 2019).

Hypotheses were tested through bootstrapping with 5,000 subsamples at a 5% significance level: a path is significant when the t-statistic exceeds 1.96 and the p-value is below 0.05. The mediating role of economic literacy was tested through the specific indirect effects obtained from the same bootstrapping procedure. When an indirect effect is significant, the mediation is classified as partial if the direct effect is also significant and as full if it is not (Zhao et al., 2010). PLS-SEM is a variance-based, non-parametric approach that does not assume normally distributed data; therefore, classical regression assumption tests were not applied, and mediation was tested by bootstrapping rather than by the Sobel test (Hair et al., 2019).

6. Validity and Reliability

To establish the psychometric properties of the measurement model and ensure the robustness of the findings, the data were analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS [version]. The reflective measurement model was evaluated as follows:

6.1 Indicator Validity and Convergent Validity: indicator validity is assessed via *outer loadings*, with a threshold of ≥ 0.70 (Hair et al., 2019). All indicators exhibit loadings on their respective intended constructs: Digital Financial Literacy (X1.1–X1.19) ranges from 0.707 to 0.840; Financial Self-Efficacy (X2.1–X2.6) ranges from 0.742 to 0.842; Economic Literacy (M.1–M.9) ranges from 0.735 to 0.790; and Economic Behavior (Y.1–Y.8) ranges from 0.716 to 0.788. Convergent validity is confirmed by *Average Variance Extracted* (AVE) values exceeding 0.50 for all constructs (DFL = 0.591; FSE = 0.652; EL = 0.589; EB = 0.573).

6.2 Dicriminant Validity: iscriminant validity is examined using three criteria. First, *cross-loadings* indicate that each indicator has its highest loading on its assigned construct compared to other constructs. Second, the Fornell–Larcker criterion is met, as the square root of the AVE for each construct is greater than its correlation with any other construct. Third, the *Heterotrait–Monotrait* (HTMT) ratio is below 0.90 for all pairs of constructs, with the *bootstrapping* confidence intervals excluding the value of 1 (Henseler et al., 2015). These results demonstrate that the constructs are empirically distinct.

6.3 Internal Consistency Reliability: Reliability was assessed using Cronbach's alpha and composite reliability (ρc), with all values exceeding 0.70 (Cronbach's α: Digital financial literacy = [0.962] Financial self-efficacy = [0.898], Economic literacy = [0.913], Economic behaviour = [0.895]

7. Study Limitations

This study acknowledges several methodological and empirical limitations should be taken into account when interpreting and generalizing the results:

7.1 Sample Limitations: The empirical investigation focused exclusively on undergraduate students from a single faculty cohort (Faculty of Economics and Business, Universitas Negeri Surabaya, Class of 2023). While this homogenous sample reduced extraneous background variance, it may constrain the generalizability of the findings to students at other higher education institutions, across non-economic academic disciplines, or among different generational cohorts.

7.2 Methodological Limitations: This study employs PLS-SEM, which is prediction-oriented and does not provide a global goodness-of-fit test comparable to that of covariance-based SEM. Furthermore, indirect effects were tested using bootstrapping, the precision of which depends on the sample size n = 174.

7.3 Common Method Bias and Single-Source Self-Reports: Data for all target variables were collected at the same time using a single self-administered survey instrument, drawing from one respondent source. Although Harman's

single-factor test indicated that Common Method Bias (CMB) did not meaningfully distort the dataset (the first factor accounted for 41.2% of the total variance, which is well under the 50% cutoff), self-reported measures inherently involve risks related to social desirability and response-style biases n addition to Harman's single-factor test, a full collinearity assessment was also conducted. All inner VIF values were below 3.3, indicating that common method bias is not a serious concern

7.4 **Cross-Sectional Survey Design**: The primary data were obtained cross-sectionally at a single point in time, which limits the ability to establish clear temporal causality among Digital Financial Literacy, Financial Self-Efficacy, Economic Literacy, and Economic Behaviour. Accordingly, the observed associations are treated as predictive pathways rather than as strict longitudinal causal processes.

7.5 **Self-Perceived Measurement of Economic Literacy**: Economic Literacy was operationalized and measured through self-reported perception scales rather than an objective, standardized multiple-choice knowledge test. While perception scales reflect subjective cognitive confidence and attitudes, they may not correspond perfectly to objective conceptual economic competence.

RESULT

This study was conductec to examine the influence of Digital financial lieracy and Financial self-efficacy on students' Economic behaviour, with Economic Literacy positioned as a mediation variable. A total 174 respondents valid respondent from the Faculty of Economics and Business, Universitas Negeri Surabaya, class of 2023, partcipaed in the research. The study employed a quantitative approach, beginning with descriptive statistical analysis before proceeding to instrument testing, classical assumption testing, and hypothesis testing using multiple regression analysis and the Sobel test.

Respondent Profile

The demographic characteristics and digital financial service usage patterns of the 153 student respondents are summarized in Table 3.

Table 3. *Demographic and Digital Financial Profile of Respondents (N = 174)*

Attribute	Category	Frequency (n)	Percentage (%)
Gender	Male	82	47,1
	Female	92	52.9
Age	18–19 Years	35	20,1
	20–21 Years	108	62,1
	> 24 tahun	31	17,8
Study Programme	Economic Education (*Pendidikan Ekonomi*)	58	33,3
	Economics (*Ilmu Ekonomi*)	66	37,9
	Development Economics / Management / Accounting	50	28,7
Primary Digital Financial Service Used	Mobile Banking (M-Banking)	75	43,1
	E-Wallets & Mobile Banking (ShopeePay, GoPay, OVO, QRIS)	64	36,8
	Buy Now Pay Later (BNPL) / Paylater Services	35	20,1
Digital Finance Usage Experience	6–12 Months	22	12,6
	> 1 Year – 2 Years	88	50,6
	> 2 Years	64	36,8

Measurement model results (Outer Model)

The analysis at this stage is conducted to determine the validity and reliability of the constructs. The outer model analysis involves assessing both convergent and discriminant validity. For convergent validity, the composite reliability and Cronbach's alpha values for each construct must be greater than 0.7. Furthermore, the average variance extracted (AVE) must be greater than 0.5, and the outer loadings must exceed 0.7. After removing items with values below 0.7. The loading factor values now meet the established criteria, with each value exceeding 0.7; therefore, no further modifications to the model's constructs are required.

Table 4. *Convergent Validity*

	Digital Financial Literacy	Financial Self-Efficacy	Economic Literacy	Economic Behaviour
M.1			0.790	
M.2			0.786	
M.3			0.789	
M.4			0.757	
M.5			0.766	
M.6			0.755	
M.7			0.767	
M.8			0.735	
M.9			0.758	
X1.1	0.750			
X1.10	0.802			
X1.11	0.766			
X1.12	0.715			
X1.13	0.778			
X1.14	0.783			
X1.15	0.762			
X1.16	0.801			

	Digital Financial Literacy	Financial Self-Efficacy	Economic Literacy	Economic Behaviour
X1.17	0.771			
X1.18	0.780			
X1.19	0.788			
X1.2	0.768			
X1.3	0.840			
X1.4	0.784			
X1.5	0.735			
X1.6	0.707			
X1.7	0.743			
X1.8	0.750			
X1.9	0.774			
X2.1		0.830		
X2.2		0.836		
X2.3		0.742		
X2.4		0.820		
X2.5		0.768		
X2.6		0.842		
Y.1				0.775
Y.2				0.753
Y.3				0.788
Y.4				0.727
Y.5				0.716
Y.6				0.783
Y.7				0.724
Y.8				0.785

From Table 4, it is evident that there are 42 indicators across all constructs that satisfy the requirements for convergent validity, since their corresponding loading factor values are greater than 0.7. The Digital Financial Literacy (X1) construct includes 19 indicators, with loading factor values spanning from 0.707 (X1.6) to 0.840 (X1.3). The Financial Self-Efficacy (X2) construct comprises 6 indicators, with values ranging from 0.742 (X2.3) to 0.842 (X2.6). The Economic Literacy (M) construct contains 9 indicators, with values ranging from 0.735 (M.8) to 0.790 (M.1). The Economic Behaviour (Y) construct includes 8 indicators, with values ranging from 0.716 (Y.5) to 0.788 (Y.3).There are no indicators with a loading factor value below 0.7, which means that all indicators satisfy the criteria for convergent validity.

Table 5. *Construct Reliability and Validity*

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Digital Financial Literacy	0.961	0.962	0.965	0.591
Financial Self-Efficacy	0.893	0.898	0.918	0.652
Economic Literacy	0.913	0.913	0.928	0.589
Economic Behaviour	0.893	0.895	0.915	0.573

Table 5, shows that the Cronbach's Alpha value for each construct exceeds 0.7: 0.961 for Digital Financial Literacy, 0.893 for Financial Self-Efficacy, 0.913 for Economic Literacy, and 0.893 for Economic Behavior. Furthermore, the Composite

Reliability values (rho_a and rho_c) for each construct are also greater than 0.7, with rho_a values ranging from 0.895 to 0.962 and rho_c values ranging from 0.915 to 0.965. Thus, the reliability requirements for the developed model have been met, with no issues identified. Additionally, the Average Variance Extracted (AVE) value for each construct is above 0.5: 0.591 for Digital Financial Literacy, 0.652 for Financial Self-Efficacy, 0.589 for Economic Literacy, and 0.573 for Economic Behavior. Consequently, all constructs have met the established thresholds for reliability and convergent validity.

Table 6. *Discriminant Validity*

	Digital Financial Literacy	**Financial Self-Efficacy**	**Economic Literacy**	**Economic Behaviour**
Digital Financial Literacy				
Financial Self-Efficacy	0.605			
Economic Literacy	0.790	0.750		
Economic Behaviour	0.730	0.733	0.818	

Table 6, can be seen that the factor loading value of the indicator on its own construct is higher than the cross loading value of the indicator on other constructs. The loading value of Digital Financial Literacy (X1) ranges from 0.707 to 0.840, Financial Self-Efficacy (X2) between 0.742 to 0.842, Economic Literacy (M) between 0.735 to 0.790, and Economic Behavior (Y) between 0.716 to 0.788. So it can be concluded that all indicators for each variable have met discriminant validity, because each indicator measures its own construct better than other constructs.

Measurement Model Results (Inner Model)

The Structural Model (Inner Model) is used to describe the correlations between latent variables, allowing for an assessment of the model's predictive power. The structural model is evaluated based on the R-square values generated for the dependent constructs, while hypothesis testing results are determined by the P-values associated with these constructs. The R-square values for the constructs are presented below:

Table 7. *R-Square*

	R-square	**R-square adjusted**
Economic Literacy	0.651	0.647
Economic Behaviour	0.623	0.617

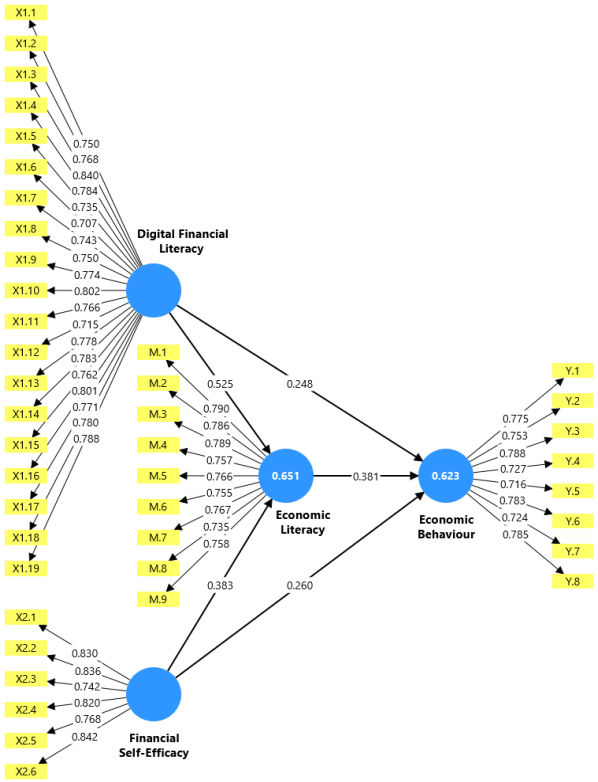


Figure 3. *Structural Model*

Table 7 shows an R-square value of 0.651 for the Economic Literacy (M) construct, indicating that the variables Digital Financial Literacy and Financial Self-Efficacy account for 65.1% of the variance in Economic Literacy, while the remaining 34.9% is explained by variables outside this research model. The R-square value for the Economic Behaviour (Y) construct is 0.623, meaning that the variables Digital Financial Literacy, Financial Self-Efficacy, and Economic Literacy explain 62.3% of the variance in Economic Behaviour, with the remaining 37.7% explained by variables outside the model. Meanwhile, the adjusted R-square values are 0.647 for Economic Literacy and 0.617 for Economic Behaviour, demonstrating that the model remains consistent after accounting for the number of independent variables.

Direct Effects (H1-H5)

Table 8 presents the path coefficients of the direct effects obtained from bootstrapping with 5,000 subsamples. All five direct paths are positive and significant at the 5% level.

Table 8. *Direct Influence*

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Digital Financial Literacy -> Economic Literacy	0.525	0.526	0.079	6.683	0.000
Digital Financial Literacy -> Economic Behaviour	0.448	0.446	0.103	4.354	0.000
Financial Self-Efficacy -> Economic Literacy	0.383	0.376	0.088	4.343	0.000
Financial Self-Efficacy -> Economic Behaviour	0.407	0.408	0.100	4.060	0.000
Economic Literacy -> Economic Behaviour	0.381	0.383	0.119	3.203	0.001

Hypothesis 1:
Ho: Digital Financial Literacy does not have a significant effect on Economic Behaviour.
H1: Digital Financial Literacy has a significant effect on Economic Behaviour.

In the testing of the first hypothesis, a T-statistic value of 2.955 (> 1.96) and a significance value of 0.003 (< 0.05) were obtained; therefore, Ho is rejected. This means that Digital Financial Literacy has a significant effect on Economic Behaviour. The path coefficient (original sample) is positive at 0.200, indicating that Digital Financial Literacy has a positive influence on Economic Behaviour. Higher levels of Digital Financial Literacy are associated with better Economic Behaviour.

Hypothesis 2:
Ho: Financial Self-Efficacy does not have a significant effect on Economic Behaviour.
H2: Financial Self-Efficacy has a significant effect on Economic Behaviour.

In the testing of the second hypothesis, a T-statistic value of 2.413 (> 1.96) and a significance value of 0.016 (< 0.05) were obtained; therefore, Ho is rejected. This means that Financial Self-Efficacy has a significant effect on Economic Behaviour. The path coefficient (original sample) is positive at 0.146, indicating that Financial Self-Efficacy has a positive influence on Economic Behaviour. Higher levels of Financial Self-Efficacy are associated with better Economic Behaviour.

Hypothesis 3:
Ho: Digital Financial Literacy does not have a significant effect on Economic Literacy.
H3: Digital Financial Literacy has a significant effect on Economic Literacy.

In the testing of the first hypothesis, a T-statistic value of 6.683 (> 1.96) and a significance value of 0.000 (< 0.05) were obtained; therefore, Ho is rejected. This means that Digital Financial Literacy has a significant effect on Economic Literacy. The path coefficient is positive at 0.525, indicating that higher Digital Financial Literacy is associated with higher Economic Literacy.

Hypothesis 4:
Ho: Financial Self-Efficacy does not have a significant effect on Economic Literacy.
H4: Financial Self-Efficacy has a significant effect on Economic Literacy.

In the testing of the second hypothesis, a T-statistic value of 4.343 (> 1.96) and a significance value of 0.000 (< 0.05) were obtained; therefore, Ho is rejected. This means that Financial Self-Efficacy has a significant effect on Economic Literacy. The path coefficient is positive at 0.383, indicating that higher Financial Self-Efficacy is associated with higher Economic Literacy.

Hypothesis 5:
Ho: Economic literacy does not have a significant effect on economic behaviour.
H5: Economic literacy has a significant effect on economic behaviour.

In the testing of the fifth hypothesis, a T-statistic value of 3.203 (> 1.96) was obtained, with a significance value (0.001) < 0.05; therefore, Ho is rejected. This means that economic literacy has a significant effect on economic behaviour. The path coefficient is positive at 0.381, indicating that higher economic literacy is associated with better economic behaviour.

Indirect Effects (H6 & H7)

Table 9. *Indirect Influence*

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Digital Financial Literacy -> Economic Literacy -> Economic Behaviour	0.200	0.200	0.068	2.955	0.003
Financial Self-Efficacy -> Economic Literacy -> Economic Behaviour	0.146	0.146	0.061	2.413	0.016

Hypothesis 6:
Ho: Digital Financial Literacy does not have a significant effect on Economic Behaviour through Economic Literacy.
H6: Digital Financial Literacy has a significant effect on Economic Behaviour through Economic Literacy.

In the testing of the sixth hypothesis, a T-statistic of 2.955 (> 1.96) and a significance value of 0.003 (< 0.05) were obtained; therefore, Ho is rejected, and there is a significant indirect effect. This means that Digital Financial Literacy has a significant effect on Economic Behaviour through Economic Literacy. The path coefficient is positive at 0.200, indicating that higher Digital Financial Literacy leads to better Economic Behaviour, supported by higher Economic Literacy. Because the direct effect (H1) is also significant, Economic Literacy acts as a partial mediator.

Hypothesis 7:
Ho: Financial Self-Efficacy does not have a significant effect on Economic Behaviour through Economic Literacy.
H7: Financial Self-Efficacy has a significant effect on Economic Behaviour through Economic Literacy.

In the testing of the seventh hypothesis, a T-statistic of 2.413 (> 1.96) and a significance value of 0.016 (< 0.05) were obtained; therefore, Ho is rejected, and there is a significant indirect effect. This means that Financial Self-Efficacy has a significant

effect on Economic Behaviour through Economic Literacy. The path coefficient is positive at 0.146, indicating that higher Financial Self-Efficacy leads to better Economic Behaviour, supported by higher Economic Literacy. Because the direct effect (H2) is also significant, Economic Literacy acts as a partial mediator.

Table 10 shows the total effects of the two predictors on Economic Behaviour. The indirect effect accounts for about 44.6% (0.200 of 0.448) of the total effect of Digital Financial Literacy and about 35.9% (0.146 of 0.407) of the total effect of Financial Self-Efficacy. For both predictors the direct effect remains larger than the indirect effect (0.248 versus 0.200 and 0.260 versus 0.146).

Table 10. *Total Effects*

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Digital Financial Literacy → Economic Behaviour	0.448	0.446	0.103	4.354	<0.001
Financial Self-Efficacy → Economic Behaviour	0.407	0.408	0.100	4.060	<0.001

In summary, all seven hypotheses are supported. Digital Financial Literacy and Financial Self-Efficacy each have a positive and significant direct effect on Economic Behaviour and on Economic Literacy (H1–H4), Economic Literacy has a positive and significant effect on Economic Behaviour (H5), and Economic Literacy partially mediates the effect of both predictors on Economic Behaviour (H6–H7).

Table 11. *Summary of Hypothesis Testing*

No	Hypothesis	Test result	Decision
H1	Digital Financial Literacy → Economic Behaviour	β = 0.248; t = 2.024; p = 0.043	Supported
H2	Financial Self-Efficacy → Economic Behaviour	β = 0.260; t = 2.778; p = 0.005	Supported
H3	Digital Financial Literacy → Economic Literacy	β = 0.525; t = 6.683; p < 0.001	Supported
H4	Financial Self-Efficacy → Economic Literacy	β = 0.383; t = 4.343; p < 0.001	Supported
H5	Economic Literacy → Economic Behaviour	β = 0.381; t = 3.203; p = 0.001	Supported
H6	Digital Financial Literacy → Economic Literacy → Economic Behaviour	β = 0.200; t = 2.955; p = 0.003	Supported (partial)
H7	Financial Self-Efficacy → Economic Literacy → Economic Behaviour	β = 0.146; t = 2.413; p = 0.016	Supported (partial)

DISCUSSION

The results show that all seven hypotheses are supported. Digital financial literacy and financial self-efficacy each have a positive and significant direct effect on economic behaviour, both strongly predict economic literacy, and economic literacy in turn has a positive and significant effect on economic behaviour. The indirect effects are also significant, so economic literacy acts as a partial mediator: it carries part of the effect of both predictors, while their direct effects remain significant. This

pattern fits Social Cognitive Theory, in which personal factors such as skills, self-belief, and knowledge jointly shape behaviour Bandura (1997), and the Theory of Planned Behaviour, in which perceived control and understanding guide choices (Ajzen, 1991).

The direct effects remain larger than the indirect effects (0.248 versus 0.200 for digital financial literacy and 0.260 versus 0.146 for financial self-efficacy), which suggests that knowledge is an important route but not the only one. Digital skills and financial confidence appear to influence economic behaviour both directly, by enabling students to budget, track spending, and save in practice, and indirectly, by building the economic understanding that guides their choices. The strongest path in the model is the effect of digital financial literacy on economic literacy ($\beta = 0.525$), whereas its direct effect on economic behaviour is the weakest ($\beta = 0.248$).

The impact of digital financial literacy on economic behaviour

Digital financial literacy has a positive and significant effect on students' economic behaviour ($\beta = 0.248$; $t = 2.024$; $p = 0.043$), which supports H1. This is consistent with Social Cognitive Theory, which treats knowledge and skills as personal determinants of behaviour: students who understand the risks of digital transactions, know digital financial instruments, and hold positive attitudes toward digital financial services (Chhillar et al., 2025) are likely to manage their resources more productively and to restrain consumptive behaviour. The finding differs from (Yuneline & Rosanti, 2023), who found no significant partial effect of digital finance use on financial behaviour. A plausible reason is that digital financial literacy in this study covers knowledge, attitudes, behaviour, and risk awareness rather than usage alone, and that the outcome variable and the respondents also differ. The effect is the weakest of the five direct paths and its p-value is close to 0.05, so it should be interpreted with caution. Because the study did not examine which digital services the students used, how digital financial literacy translates into specific spending and saving decisions remains speculative.

The influence of financial self-efficacy on economic behaviour

Financial self-efficacy has a positive and significant effect on economic behaviour ($\beta = 0.260$; $t = 2.778$; $p = 0.005$), which supports H2. This is in line with Social Cognitive Theory, in which efficacy beliefs shape effort and persistence when people face difficulties Bandura (1997) and with (Farrell et al., 2016) who found financial self-efficacy significant for personal finance behaviour. Their sample consisted of adult women in Australia, so generalising to students requires caution. By contrast, (Noor et al., 2020) found no significant effect of financial self-efficacy on financial account ownership in Pakistan. Account ownership is an access-related outcome that differs from the productive and consumptive behaviours measured here, and the socio-economic context is also different; these differences may explain the divergence, although this was not tested.

The Influence of Digital Financial Literacy on Economic Literacy

Digital financial literacy has a positive and significant effect on economic literacy (β = 0.525; t = 6.683; p < 0.001), which supports H3. Using digital financial services repeatedly exposes students to concepts such as interest, fees, inflation, risk, and opportunity cost (Koskelainen & Scornavacca, 2023;Lusardi & Mitchell, 2014) which can gradually broaden their economic understanding. In terms of Social Cognitive Theory, digital financial competence may also give students access to economic information that was previously hard to reach, and through observational learning they may pick up economic ideas from the digital platforms they use. Empirically, (Narmaditya et al., 2024)link digital literacy in general, rather than digital financial literacy specifically, to economic literacy, so the support from that study is indirect.

The Influence of Financial Self-Efficacy on Economic Literacy

Financial self-efficacy has a positive and significant effect on economic literacy (β = 0.383; t = 4.343; p < 0.001), which supports H4. According to Bandura (1997), self-efficacy influences motivation, effort, and persistence. Students who feel confident in handling money are more likely to look for and keep engaging with financial and economic information and to persist when concepts are difficult, which gradually enriches their economic understanding (Zimmerman, 2000). The result also reflects the reciprocal relationship between personal beliefs and cognition described by Social Cognitive Theory: confidence encourages learning, and knowledge in turn strengthens confidence.

The Influence of Economic Literacy on Economic Behaviour

Economic literacy shows a positive but weak association with economic behaviour (β = 0.155; p = 0.048), meaning that H5 receives only marginal support. Prior research has consistently found a positive effect of economic literacy on students' behaviour (Efendi et al., 2019; Mei Lyn & Sahid, 2021; (Narmaditya et al., 2024), so the limited effect observed here warrants further explanation. First, economic literacy was based on self-reports and had a high mean score (4.18 per item), so overconfidence and restricted variability may have diminished its predictive power. Second, economic literacy overlaps substantially in explained variance with the two highly correlated predictors, which reduces its distinct contribution in Model 3. Third, under the Theory of Planned Behaviour, knowledge affects behaviour through attitudes and perceived control (Ajzen, 1991); however, these constructs were not measured, and the effect of knowledge on behaviour is frequently small (Fernandes et al., 2014). Research by (Narmaditya et al., 2024)

The Influence of Digital Financial Literacy on Economic Behaviour via Economic Literacy

Economic literacy partially mediates the impact of digital financial literacy on economic behaviour (H6; indirect effect = 0.200; t = 2.955; p = 0.003). Since the direct effect remains significant as well (H1; β = 0.248), the mediation is partial rather than complete approximately 44.6% of the overall effect (0.448) operates through

economic literacy. This indicates that digital financial skills affect economic behaviour through two channels: directly, by enabling students to budget, monitor spending, and save in practice, and indirectly, by fostering the economic understanding that shapes their decisions. From the perspective of Social Cognitive Theory, exposure to digital financial services introduces students to economic concepts, and this comprehension then promotes more productive behaviour while reducing consumptive behaviour. Earlier studies that employ knowledge or self-efficacy as mediators (Amaral et al., 2024;Deviana et al., 2025) investigated different pathways—for instance, financial self-efficacy mediating the effect of income or financial literacy on financial behaviour—thereby complementing rather than disputing the present result. Practically, learning activities that use digital financial tools should be integrated with instruction on economic concepts.

The Influence of Financial Self-Efficacy on Economic Behaviour via Economic Literacy

Economic literacy also partially mediates the impact of financial self-efficacy on economic behaviour (H7; indirect effect = 0.146; t = 2.413; p = 0.016). Since the direct effect remains significant (H2; β = 0.260), the mediation is partial roughly 35.9% of the total effect (0.407) operates through economic literacy, and the direct pathway is larger than the indirect one. Students who feel confident managing money are more likely to actively look for and persist in seeking economic information (Bandura, 1997; Zimmerman, 2000) and the knowledge gained enables improved spending and saving decisions; at the same time, their confidence also shapes behaviour directly. The indirect effect of financial self-efficacy (0.146) is smaller than that of digital financial literacy (0.200), which may suggest that confidence influences behaviour more through direct action than through knowledge, although this possibility was not tested. Practically, activities that strengthen financial self-confidence, such as budgeting practice with feedback, should be combined with instruction in economic concepts.

CONCLUSION

Based on the results and discussion, it is concluded that digital financial literacy and financial self-efficacy each have a positive and significant effect on students' economic behaviour and on their economic literacy, and that economic literacy has a positive and significant effect on economic behaviour; thus H1 to H5 are supported. Economic literacy also significantly mediates the effect of both digital financial literacy and financial self-efficacy on economic behaviour; thus H6 and H7 are supported. Because the direct effects remain significant, the mediation is partial. The model explains 65.1% of the variance in economic literacy and 62.3% of the variance in economic behaviour, both in the moderate category, so 34.9% and 37.7% of the variance, respectively, is attributable to factors outside the model, such as social norms, peer influence, or family economic conditions.

Based on these findings, several recommendations are proposed. For higher education institutions, programmes should strengthen digital financial literacy and financial self-efficacy together with economic literacy, for example through practice-

based learning that uses digital financial tools, so that skills, confidence, and understanding develop together. For students, actively practising budgeting and saving with the digital financial tools they already use, while deepening their understanding of economic concepts, is likely to support more productive and less consumptive economic behaviour. For lecturers and curriculum developers in economics education, the findings suggest integrating digital financial content into economics and financial education courses.

Future research is advised to (1) measure economic literacy with an objective knowledge test instead of self-reported perceptions; (2) involve students from various faculties, institutions, and cohorts to improve generalisability; (3) use longitudinal or experimental designs to examine the causal order among the variables; and (4) add variables beyond this model, such as social norms, family financial socialisation, or peer influence, to explain the remaining variance in economic behaviour. In practical terms, efforts to improve economic behaviour should prioritize strengthening digital financial skills and financial self-confidence, alongside fostering an understanding of economic concepts. Future research is recommended to test mediation using the bootstrapping method, address indications of multicollinearity, and incorporate additional variables to explain the remaining variation in economic behaviour.

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