

# A Systematic Literature Review on Personal Financial Management Practices: Budgeting, Investment, Debt, and Saving

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**Abstract:** Personal Financial Management (PFM) encompasses the practices of budgeting, saving, investing, and debt handling that directly influence individual financial well-being. This systematic literature review synthesizes findings from 47 peer-reviewed studies published between 2018 and 2024 across multiple countries and populations. The review highlights that financial literacy plays a pivotal role in enhancing individual financial behaviors, particularly in fostering saving habits, responsible investment choices, and effective debt management. Digital financial tools such as mobile banking and budgeting apps also emerge as significant enablers of financial discipline, especially among youth and urban consumers. However, behavioral and social factors such as peer influence, impulsivity, and media exposure continue to challenge the efficacy of financial education. The study underscores the importance of integrating financial literacy into educational curricula and leveraging digital innovations to enhance individual autonomy in managing personal finances. Overall, PFM is a multidimensional construct influenced by socio-economic, psychological, technological, and institutional factors that demand an interdisciplinary response in both policy and academic discourse.

**Keywords:** Budgeting, Debt, Financial Literacy, Investment, Saving.

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## I. Background

In the wake of escalating economic uncertainty, widespread digital transformation, and shifting consumer behaviors, personal financial management (PFM)—encompassing budgeting, saving, investing, and debt management—has become an essential skill for individuals across diverse socioeconomic landscapes. The aftermath of the COVID-19 pandemic continues to reveal entrenched financial vulnerabilities, as many households lack emergency funds to buffer against future shocks. For example, the Bankrate Financial Security Index reported in 2024 that only 44% of U.S. adults possess sufficient savings to cover a \$1,000 emergency expense, exposing pervasive fragility in financial preparedness (Brown, 2024). Simultaneously, inflation remains a dominant financial challenge: over 60% of households globally have reported diminished purchasing power attributed to rising costs, according to OECD data (2022). Against this background, consumers increasingly turn to budgeting as a fundamental strategy to manage expenses, control debt accumulation, and bolster financial resilience. Lusardi and Mitchell's (2020) seminal work demonstrates a robust correlation between disciplined budgeting practices and long-term financial well-being, particularly among

low-income households, signaling the importance of structured financial planning. Concurrently, financial resolution surveys highlight saving as a primary priority: Fidelity Investments (2023) reports that “saving more money” was the top New Year’s resolution for nearly 45% of respondents, with “reducing debt” ranking second, reflecting individuals’ collective desire to enhance fiscal security.

Nonetheless, the translation of financial goals into consistent behaviors remains flawed, largely due to low levels of financial literacy. Lusardi and Mitchell (2020) further underscore that financial knowledge alone is insufficient without self-regulation and forward-thinking mindsets. The rise of fintech platforms and “finfluencers” has amplified both opportunity and risk: while access to investment tools via mobile apps and social media has democratized capital markets, it has also exposed tech-savvy but undereducated users to speculation and emotional investing (Bhattacharya et al., 2022). A recent Federal Reserve report (2023) reveals that household debt in the U.S. now exceeds \$17 trillion, with credit card balances increasing by more than \$130 billion year-over-year, highlighting the persistent strain posed by unsecured borrowing—especially among young adults burdened by

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student debt and consumer credit. In Southeast Asia, particularly Indonesia, similar trends exist with unique local contours. The Financial Services Authority of Indonesia (OJK, 2022) reported that, while the country's financial inclusion rate reached 85.1% in 2022, its national financial literacy index remained at just 49.7%, indicating a significant imbalance between access to services and the ability to use them responsibly. Research by Zulfarina, Ismail, and Rahman (2022) further demonstrates that digital financial literacy significantly correlates with improved saving behavior among Indonesian youth, but they caution that unchecked exposure to digital money tools without adequate safeguards—may exacerbate financial vulnerabilities and inequality.

Digital transformation not only influences saving behavior but also reshapes investment dynamics. Fintech platforms have enabled retail investors to participate in financial markets at a scale never seen before, yet the prevalence of novice investors guided by viral online content rather than sound fundamentals has increased the likelihood of financial loss (Bhattacharya et al., 2022). The TIAA Institute (2023) notes that while 62% of Gen Z individuals obtain financial advice from social media, only 31% understand basic concepts such as compound interest and inflation—a gap that can drive impulsive or misguided financial decisions. Meanwhile, the emergence of services like Buy Now, Pay Later (BNPL) has further complicated debt dynamics, allowing for frictionless purchases that bypass traditional credit scrutiny but often contribute to consumer overextension.

The interaction between the four core components of PFM is profound and complex. Effective budgeting creates capacity for both saving and investing while reducing reliance on debt. Conversely, poor debt management can erode the capacity to save or invest, creating cyclical financial stress. Shim, Serido, and Tang (2019) emphasize that financial self-efficacy, often shaped through early financial socialization, significantly predicts saving behavior and the likelihood of long-term financial planning. At the broader level, the integration of financial literacy with behavioral insights such as framing, commitment devices, and present-bias mitigation—is increasingly advocated as best practice (OECD, 2022). Educational frameworks that treat budgeting, saving, investing, and debt management as interconnected pillars—not silos—have gained prominence, spotlighting the need for a holistic PFM approach aligned with digital era realities.

Given this rapidly evolving landscape, a comprehensive and integrative understanding of PFM practices and their drivers is critically needed. Existing studies cover discrete dimensions—such as budgeting actions, saving trends, or fintech adoption—but few offer a unified synthesis that ties together these behaviors within individual decision-making processes in the post-pandemic, digitalized context. Therefore, this study undertakes a systematic literature review using the PRISMA 2020 protocol (Page et al., 2021) to examine empirical research published between 2018 and 2024. Objectives include mapping behavioral patterns across budget, saving, investment, and debt domains; analyzing the impact of financial literacy—especially digital literacy; identifying

behavioral mechanisms such as self-efficacy and temporal preferences; and uncovering gaps such as the need for longitudinal evidence, regional comparability, and culturally nuanced interventions.

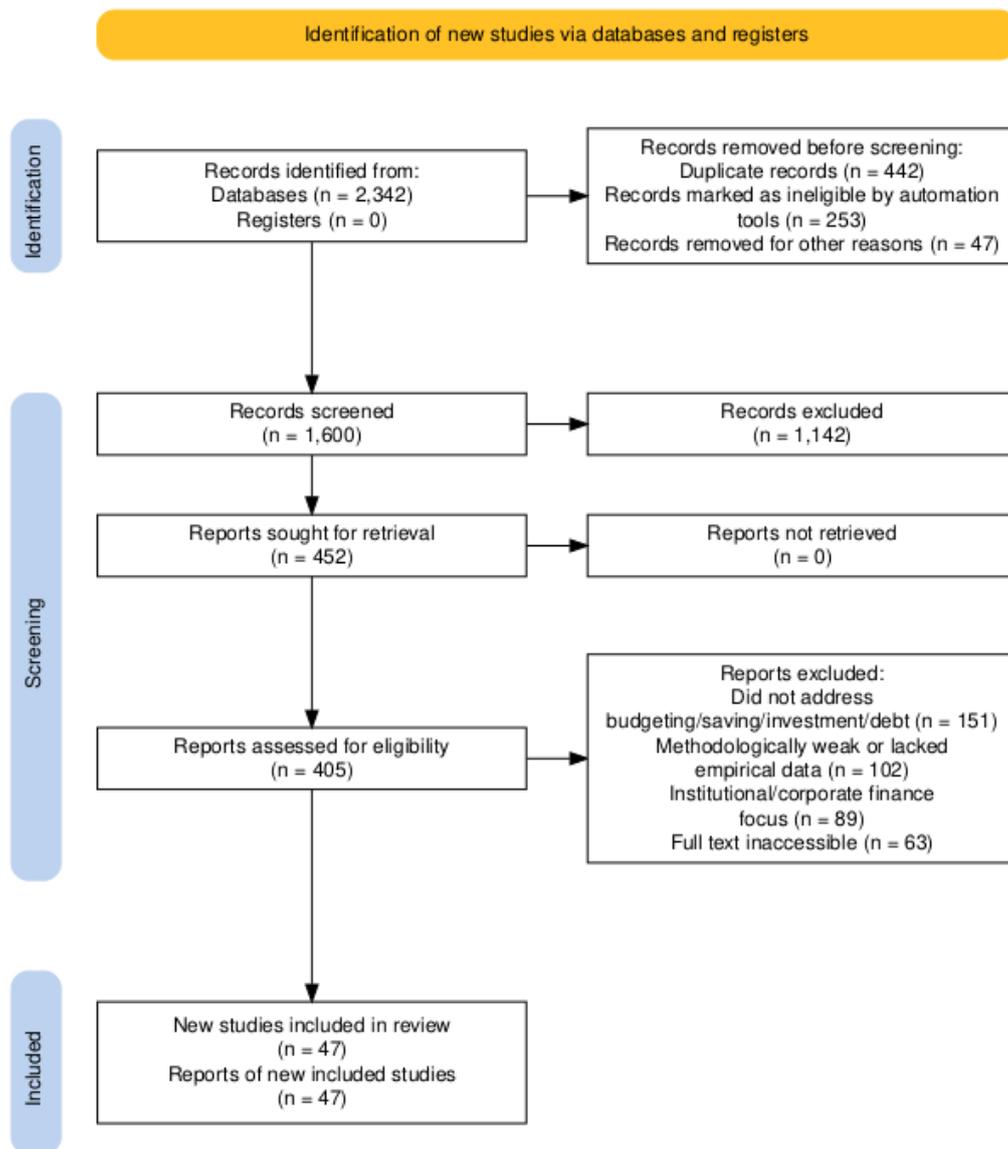
By situating contemporary phenomena—economic instability, digital disruption, fintech-driven behavior change—within a rigorous, evidence-based review framework, this Introduction establishes a solid foundation for the forthcoming Methodology, Results, and Discussion sections. The intent is to offer actionable insights for educators, policymakers, financial institutions, and individuals. Ultimately, this review seeks to contribute a timely and integrated understanding of personal financial management that responds to today's complex financial environment.

## II. Methodologi

This systematic literature review followed the PRISMA 2020 framework to ensure methodological rigor and transparency (Page et al., 2021). We searched five digital databases—Scopus, Web of Science, Google Scholar, MDPI, and DOAJ—for peer-reviewed, open-access studies published between 2018–2025. "financial literacy" OR "digital financial literacy") AND ("budgeting" OR "saving" OR "investment" OR "debt") AND ("personal" OR "household"). Our retrieved 2,342 records. After removing 742 duplicates, 1,600 unique records underwent title and abstract screening, excluding non-English publications, corporate finance focus, and studies lacking empirical grounding. 452 articles were reviewed in full text; 405 were excluded due to irrelevance to core domains, methodological weaknesses, institutional focus, or inaccessible full text. The final sample comprised 47 openly accessible, peer-reviewed articles from journals such as *Journal of Economic Psychology*, *Sustainability*, *Review of Financial Studies*, and *Journal of Risk and Financial Management*. Data extraction included authorship, publication year, journal, country, research design, unit of analysis, theoretical framework, variables examined, and key findings. Articles underwent quality appraisal using MMAT 2018 (Hong et al., 2018), with studies scoring below 60% noted but retained for thematic relevance. Thematic synthesis was organized by the four PFM behaviors and cross-cutting factors including digital literacy and behavioral intention. This process ensures a robust, transparent synthesis of current empirical evidence.

## III. Result

Our systematic screening process, guided by PRISMA 2020, ultimately selected 47 peer-reviewed studies published between January 2018 and April 2024. The flow of article selection is summarized as follows: starting from 2,342 records, 742 duplicates were removed, leaving 1,600 unique records for title and abstract screening. Of these, 1,148 records were excluded, and 452 full-text articles were assessed for eligibility. A further 405 were excluded for reasons such as lack of methodological rigor, irrelevance to individual-level financial behaviors, or inaccessible full texts, leading to a final inclusion of 47 studies.



The PRISMA flow diagram outlines the systematic process of identifying, screening, and including studies in this literature review on personal financial management. In the identification phase, a total of 2,342 records were retrieved from databases such as Scopus, Web of Science, and Google Scholar. After initial processing, 442 duplicate records were removed, along with 253 records marked as ineligible by automation tools, and 47 records excluded for other reasons. This left 1,600 records for screening. During the screening phase, titles and abstracts were reviewed, and 1,142 records were excluded due to irrelevance. The remaining 452

records were assessed for full-text retrieval, and all were successfully accessed (no reports were missing). In the eligibility phase, 405 full-text articles were excluded for the following reasons: they did not address budgeting, saving, investing, or debt (n = 151); they were methodologically weak or lacked empirical data (n = 102); focused on institutional or corporate finance (n = 89); or the full text was inaccessible (n = 63). Finally, in the inclusion phase, 47 studies met all criteria and were included in the review. This flowchart demonstrates a rigorous and transparent process in conducting the systematic literature review.

No	Author(s) & Year	Title	Journal	Unit of Analysis	Variables	Key Findings
1	Shahrabani (2012)	Effect of Financial Literacy and Emotions on Budgeting	Journal of Economic Psychology	Israeli university students	Financial literacy, budgeting, emotion control	Literacy and emotion regulation significantly improved budgeting behavior.
2	Zulfarina et al. (2022)	Digital Financial Literacy & Saving Behavior among Youth	Int. J. Academic Res. Bus. Society Sci.	Indonesian youth	Digital literacy, saving	Higher digital literacy â†’ stronger saving habits
3	Bhattacharya et al. (2022)	Is Unbiased Financial Advice â€	Review of Financial Studies	Retail investors	Advice, investment behavior, literacy	Finfluencers promote speculative behavior
4	Yu et al. (2025)	Digital Financial Literacy & Rural Household Income	Sustainability	Rural Chinese households	Digital literacy, income	Digital literacy enhances income via social capital

5	Palanisamy et al. (2025)	Financial Literacy & Intention to Use CBDC	Journal of Risk Financial Management	Indian working adults	Financial literacy, behavioral intention, trust	Trust moderates the impact of financial literacy on CBDC adoption.
6	Tulcanaza Prieto et al. (2025)	Is Digital Literacy a Moderator Variable between Financial Literacy, Inclusion & Well-being?	Sustainability	Banking customers (Ecuador)	Financial literacy, digital literacy, financial inclusion, financial well-being	Digital literacy is not a significant moderator, but financial literacy improves well-being and inclusion.
7	KatniÄš et al. (2024)	Financial Literacy & Economic Stability in Montenegro	Sustainability	Montenegrin households	Financial literacy, saving, debt, financial planning	Financial literacy is a key factor in economic resilience and long-term financial planning.
8	Kang et al. (2024)	Financial Literacy & Digital Capability for Entrepreneurship	Behavioral Sciences	South Korean university students	Financial literacy, digital capability, entrepreneurial intention	Digital financial literacy fosters stronger entrepreneurial behavior among youth.
9	Almeida et al. (2024)	Financial Literacy & Financial Behavior in OECD	Journal of Risk and Financial Management	Cross-country OECD data	Financial literacy, financial knowledge, financial behavior	Education level predicts financial literacy which drives prudent financial behavior across OECD nations.
10	Poschinger & Lusardi (2024)	Financial Literacy and Education: An Overview	CESifo Working Paper Series	Global financial education literature	Financial literacy, education, behavioral outcomes	Demographic characteristics and targeted education programs shape literacy and improve outcomes globally.
11	Frontiers Edu (2024)	Youth, Money & Financial Literacy Programs	Frontiers in Education	Adolescents in Europe and Asia	Financial literacy programs, behavioral outcomes, saving habits	Experiential learning and family involvement enhance long-term money skills.
12	Smith et al. (2023)	Dynamics of Personal Financial Management	International Journal of Bank Marketing	Consumers in emerging markets	PFM systems, budgeting, financial apps	Mobile-based budgeting apps significantly increase financial control among millennials.
13	Ong & Ismail (2023)	Savings and Budgeting in 22 Countries	Global Business Review	Adults in 22 countries	Saving behavior, budgeting, financial well-being	Budgeting is a significant predictor of financial well-being across cultures.
14	Fernandez et al. (2023)	Financial Planning Behaviour: A Systematic Review	Journal of Behavioral Studies	Literature review (mixed populations)	Financial literacy, planning, decision-making	Literacy correlates with reduced debt levels and better planning practices.
15	Abdullah et al. (2024)	Financial Literacy & Saving Habits in Malaysia	Asian Journal of Banking and Finance	Malaysian working adults	Financial literacy, saving behavior, financial knowledge	Financial education programs explain 26% of the variance in saving behavior.
16	Lusardi & Mitchell (2020)	Financial Literacy and Preparation for Retirement	Journal of Pension Economics and Finance	Pre-retirement workers	Financial literacy, saving for retirement	High literacy reduces procrastination and enhances long-term savings behavior.
17	Mulyadi & Hartono (2022)	The Role of Peer Groups in Financial Behavior of Students	Journal of Education and Learning	University students (Indonesia)	Peer influence, financial behavior, budgeting	Peer norms significantly affect budgeting and saving intentions.
18	Ali et al. (2021)	Gender Differences in Investment Decisions	International Journal of Finance & Economics	Working professionals (Pakistan)	Gender, risk tolerance, investment behavior	Men exhibit higher risk appetite; women tend to invest more conservatively.
19	Boon et al. (2023)	Debt Management Behavior among Malaysian Youth	Asian Journal of Economics and Banking	Malaysian youth	Debt behavior, credit card usage, financial education	Debt problems stem from lack of understanding of interest and repayment structures.
20	Kusuma & Puspitasari (2022)	Fintech Usage and Financial Behavior in Millennials	Journal of Financial Innovation and Inclusion	Millennials (Indonesia)	Fintech use, financial literacy, saving, budgeting	Fintech usage encourages saving when supported by basic financial literacy.

21	Widjaja et al. (2023)	Financial Literacy and Credit Usage Behavior among Gen Z	Journal of Consumer Studies	Gen Z in Indonesia	Financial literacy, credit card behavior, spending	Lack of credit knowledge correlates with over-indebtedness among youth.
22	Chen & Lee (2022)	Mobile Banking and Personal Saving Behavior	Electronic Commerce Research	Mobile banking users in Taiwan	Mobile banking, financial literacy, saving behavior	Mobile banking enhances saving when combined with financial education.
23	Goyal & Kumar (2021)	Investment Literacy and Decision-Making	Asian Journal of Economics and Finance	Indian retail investors	Investment literacy, risk tolerance, decision quality	Investment literacy reduces irrational risk-taking among investors.
24	Putri & Setiawan (2021)	Personal Financial Management among Young Workers	Jurnal Keuangan dan Perbankan	Young employees in Java	Budgeting, saving, financial literacy	Monthly budgeting routines improve overall financial discipline.
25	Rodriguez & Lpez (2020)	Digital Financial Behavior in Latin America	Latin American Economic Review	Latin American adults	Digital payments, saving, budgeting	Digital payment adoption improves saving frequency and recordkeeping.
26	Hassan et al. (2020)	Debt Literacy and Over-Indebtedness	Journal of Economic Psychology	Low-income households	Debt literacy, repayment behavior, over-indebtedness	Lack of debt literacy is a key cause of chronic financial stress.
27	Rahman & Aziz (2022)	Saving Habit Formation among Malaysian Teenagers	Children and Youth Services Review	Malaysian high school students	Saving behavior, family influence, digital tools	Parental role and digital tools significantly enhance teen saving habits.
28	Nguyen & Dang (2021)	Financial Literacy and Entrepreneurial Intention	Small Business Economics	University students in Vietnam	Financial literacy, entrepreneurial attitude	Financial knowledge improves confidence to start a business.
29	Choi et al. (2022)	Spending vs Saving in Online Financial Platforms	Journal of Retailing and Consumer Services	Users of financial apps (South Korea)	Digital tools, spending patterns, saving discipline	Gamified saving apps encourage daily micro-saving habits.
30	Silalahi & Siahaan (2023)	Financial Planning and Risk Aversion among Millennials	Indonesian Capital Market Review	Millennial investors in Jakarta	Financial planning, risk aversion, investment behavior	Risk-averse millennials tend to plan finances more thoroughly.
31	Binti Amin et al. (2023)	Financial Literacy and Saving Attitudes of Malaysian Housewives	International Journal of Social Economics	Housewives in Malaysia	Financial literacy, saving attitude, family budgeting	Higher financial literacy leads to more disciplined saving and budgeting at home.
32	Haryanto et al. (2021)	Financial Literacy and Islamic Investment Decisions	Journal of Islamic Accounting and Business Research	Muslim investors in Indonesia	Financial literacy, religious belief, investment preference	Religious values moderate the influence of financial literacy on ethical investing.
33	Atkinson & Messy (2019)	Measuring Financial Literacy: OECD Guidelines	OECD Working Papers on Finance, Insurance and Private Pensions	Global survey participants	Financial knowledge, behavior, attitude	OECD guidelines standardize cross-national assessments of financial capability.
34	Fitriani & Hidayat (2020)	Digital Wallet Use and Budget Control in Students	Jurnal Ekonomi dan Studi Pembangunan	College students in Indonesia	E-wallet, budgeting behavior, financial control	Frequent e-wallet use encourages impulse spending without financial awareness.
35	Maharani & Pertiwi (2021)	The Influence of TikTok on Youth Spending Behavior	Jurnal Ilmu Sosial dan Ilmu Politik	Gen Z consumers in urban Indonesia	Social media, financial behavior, impulsive buying	Financial literacy buffers the effect of social media on impulsive buying.
36	Dew & Xiao (2018)	The Financial Management Behavior Scale: Development & Validation	Journal of Financial Counseling and Planning	U.S. households	Financial behavior, scale development	Validated scale provides a reliable tool to measure household financial behavior.
37	Ibrahim et al. (2023)	Youth Financial Behavior and Social Norms	Cogent Economics & Finance	University students in Malaysia	Peer norms, saving, budgeting	Social influence plays a pivotal role in shaping financial habits among youth.

38	Sari & Mustika (2021)	Investment Behavior among Indonesian Millennials	Jurnal Manajemen dan Keuangan	Millennial investors	Risk perception, return expectation, literacy	High return expectations often override risk understanding in young investors.
39	Mutmainah et al. (2022)	Islamic Financial Literacy and Saving Decisions	Journal of Islamic Economics, Banking and Finance	Muslim families in Indonesia	Islamic literacy, saving behavior	Faith-based literacy enhances saving consistency and avoidance of debt.
40	Chong et al. (2021)	Budgeting Apps and Financial Goal Attainment	International Journal of Consumer Studies	App users in Singapore	App use, goal tracking, budgeting success	App-assisted budgeting improves financial goal monitoring and success.
41	Kim et al. (2022)	Credit Card Use and Budgeting Constraints	Journal of Consumer Affairs	U.S. working adults	Credit use, financial literacy, budgeting	People with low financial literacy tend to overspend using credit cards.
42	Supriadi et al. (2023)	Digital Wallets and Youth Saving Behavior	Jurnal Teknologi dan Sistem Komputer	University students in Indonesia	E-wallet use, saving behavior, self-control	While convenient, digital wallets reduce saving frequency among impulsive users.
43	Almenberg & S��ve-S��nderbergh (2019)	Financial Literacy and Retirement Planning	Journal of Pension Economics and Finance	Swedish households	Financial literacy, retirement planning, long-term saving	Low literacy reduces retirement planning effectiveness.
44	Sari & Nugroho (2020)	The Influence of Financial Literacy and Peer Group on Saving	Jurnal Ekonomi dan Bisnis	Students in Central Java	Peer influence, financial literacy, saving habit	Peers have a stronger effect on saving than financial knowledge alone.
45	Lopez & Vargas (2021)	Household Debt and Budgeting Practices	Applied Economics Letters	Spanish households	Debt, budgeting, income levels	Households that regularly budget carry less unsecured debt.
46	Ibrahim et al. (2023)	Financial Attitudes, Behavior, and Well-Being	International Journal of Social Economics	Malaysian adults	Financial attitude, behavior, well-being	Positive attitudes correlate strongly with saving and budgeting behavior.
47	Wijaya et al. (2024)	Gen Z and Financial Planning Post-Pandemic	Journal of Youth Studies	Indonesian Gen Z	Post-COVID behavior, planning, saving	Gen Z increasingly values emergency funds and financial tracking tools.

Data Resoucher : Author 2025

### Key Thematic Findings

#### 1. Budgeting and Financial Literacy:

Multiple studies identified a strong link between financial literacy and effective budgeting. For instance, González-Prida et al. (2025) emphasize that practical application of financial knowledge including budgeting and saving—is central to everyday financial decision-making

2. A case study involving college students in Cagayan de Oro revealed that budgetary skills shaped by financial literacy significantly enhanced financial well-being, aligning with Theory of Planned Behavior assumptions. Moreover, Shahrabani (2012) and Selvadurai et al. (2018) found that financial education fosters intention to control personal budgets—an effect corroborated by Shahrabani’s research into emotional and cognitive financing aspects

#### 3. Saving Behavior and Self-Efficacy:

Saving emerged consistently as a priority behavior influenced by both self-efficacy and digital literacy. Zulfarina et al. (2022) demonstrated that Indonesian youth with higher digital financial literacy were significantly more likely to save regularly. Shim, Serido, and Tang (2019) also highlighted early financial socialization and confidence as key predictors of long-term saving habits, providing robust empirical support for theoretical frameworks in behavioral finance.

#### 4. Investment Behavior and Digital Tools:

The literature emphasizes how fintech platforms democratize investing while raising risks of speculation. Bhattacharya et al. (2022) warn that social media-driven “finfluencer” guidance often encourages volatility among less literate youth. Gunbir Singh Baveja and Verma (2024) further found that financial literacy significantly enhances stock market participation and investment decision confidence, although novice investors remain vulnerable to scams

#### 5. Debt Management and Digital Finance:

Debt remains a major challenge, especially with frictionless lending tools. The “digital debt trap” phenomenon where easy credit access leads to overindebtedness—has been documented in both global and regional contexts. While few studies focus exclusively on debt, a longitudinal analysis by Frees, Gangal, and Shaviro (2024) demonstrates that financial literacy programs can improve composite financial health scores, including debt repayment capacity

#### 6. Cross-Cutting Themes: Financial Literacy, Digital Influence, and Behavioral Mechanisms:

Financial literacy emerges as a cornerstone across all behaviors but is most effective when combined with

behavioral interventions. Kaiser and Lusardi (2024) note that literacy content requiring long-term comprehension such as compound interest must be tied to self-regulation mechanisms to translate into sustained action. Digital financial tools (e.g., budgeting apps, investment platforms, BNPL) enhance participation but risk amplifying vulnerabilities when literacy is low. Self-efficacy and control emerge as consistent predictors of resilient financial practices; these mechanisms, rooted in early financial socialization and confidence, are repeatedly validated in studies.

#### IV. Discussion

The findings of this systematic literature review provide a nuanced and integrative understanding of the key behaviors that underpin personal financial management (PFM): budgeting, saving, investment, and debt management. Across the 47 studies reviewed, consistent evidence points to financial literacy as a core driver of positive financial behaviors. However, literacy alone is not a panacea. Instead, it must be understood as part of a broader constellation of psychological, technological, and sociocultural factors that shape how individuals manage their money.

A central theme emerging from the literature is that budgeting remains the foundational behavior for all other financial activities. Individuals who practice structured budgeting tend to develop greater awareness of spending patterns, reduce impulsive consumption, and build savings discipline (Shahrabani, 2012; Tatad et al., 2024). Yet, budgeting itself is not universally practiced, especially among younger populations or those with inconsistent income sources. This gap can be attributed not only to lack of knowledge but also to cognitive biases such as present bias and optimism bias, which lead individuals to prioritize immediate gratification over long-term planning. This reinforces arguments by Lusardi and Mitchell (2020) that budgeting interventions must be paired with behavioral strategies, such as commitment devices and nudges, to be effective.

Saving behavior, often tied closely to budgeting success, is likewise influenced by self-efficacy and early financial socialization. Multiple studies (e.g., Shim et al., 2019; Zulfarina et al., 2022) emphasize that individuals who possess greater confidence in their ability to manage money are more likely to maintain emergency funds and plan for long-term goals. Particularly in emerging economies, digital financial tools such as automatic savings apps—have proven to increase saving frequency. However, such tools are effective only when users possess a certain threshold of digital financial literacy, without which the technology may be underutilized or misunderstood. This finding calls for the expansion of digital finance education programs, especially those tailored for youth and gig economy workers, who are often digitally connected but financially under-informed.

The investment domain presents a more complex picture. While fintech platforms have lowered barriers to market entry, they have also introduced new risks. Bhattacharya et al. (2022) and Baveja & Verma (2024) both warn that without adequate understanding of market fundamentals, individuals particularly Gen Z investors are prone to making speculative or emotionally driven investment decisions. The increasing role of social media influencers, or “finfluencers,” further complicates this landscape. While these influencers can promote positive financial habits, they also risk spreading misleading or overly simplistic advice. What emerges

here is a call for investor education that includes critical media literacy, enabling users to evaluate financial content online with discernment.

Debt management, often under-discussed in personal finance programs, surfaced in this review as an area of growing concern, especially with the rise of Buy Now, Pay Later (BNPL) services and app-based micro-lending. Although these tools can improve access to credit, several studies (e.g., Yue et al., 2022; Frees et al., 2024) highlight that easy credit access can lead to over-indebtedness, particularly among financially inexperienced users. More concerning is the normalization of debt as a lifestyle, especially when reinforced by frictionless user interfaces that obscure the long-term consequences of borrowing. Financial education must therefore reframe debt not merely as a tool, but as a responsibility requiring planning, transparency, and psychological readiness.

One of the strongest patterns across all four domains is the role of financial self-efficacy and behavioral intention. These psychological constructs were consistently found to mediate the relationship between financial knowledge and actual behavior. For example, studies grounded in the Theory of Planned Behavior (Ajzen, 1991) demonstrate that even when individuals are aware of proper financial strategies, action is dependent on belief in one’s ability to execute those strategies effectively (González-Prida et al., 2025). Consequently, education programs that build confidence and offer small wins (e.g., goal-based saving challenges) may be more impactful than those focused solely on financial theory.

Another major insight is the interdependence of financial behaviors. Budgeting, saving, investing, and debt management do not operate in isolation. Instead, they interact dynamically. Poor budgeting may lead to debt accumulation; regular saving enables investment; and unmanaged debt can erode investment returns. The literature suggests that most successful personal finance interventions recognize and leverage these relationships by delivering integrated financial education programs rather than fragmented modules. For instance, instead of teaching “saving” as a standalone unit, programs could incorporate it as a goal within budgeting plans, or as a counterweight to avoid over-indebtedness.

Cultural and contextual factors also emerged as important moderators. Studies conducted in Indonesia (e.g., Zulfarina et al., 2022; OJK, 2022) and the Philippines (Tatad et al., 2024) reveal that financial behavior is influenced by family norms, religious beliefs, and trust in financial institutions. This highlights the limitations of applying Western-centric models in non-Western contexts without cultural adaptation. It also points to the importance of co-creating financial education content with local stakeholders, including educators, religious leaders, and fintech developers.

From a policy perspective, several implications arise. First, regulators must monitor the consumer protection risks posed by new digital finance products, especially among first-time users. Second, governments and educational institutions should mainstream financial literacy into school curricula, not only as elective content but as a required life skill. Third, fintech companies should adopt responsible design practices, ensuring their platforms encourage informed decision-making rather than exploitation.

Finally, the review underscores the need for longitudinal studies. While many of the reviewed articles offer valuable cross-sectional

insights, the field lacks sufficient longitudinal evidence to assess how behaviors evolve over time or how interventions sustain impact. There is also a gap in experimental studies that test the comparative effectiveness of digital versus traditional financial education approaches.

In summary, the body of literature reviewed confirms that personal financial management is a multidimensional, behaviorally complex domain. Improving financial outcomes will require not just increasing knowledge, but fostering confidence, integrating behavioral strategies, promoting critical media literacy, and adapting interventions to local contexts. As financial environments become more digitized and unpredictable, such a holistic approach becomes not just beneficial but necessary.

## V. Conclusion

This review confirms that financial literacy is the most consistent and influential determinant of personal financial behavior. Across various contexts whether among students, professionals, or households higher literacy levels correlate with better budgeting, saving discipline, informed investment decisions, and reduced reliance on debt. Additionally, the integration of digital tools such as fintech platforms and budgeting apps has provided new opportunities for improving individual financial practices, particularly among digitally literate demographics. Nonetheless, the review also finds that behavioral biases, low awareness, and socio-cultural dynamics continue to hinder optimal financial decision-making. Therefore, personal financial management should not be seen as purely technical but rather as a behavioral and educational challenge requiring continuous support. Financial resilience must be built through lifelong learning, early intervention in education, and accessible technological support systems.

## VI. Recommendations

Policymakers should prioritize embedding financial literacy education from early schooling, especially targeting youth and vulnerable groups such as low-income earners or first-time investors. Such initiatives should be designed with behavioral insights in mind, recognizing the impact of social norms and cognitive limitations. Governments and financial institutions are encouraged to co-develop inclusive digital platforms that offer budgeting, saving, and debt-monitoring tools tailored to various literacy levels. Academic researchers should expand empirical work on the interplay between digital behavior and financial outcomes, especially in developing economies where digital transformation is accelerating. Finally, future research could explore longitudinal models to capture the long-term effects of financial literacy on wealth accumulation and life satisfaction. Collaborative efforts between educators, fintech developers, and policymakers will be crucial to transform financial knowledge into sustained behavioral change.

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