

CONSUMER FINANCIAL BEHAVIOR: MEDIATING ROLE OF RISK TOLERANCE AND MODERATING ROLE OF EMOTIONAL INTELLIGENCE

Garnet Dana Wiranata*, T. Ezni Balqiah
Universitas Indonesia, Indonesia

Citation (7th APA): Wiranata, G. D., & Balqiah, T. E. (2026). Consumer Financial Behavior: Mediating Role of Risk Tolerance and Moderating Role of Emotional Intelligence. *Jurnal Minds: Manajemen Ide Dan Inspirasi*, 13(2), 570–590. <https://doi.org/10.24252/minds.v13i2.63194>

Submitted: 03 December 2026

Revised: 04 February 2026

Accepted: 13 March 2026

Published: 20 August 2026



Copyright: © 2026 by the author.

ABSTRACT: This study examines the influence of psycho-social factors (e.g., trust, family financial socialization) and cognitive factors (e.g., financial literacy) on financial risk tolerance and consumer financial behavior. It also investigates financial risk tolerance as a mediator on specific pathways (especially trust and family financial socialization) as well as emotional intelligence as a moderator that influences the power of financial literacy influence on risk tolerance and behavior. Using a survey of 349 respondents who were deliberately sampled to test a series of hypotheses, the data was analyzed through Structural Equation Modeling-Partial Least Squares (SEM-PLS). Results showed trust and family socialization significantly affected risk tolerance, while financial literacy, threats, deliberative thinking, and optimism did not. Financial literacy, family socialization, and risk tolerance directly affect behavior. Risk tolerance mediates the effects of trust and socialization on behavior, and emotional intelligence moderates (in a negative direction) the impact of literacy.

Keywords: Psychosocial; Financial literacy; Emotional Intelligence; Financial Risk Tolerance; Financial Behavior

*Corresponding Author: garnetdanawiranata96@gmail.com

DOI: <https://doi.org/10.24252/minds.v13i2.63194>

ISSN-E: 2597-6990

ISSN-P: 2442-4951

<http://journal.uin-alauddin.ac.id/index.php/minds>

Publisher: Department of Management, Alauddin State Islamic University Makassar, Indonesia

INTRODUCTION

The growth of people's access to various financial products ranging from savings, credit, insurance, to digital investments, has made financial decisions more and more often made by individuals in their daily lives. However, increased access is not always followed by an adequate understanding of risks. In this context, financial behavior (e.g., expense management, debt control, saving decisions, and investment decisions) is an important issue because it affects an individual's financial stability as well as the quality of long-term decision-making (Song et al., 2023; Lusardi & Mitchell, 2007; Owusu, Korankye, Yankah, & Donkor, 2023).

One of the key psychological mechanisms that bridges the decision-making process is financial risk tolerance (FRT), which is the maximum level of uncertainty that an individual can accept when choosing an alternative to financial decisions (Grable, 2000). FRT is important because it influences an individual's preference for risky products (e.g. stocks) over conservative products (e.g. savings or deposits), as well as relates to more proactive financial behaviors such as investing and financial planning (Finke & Huston, 2003; Heo et al., 2021). Although a number of studies suggest that FRT is influenced by demographic and economic factors, recent empirical evidence confirms that FRT is also shaped by psychosocial and cognitive factors, but its strength and consistency can vary across contexts and populations (Owusa et al., 2023; Song et al., 2023).

The financial behavioral literature shows that financial decisions are not only driven by knowledge (e.g. financial literacy), but also by psychological and social factors. On the psychological side, constructs such as belief, financial threats, optimism, and deliberative thinking can influence the way individuals evaluate risk and shape decision preferences (Kahneman & Tversky, 2018; Owusu, Korankye, Yankah, & Donkor, 2023). On the social side, family financial socialization plays a role as a process of learning financial values, habits, and norms that are carried over into adulthood, so that they can form financial behavior patterns (Gudmunson & Danes, 2011; Zhao & Zhang, 2020). Nevertheless, empirical findings on which factors most consistently influence FRT and financial behavior are still mixed, especially when applied to different age groups and country contexts.

Based on these gaps, this study focuses on the dynamics of consumer behavior in the context of financial products in the Millennial Generation and Gen Z in Indonesia, emphasizing two conceptual contributions. First, this study examines the influence of psychosocial factors (family financial trust and socialization) and cognitive factors (financial literacy) on financial behavior, and places FRT as a selective mediation mechanism, which is hypothesized to mainly explain the influence on certain pathways (especially pathways departing from psychosocial/social factors), not as a universal mediator for all predictors (Owusa et al., (2023)). Second, this study examines emotional intelligence (EI) as a moderator variable that can change the strength of the influence of financial literacy on FRT and financial behavior. Theoretically, EI is related to the ability to regulate emotions when facing uncertainty, so that it has the potential to strengthen or even weaken the impact of financial knowledge in actual decisions (Goleman, 2006; Lopes, 2016; Song et al., 2023).

Operationally, this study uses a survey of Millennial and Gen Z respondents who actively use financial products. With this framework, the research is expected to provide two main outputs: (1) mapping the most consistent factors shaping financial behavior in productive age groups, and (2) understanding the mechanisms of how and when financial literacy works, whether through risk tolerance, and whether its power changes at a certain level of emotional intelligence. These findings are relevant for financial literacy program developers, financial services institutions, and policymakers in designing interventions that not only increase knowledge, but also consider psychosocial aspects and emotion regulation in financial decisions.

THEORETICAL OVERVIEW

Psycho-Social Factors (Psychological & Social Environment)

Psychosocial theory, also known as biopsychosocial, is a concept that combines psychological and social aspects in understanding human behavior (Grable & Joo, 2004). It focuses on how social factors, such as environment, interactions with others, cultural norms, and

group influences, interact with individual psychological processes, such as emotions, cognition, and personal development (Kim & Garman, 2004). This theory is often used to understand various phenomena such as identity formation, moral development, behavior and individual adjustment in society (Grable & Joo, 2004). Based on the explanation above, there are several specific psychosocial factors described in this study including Financial Threats, Optimism, Trust, Deliberative Thinking, & Family Financial Socialization.

As a basis for explaining the relationship between constructs, this study combines Prospect Theory (PT) and Theory of Planned Behavior (TPB). PT emphasizes that risk preferences are formed by the way individuals evaluate potential gains and losses, making it relevant to explain the formation of financial risk tolerance from psycho-social factors such as trust and family socialization experiences (Kahneman & Tversky, 2018). Meanwhile, the SDGs view behavior as the result of perceived attitudes, subjective norms, and behavioral controls; In this context, financial literacy can be understood as a source of perceived behavioral control, while family socialization and social beliefs are related to the formation of norms and beliefs that encourage behavior (Ajzen, 2011). Thus, financial risk tolerance is positioned as a psychological mechanism that links some predictors to behavior, while emotional intelligence is understood as an emotional regulatory capacity that can change the power of knowledge influence in financial decisions (Goleman, 2006; Lopes, 2016).

The Effect of Financial Literacy on Financial Risk Tolerance and Financial Behavior

Financial literacy is an individual's ability to understand and apply financial concepts in daily activities (Servon & Kaestner, 2008). Research shows that education level is not always directly correlated with financial literacy level (Song et al., 2023). However, financial literacy has been shown to be a factor that affects financial risk tolerance (Yong & Tan, 2017; Tang & Baker, 2016) and positively correlated with financial risk tolerance (Bannier & Neubert, 2016; Bayar et al., 2020). Based on the above explanation, the researcher proposes the hypothesis.

H1a: Financial Literacy has a positive effect on Financial Risk Tolerance.

Understanding financial products and services is an important step in forming good financial behavior. Good financial literacy helps individuals develop positive financial behaviors, which contribute to long term well-being (Hastings et al., 2013). Positive perceptions of financial ability drive better decision making (Chung & Park, 2019).

H1b: Financial Literacy has a positive effect on Financial Behavior.

The Effect of Financial Threats on Financial Risk Tolerance

Financial threats refer to uncertainties in financial conditions that can affect an individual's ability to manage risk, especially during economic downturns (Adamus & Grežo, 2021). Research shows that financial threats are associated with economic hardship, decreased mental health, anxiety, and stress (Mamun et al., 2020; Viseu et al., 2021). Lead Theory Tversky & Kahneman (1973) explains that financial decision-making is influenced by the perception of financial risks and threats. Based on the above explanation, the researcher proposes the following hypothesis:

H2: Financial Threats have a positive effect on Financial Risk Tolerance.

The Effect of Optimism on Financial Risk Tolerance

Optimism plays an important role in influencing financial behavior and financial investments. Studies show that optimistic individuals tend to have good hopes, save more, and exhibit positive financial behaviors (Angelini & Cavapozzi, 2017). In Prospect Theory (PT), optimism is also considered the key to increasing financial risk tolerance (Thanki et al., 2022).

H3: Optimism has a positive effect on Financial Risk Tolerance

The Effect of Trust on Financial Risk Tolerance

Trust is an important element in financial risk-taking, both as a determinant and a consequence of financial risk tolerance (Rahman, 2019). Based on Prospect Theory (PT),

individuals with a high level of trust tend to be more sincere in taking financial risks (Brooks & Williams, 2021). The higher the risk taken, the more trust can develop.

H4: Trust has a positive effect on Financial Risk Tolerance.

The Effect of Deliberative Thinking on Financial Risk Tolerance

The literature shows that deliberative thinking helps decision-makers to compare alternatives, estimate the probability of outcomes, and conduct a cost-benefit analysis before making a choice (Regier et al., 2019). Research also supports that deliberative thinking leads to better decisions (Moxley et al., 2012). Based on Prospect Theory (PT), deliberative thinking is an important factor in making logical financial decisions.

H5: Deliberative Thinking has a positive effect on Financial Risk Tolerance.

The Effect of Family Financial Socialization on Financial Risk Tolerance and Financial Behavior

Previous research has limited family financial socialization to early life through college, but recent research suggests that this process can extend into adulthood (Gudmunson & Danes, 2011). Good family relationships increase the effectiveness of financial socialization, promote financial literacy, financial behavior, and individual financial well-being (Zhao & Zhang, 2020). Other research has also shown a positive relationship between family financial socialization and financial behavior (Lanz et al., 2020a; Ullah & Yusheng, 2020).

H6a: Family Financial Socialization has a positive effect on Financial Risk Tolerance.

H6b: Family Financial Socialization has a positive effect on Financial Behavior.

The Effect of Financial Risk Tolerance on Financial Behavior

Several previous studies have found that there is a correlation and relationship between financial risk tolerance and financial behavior. From this study, most tested this relationship by considering one aspect of financial behavior. Some studies, for example, are proposed by Finke & Huston (2003) stating that individuals who have a risk tolerance are more likely to invest in stocks than individuals who are afraid of risk. Similarly, research proposed by Corter & Chen (2006) a positive relationship between financial risk tolerance and financial investment in risky assets. Based on the theory of prospects (PT), a person's financial risk tolerance can affect the individual's financial behavior.

H7: Financial Risk Tolerance has a positive effect on Financial Behavior.

Mediation of Financial Risk Tolerance to the Influence of Predictive Factors on Financial Behavior

To avoid overly broad interpretation, financial risk tolerance mediation in this study is treated as a mechanism that empirically only works on certain pathways. Therefore, the discussion of mediation is focused on the data-supported pathways (e.g., trust and family financial socialization), while other mediation pathways are treated as exploratory findings. Financial literacy has a positive impact on financial risk tolerance, which in turn affects financial behavior (Iqbal et al., 2023; Tharayil, 2023). A good understanding of financial risks allows individuals to be more comfortable with reasonable risks and make wise financial decisions (Song et al., 2023). Increased financial literacy promotes risk tolerance and better financial behavior.

H8a: Financial Risk Tolerance positively mediates the influence of Financial Literacy on Financial Behavior.

Financial threats, such as the threat of poor economic prospects, significantly affect financial risk tolerance and financial behavior. Market threats encourage individuals to take greater risks to get quick rewards (Owusa et al., (2023) and invest with the belief that risk is necessary for profit (Weaver et al., 2013). In addition, financial risk tolerance partially mediates the impact of financial threats on financial behavior (H. Nguyen et al., 2016).

H8b: Financial Risk Tolerance positively mediates the effects of Financial Threats on Financial Behavior.

Financial optimism, which is an overestimation of favorable financial outcomes, has a positive effect on risk tolerance and financial behavior. Optimistic individuals tend to choose riskier investments, increase debt, and have larger mortgages, indicating higher risk tolerance. Optimism is also influenced by factors such as personality and the way information is presented (Hirvonen, 2018) and positively correlated with risk tolerance, especially in men (Balasuriya et al., 2013). This suggests that optimism drives risk preferences and influences financial behavior and investment decisions.

H8c: Financial Risk Tolerance positively mediates the effects of Optimism on Financial Behavior.

Trust plays an important role in financial risk tolerance and financial behavior (Aeknarajindawat, 2020; Oehler et al., 2023; Rahman, 2019). Trust in others and the services of financial advisors has been shown to increase risk tolerance, which positively influences investment decisions and financial behavior (L. T. M. Nguyen et al., 2016; Rahman, 2019). These findings confirm the importance of trust in shaping an individual's risk tolerance and financial behavior.

H8d: Financial Risk Tolerance positively mediates the effects of Trust on Financial Behavior.

Deliberative thinking contributes positively to the acceptance of financial risk, which in turn influences financial behavior. Individuals with deliberative thinking tend to be more able to accept the financial risks necessary to achieve financial goals (Bunyamin & Abdul Wahab, 2022; Lucarelli & Brighetti, 2010). This increased acceptance of risk can support more informed and profitable financial decision-making (Verkuyten et al., 2023).

H8e: Financial Risk Tolerance positively mediates the effects of Deliberative Thinking on Financial Financial Behavior.

Family financial socialization plays an important role in shaping financial behavior directly or through mediating factors such as financial efficacy, financial literacy, and psychological attributes (Goyal et al., 2023; Ndou & Ngwenya, 2022). Family financial socialization also affects individual financial outcomes, including financial literacy, behavior, and well-being (Vijaykumar, 2022). Although not explicitly mentioned, the interaction between family socialization, psychological characteristics, and financial behavior showed an indirect influence on financial risk tolerance.

H8f: Financial Risk Tolerance mediates the influence of Family Financial Socialization on Financial Financial Behavior.

Emotional Intelligence Moderation on the Effect of Financial Literacy on Financial Risk Tolerance and Financial Behavior

According to Goleman (2006), high emotional intelligence (EI) helps individuals make better financial decisions by improving behavioral controls, including financial risk tolerance. (Dhiman & Raheja, 2018) emphasizing that EI is an important skill for investors in dealing with financial risks. Study by Song et al. (2023) also showed that EI moderated the relationship between financial literacy and financial risk tolerance, with high EI strengthening the relationship.

H9a: Emotional Intelligence moderates (in a negative direction) the influence of Financial Literacy on Financial Risk Tolerance; the higher the Emotional Intelligence, the weaker the influence of Financial Literacy on Financial Risk Tolerance.

In addition, EI also strengthens the influence of financial literacy on financial behavior. Studies in Pakistan and Indonesia highlight that high EI supports better financial decision-making, especially in influencing women's financial behavior (Iqbal et al., 2023; Song et al., 2023). These findings confirm the importance of EI in shaping individual financial behavior.

H9b: Emotional Intelligence moderates (in a negative direction) the influence of Financial Literacy on Financial Behavior; the higher the Emotional Intelligence, the weaker the influence of Financial Literacy on Financial Behavior.

RESEARCH METHODS

In this study, a data collection process was carried out, where the type of data used in this study includes primary data. This study uses a quantitative method with descriptive analysis. In carrying out the sampling process, this study will use the purposive sampling method with the process of distributing questionnaires online through social media and chat applications (WhatsApp) to get respondents. The criteria for respondents in this study include being between 25 years old - 43 years old in 2024 and being an Indonesian citizen, having financial products from various financial institutions and the like currently (debit cards, credit cards, loans, deposits, investments, life insurance, home insurance, vehicle insurance), and having made financial-related plans such as cash planning, credit, savings plans (marriage, child education, business, retirement, etc.), investments, and insurance. The object of this research is the Millennial generation and generation Z who are Indonesian citizens wherever they currently live. Based on data collection conducted through an online survey, 349 respondents were obtained who met the criteria, so that the response rate of this study was 87.25%. Because the study used purposive sampling and online questionnaire distribution, these findings are contextual and cannot be generalized to represent the entire population of Indonesia.

Based on the existing conceptual model, this study has 9 variables, namely financial literacy (FL), financial threat (FTS), optimism (OPT), trust (TR), deliberative thinking (DET), family financial socialization (FFS), emotional intelligence (EI), financial risk tolerance (FRT), and financial behavior (FB). In measuring the existing variables, this study will use a Likert scale of 7 (seven) points with the interpretation of the smallest, medium, and largest values in it (1 = strongly disagree, 5 = neutral, and 7 = strongly agree). The use of 7 (seven) Likert scales corresponds to (Blerkom, 2017), from 3 (three) to 11 (eleven) scale measurements, the 7 (seven) scale is the most frequently used, as well as the selection of in-depth evaluation for the level of causality and respondents is the reason for using the 7 (seven) point Likert scale so that the answers to the items in the study will be more representative.

RESULTS

From the bootstrapping results shown in Figure 1, it can be seen that from a total of 11 (eleven) direct variable relationships and based on the details of the dimensions of the Emotional Intelligence and Financial Behavior variables from the research model, it was found that there were 7 (seven) relationships between variables that were accepted and had a high level of significance while as many as 5 (five) relationships between variables were not accepted with a low level of significance. A p-value smaller than 0.05 indicates that the hypothesis is accepted and a number greater than 0.05 indicates that the hypothesis is rejected.

In Figure 1, it can be seen that the path coefficient test with the largest value is on the effect of Emotional Intelligence moderation on the relationship between the Financial Literacy variable and Financial Behavior, namely with a statistical value of t 4.768 with a p value of 0.000. For insignificant variables, namely in the relationship between Financial Literacy, Financial Threats, Deliberative Thinking about Financial Risk Tolerance, in some of the results of the analysis of the path coefficient with high significance but with negative path coefficient values, namely the influence of Emotional Intelligence moderation on the relationship between Financial Literacy and Financial Behavior. Further discussion of hypothesis testing will be discussed in the next sub-chapter.

Hypothesis Test

The hypothesis testing process is carried out at the stage after the analysis of the measurement model test and the structural model test analysis. The hypothesis testing stage was carried out on the Smart PLS 4 application by incorporating a bootstrapping process carried out using the one tailed method with a significance tolerance of 0.05. The significance effect can be seen from the p-value where the p-value < 0.05 indicates that the hypothesis is acceptable. The results of the Hypothesis Test can be seen in Table 1 below.

Based on table 1, it shows that Family Financial Trust and Socialization have a significant influence on Financial Risk Tolerance, on the other hand, based on the results of data processing,

it shows that Financial Literacy, Financial Threats, Optimism, and Deliberative Thinking do not have a significant influence on Financial Risk Tolerance. From the relationship of other variables, it is shown that Financial Literacy and Family Financial Socialization have a significant influence on Financial Behavior. For Financial Risk Tolerance, it seems to have a significant influence on Financial Behavior. For the mediating role of Financial Risk Tolerance, only the variable relationship of Trust and Family Financial Socialization has a positive influence on the influence of predictive factors on Financial Behavior. For the moderation effect of Emotional Intelligence, it has an influence on the relationship between Financial Literacy on Financial Risk Tolerance and Financial Behavior.

Table 1. Hypothesis Test

H	Hypothesis	Effects	t-value	p-value	Decision
H1a	Financial Literacy → Financial Risk Tolerance	0.085	1.285	0.099	Rejected
H1b	Financial Literacy → Financial Behavior	0.164	3.383	0.000	Accepted
H2	Financial Threats → Financial Risk Tolerance	0.057	0.921	0.179	Rejected
H3	Optimism → Financial Risk Tolerance	-0.025	0.304	0.381	Rejected
H4	Trust → Financial Risk Tolerance	0.115	1.895	0.029	Accepted
H5	Deliberative Thinking → Financial Risk Tolerance	-0.015	0.225	0.411	Rejected
H6a	Family Financial Socialization → Financial Risk Tolerance	0.176	2.882	0.002	Accepted
H6b	Family Financial Socialization → Financial Behavior	0.108	2.196	0.014	Accepted
H7	Financial Risk Tolerance → Financial Behavior	0.092	2.085	0.019	Accepted
H8a	Financial Literacy → Financial Risk Tolerance → Financial Behavior	0.008	1.096	0.136	Rejected
H8b	Financial Threats → Financial Risk Tolerance → Financial Behavior	0.005	0.768	0.221	Rejected
H8c	Optimism → Financial Risk Tolerance → Financial Behavior	-0.002	0.28	0.39	Rejected
H8D	Trust → Financial Risk Tolerance → Financial Behavior	0.011	1.285	0.099	Accepted
H8th	Deliberative Thinking → Financial Risk Tolerance → Financial Behavior	-0.001	0.209	0.417	Rejected
H8f	Family Financial Socialization → Financial Risk Tolerance → Financial Behavior	0.016	1.653	0.049	Accepted
H9a	Emotional Intelligence x Financial Literacy → Financial Risk Tolerance	-0.03	2.172	0.015	Accepted
H9b	Emotional Intelligence x Financial Literacy → Financial Behavior	-0.054	4.768	0.000	Accepted

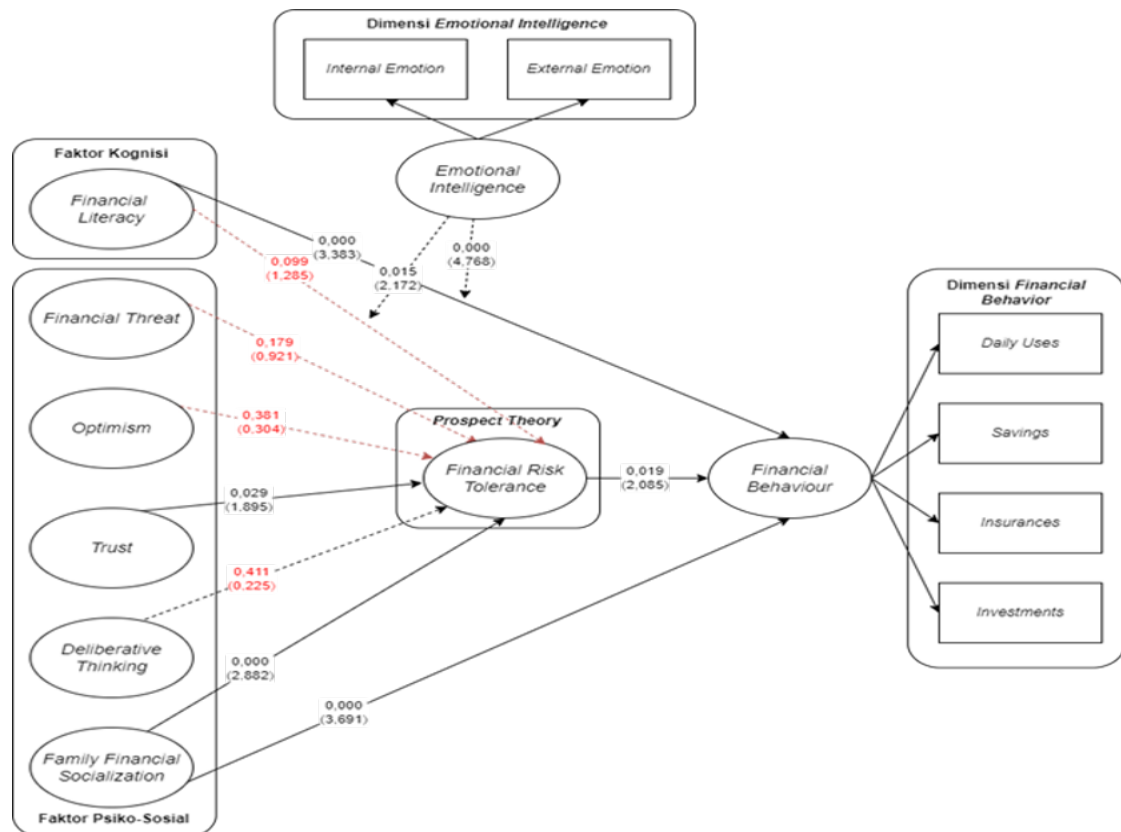


Figure 1. Results of Path Coefficient Analysis

DISCUSSION

The findings reveal that financial behavior among Generation Z and Millennials is shaped by a combination of financial knowledge, psychological characteristics, social influences, and individual risk preferences. Financial literacy does not significantly increase financial risk tolerance, although it has a positive effect on financial behavior. This pattern suggests that greater financial knowledge does not automatically make individuals more willing to accept financial risk. Respondents with stronger financial literacy appear better able to evaluate product quality, prices, financial alternatives, and other relevant information before making decisions. Their knowledge may therefore encourage more careful financial behavior rather than greater risk-taking. This finding differs from Song et al. (2023) regarding the literacy–risk tolerance relationship but supports the broader argument that financial literacy improves financial behavior by strengthening knowledge, evaluation, and decision quality (Chung & Park, 2019; Servon & Kaestner, 2008). Financial literacy may therefore operate more directly through decision competence than through changes in risk preference.

Financial threat and optimism also do not significantly influence financial risk tolerance. Financial pressure appears to encourage respondents to adopt more cautious positions rather than accept additional financial risk. Individuals who perceive greater uncertainty in their financial condition may prioritize security and avoid decisions that could increase potential losses. This pattern is consistent with evidence that financial uncertainty can generate anxiety and reduce willingness to take risks (Fauziyyah & Ersyafdi, 2021; Owusu et al., 2023). Optimism produces a similar pattern. Positive expectations about future financial outcomes do not automatically translate into a greater willingness to tolerate uncertainty. Optimistic individuals may remain committed to existing financial plans and avoid unnecessary exposure when the consequences of a decision are uncertain. This finding supports the argument that optimism can encourage constructive financial behavior without necessarily increasing risk-taking preferences (Strömbäck et al., 2017; Thanki et al., 2022). Optimism therefore appears to influence how individuals approach financial outcomes rather than how much risk they are prepared to bear.

Trust, by contrast, significantly increases financial risk tolerance. Individuals who trust financial institutions, financial services, advisers, and other relevant parties appear more willing to accept financial uncertainty. Trust can reduce perceived vulnerability and increase confidence that financial products, information, and institutional mechanisms will function as expected. It therefore provides a psychological foundation for accepting calculated risk because confidence in financial actors and systems can reduce perceived uncertainty surrounding financial decisions (Owusu et al., 2023; Rahman, 2019). Deliberative thinking does not show a significant effect on financial risk tolerance. Structured and extensive consideration alone may therefore be insufficient to alter established risk preferences among Generation Z and Millennials. Detailed thinking may improve evaluation without necessarily increasing willingness to accept uncertain outcomes. This finding suggests that younger consumers may combine analytical reasoning with simpler heuristics or previously established preferences when determining how much financial risk they are willing to tolerate (Verkuyten et al., 2023).

Family financial socialization significantly increases both financial risk tolerance and financial behavior. Early exposure to saving practices, responsible consumption, financial planning, and discussions about money appears to provide individuals with knowledge and reference points that support financial decision-making. Family influence may also strengthen confidence when individuals evaluate financial risks because family members function as trusted sources of advice and financial norms. Repeated exposure to financial guidance can help younger individuals understand the consequences of financial choices and develop more stable approaches to saving, spending, and risk assessment. These findings reinforce the broader role of family financial socialization in developing financial knowledge, skills, values, behavior, and well-being (Danes, 1994; Lanz et al., 2020b; Payne et al., 2014; Vosylis & Erentaitė, 2020; Zhao & Zhang, 2020). For Generation Z and Millennials, family influence may remain relevant even as financial information becomes increasingly available through digital platforms and other external sources.

Financial risk tolerance itself has a positive effect on financial behavior. Individuals who are more willing to accept calculated financial risks appear more likely to engage in financial activities such as saving, investing, and making decisions intended to improve their future financial position. Higher risk tolerance can reduce excessive avoidance of financial opportunities that involve uncertainty but may produce beneficial long-term outcomes. This result is consistent with Prospect Theory and previous evidence suggesting that risk-tolerant individuals are more willing to commit resources to financial activities with uncertain but potentially favorable returns (Finke & Huston, 2003; Owusu et al., 2023). The finding does not imply that greater risk-taking is inherently desirable. Rather, it indicates that an appropriate willingness to accept calculated uncertainty can support active financial management. Financial risk tolerance therefore represents an important behavioral mechanism linking perceptions of uncertainty with actual financial choices.

The mediation analysis provides a more selective pattern. Financial risk tolerance does not mediate the effects of financial literacy, financial threat, optimism, or deliberative thinking on financial behavior. These predictors can shape financial judgments or behavior without necessarily changing the level of risk individuals are willing to tolerate. Financial literacy, for example, may improve behavior directly through better knowledge and evaluation, while financial threat may encourage caution without altering established risk preferences. Financial risk tolerance does, however, mediate the effects of trust and family financial socialization on financial behavior. Trust can strengthen confidence in financial decisions and increase willingness to accept calculated risk, while family financial socialization provides knowledge, values, and guidance that help individuals interpret financial uncertainty. These findings indicate that risk tolerance does not operate as a universal mechanism across all psychological and social predictors. It becomes more relevant when individuals receive sufficient confidence, reassurance, or social support to reconsider the level of uncertainty they are willing to accept.

Emotional intelligence further changes the role of financial literacy. It significantly moderates the relationship between financial literacy and financial risk tolerance and between financial literacy and financial behavior. Individuals with stronger emotional intelligence can regulate anxiety, enthusiasm, impulsiveness, and other emotional reactions that may distort financial judgments. The negative moderation pattern for the literacy–risk tolerance relationship

suggests that financial literacy becomes less decisive when emotional regulation is already strong. Individuals with high emotional intelligence may maintain relatively stable risk preferences despite differences in financial knowledge because they are better able to control emotional responses to uncertainty. Individuals with lower emotional intelligence may depend more heavily on financial knowledge when responding to financial risk. Emotional intelligence also strengthens the translation of financial literacy into financial behavior by helping individuals manage emotional pressures surrounding spending, saving, unexpected expenses, and long-term financial planning (Iqbal et al., 2023; Lopes, 2016; Song et al., 2023). The results therefore position emotional intelligence as an important boundary condition that determines how effectively financial knowledge is converted into risk assessment and financial action.

CONCLUSION AND FURTHER STUDY

The findings show that financial behavior cannot be explained by financial literacy alone. Trust, family financial socialization, financial risk tolerance, and emotional intelligence provide complementary psychological and social mechanisms that shape how younger consumers make financial decisions. Financial institutions should therefore combine financial education with transparent risk communication, trustworthy services, and decision-support mechanisms that help consumers evaluate financial choices with greater confidence. Family-based financial education may also strengthen responsible financial habits from an early stage.

The study remains limited by purposive sampling, self-reported measures, and its cross-sectional design, which restrict generalizability and causal inference. Future research should employ longitudinal or experimental designs, expand the sample across demographic and geographic groups, and distinguish specific financial behaviors such as investment, debt management, saving, and retirement planning. Further studies may also examine financial stress, previous loss experiences, behavioral biases, and other boundary conditions that could interact with financial literacy, emotional intelligence, and risk tolerance.

ETHICAL DISCLOSURE

The authors state that this study was conducted in accordance with the recognized ethical standards for research involving human participants. All procedures in this study are designed to ensure the protection of participants' rights, privacy, and autonomy during the research process. Prior to data collection, participants were given a clear explanation of the research objectives, procedures, and expected contributions. They were told that participation was entirely voluntary and that they retained the right to withdraw at any stage without negative consequences. Written consent was obtained from all participants prior to their involvement in the study. In addition, all data is collected and analyzed in an anonymous form to maintain confidentiality and prevent the identification of individual respondents. The authors assert that no aspect of the study exposed participants to undue risk, and no sensitive personal information was collected beyond what was necessary to address the study's objectives. All data management procedures adhere to institutional and professional guidelines regarding safe handling and limited access.

CONFLICT OF INTEREST

With respect to the potential influence on the integrity of the research, the authors state that no financial, professional, or personal relationship can be interpreted as presenting a conflict of interest. No external funding, sponsorship, or support received may favor the design, implementation, or interpretation of the findings. The author states that there is no conflict of interest.

REFERENCES

- Adamus, M., & Grežo, M. (2021). Individual differences in behavioural responses to the financial threat posed by the COVID-19 pandemic. *Personality and Individual Differences*, 179, 110916. <https://doi.org/10.1016/j.paid.2021.110916>

- Aeknarajindawat, N. (2020). The combined effect of risk perception and risk tolerance on the investment decision making. *Journal of Security and Sustainability Issues*, 9(3), 807–818. [https://doi.org/10.9770/JSSI.2020.9.3\(7\)](https://doi.org/10.9770/JSSI.2020.9.3(7))
- Ajzen, I. (2011). Design and evaluation guided by the theory of planned behavior. *Soc Psychol Eval*, Guilford Publications.
- Angelini, V., & Cavapozzi, D. (2017). Dispositional optimism and stock investments. *Journal of Economic Psychology*, 59, 113–128. <https://doi.org/10.1016/j.joep.2017.01.006>
- Balasuriya, J., Muradoglu, Y. G., & Ayton, P. (2013). Feedback, Framing, Personality and Risk Attitude -- Experiments on Factors Affecting Financial Optimism. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2307068>
- Bannier, C. E., & Neubert, M. (2016). Gender differences in financial risk taking: The role of financial literacy and risk tolerance. *Economics Letters*, 145, 130–135. <https://doi.org/10.1016/j.econlet.2016.05.033>
- Bayar, Y., Sezgin, H. F., Öztürk, Ö. F., & Şaşmaz, M. Ü. (2020). Financial Literacy and Financial Risk Tolerance of Individual Investors: Multinomial Logistic Regression Approach. *Sage Open*, 10(3). <https://doi.org/10.1177/2158244020945717>
- Blerkom, M. L. Van. (2017). *Measurement and statistics for teachers*. Routledge/Taylor & Francis.
- Brooks, C., & Williams, L. (2021). The impact of personality traits on attitude to financial risk. *Research in International Business and Finance*, 58, 101501. <https://doi.org/https://doi.org/10.1016/j.ribaf.2021.101501>
- Bunyamin, M., & Abdul Wahab, N. (2022). The Influence of Financial Behaviour on Financial Risk Tolerance In Investment Decision: A Conceptual Paper. *International Journal of Industrial Management*, 14(1), 529–542. <https://doi.org/10.15282/ijim.14.1.2022.7435>
- Chung, Y., & Park, Y. (2019). What I Know, What I Think I Know, and Whom I Know. *Journal of Consumer Affairs*, 53(3), 1312–1349. <https://doi.org/10.1111/joca.12231>
- Corter, J. E., & Chen, Y.-J. (2006). Do Investment Risk Tolerance Attitudes Predict Portfolio Risk? *Journal of Business and Psychology*, 20(3), 369–381. <https://doi.org/10.1007/s10869-005-9010-5>
- Danes, S. M. (1994). Parental perceptions of children's financial socialization. *Journal of Financial Counseling and Planning*, 5, 127–149.
- Dhiman, B., & Raheja, S. (2018). Do Personality Traits and Emotional Intelligence of Investors Determine Their Risk Tolerance? *Management and Labour Studies*, 43(1–2), 88–99. <https://doi.org/10.1177/0258042X17745184>
- Fauziyyah, N., & Ersyafdi, I. R. (2021). Perilaku Keuangan dan Toleransi Risiko Keuangan Rumah Tangga (Konsumsi dan Investasi) Era COVID-19. *Conference on Economic and Business Innovation (CEBI)*, 106–118.
- Finke, M. S., & Huston, S. J. (2003). The Brighter Side of Financial Risk: Financial Risk Tolerance and Wealth. *Journal of Family and Economic Issues*, 24(3), 233–256. <https://doi.org/10.1023/A:1025443204681>
- Goleman, D. (2006). The socially intelligent. *Educational Leadership*, 64(1), 76–81.
- Goyal, K., Kumar, S., & Hoffmann, A. (2023). The direct and indirect effects of financial socialization and psychological characteristics on young professionals' personal financial management behavior. *International Journal of Bank Marketing*, 41(7), 1550–1584. <https://doi.org/10.1108/IJBM-09-2022-0419>
- Grable, J. E. (2000). Financial risk tolerance and additional factors that affect risk taking in everyday money matters. *Journal of Business and Psychology*. <https://doi.org/10.1023/A:1022994314982>
- Grable, J. E., & Joo, S.-H. (2004). Environmental and biophysical factors associated with financial risk tolerance. *Journal of Financial Counseling and Planning*, 15(1). <https://ssrn.com/abstract=2260471>
- Gudmunson, C. G., & Danes, S. M. (2011). Family Financial Socialization: Theory and Critical Review. *Journal of Family and Economic Issues*, 32(4), 644–667. <https://doi.org/10.1007/s10834-011-9275-y>
- Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial Literacy, Financial Education, and Economic Outcomes. *Annual Review of Economics*, 5(1), 347–373. <https://doi.org/10.1146/annurev-economics-082312-125807>

- Heo, W., Rabbani, A., & Grable, J. E. (2021). An evaluation of the effect of the COVID-19 pandemic on the risk tolerance of financial decision makers. *Finance Research Letters*.
- Hirvonen, J. (2018). *Financial behavior and well-being of young adults: effects of self-control and optimism*.
- Hui-Nee Au Yong, & Kock-Lim Tan. (2017). The Influence Of Financial Literacy Towards Risk Tolerance. *International Journal of Business and Society*, 18(3), 469–484. <https://doi.org/10.33736/ijbs.3139.2017>
- Iqbal, M. A., Saeed, A., & Rehman, S. U. (2023). Impact of Financial Literacy on Financial Satisfaction: Mediating Roles of Investment Decisions & Moderating Role of Risk Attitude. *Journal of Social Research Development*, 4(2), 274–283. <https://doi.org/10.53664/jsrd/04-02-2023-04-274-283>
- Ishtiaq, M., Tufail, M. S., Shahzad, K., & Naseer, M. A. (2019). Impact of financial threat on individual's willingness to change financial behavior. *Dialogue*, 14(2), 265–281.
- Jacobs-Lawson, J. M., & Hershey, D. A. (2005). Influence of future time perspective, financial knowledge, and financial risk tolerance on retirement saving behaviors. *Financial Services Review*, 14(4), 331.
- Jappelli, T., & Padula, M. (2015). Investment in financial literacy, social security, and portfolio choice. *Journal of Pension Economics and Finance*, 14(4), 369–411. <https://doi.org/10.1017/S1474747214000377>
- Kahneman, D., & Tversky, A. (2018). 4 Prospect Theory: An Analysis of Decision under Risk. *The Essential Tversky*.
- Kim, J., & Garman, E. T. (2004). Financial Stress, Pay Satisfaction and Workplace Performance. *Compensation & Benefits Review*, 36(1), 69–76. <https://doi.org/10.1177/0886368703261215>
- Lanz, M., Sorgente, A., & Danes, S. M. (2020a). *Implicit family financial socialization and emerging adults' financial well-being: A multi-informant approach*. *Emerging Adulthood*, 8(6), 443–452.
- Lanz, M., Sorgente, A., & Danes, S. M. (2020b). Implicit Family Financial Socialization and Emerging Adults' Financial Well-Being: A Multi-Informant Approach. *Emerging Adulthood*, 8(6), 443–452. <https://doi.org/10.1177/2167696819876752>
- Lopes, Paulo N. (2016). Emotional Intelligence in Organizations: Bridging Research and Practice. *Emotion Review*, 8(4), 316–321. <https://doi.org/10.1177/1754073916650496>
- Lucarelli, C., & Brighetti, G. (2010). Errors in Individual Risk Tolerance. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1724842>
- Lusardi, A., & Mitchell, O. S. (2007). Baby boomer retirement security: The roles of planning, financial literacy, and housing wealth. *Journal of Monetary Economics*.
- Mamun, M. A., Akter, S., Hossain, I., Faisal, M. T. H., Rahman, M. A., Arefin, A., Khan, I., Hossain, L., Haque, M. A., Hossain, S., Hossain, M., Sikder, M. T., Kircaburun, K., & Griffiths, M. D. (2020). Financial threat, hardship and distress predict depression, anxiety and stress among the unemployed youths: A Bangladeshi multi-city study. *Journal of Affective Disorders*, 276, 1149–1158. <https://doi.org/10.1016/j.jad.2020.06.075>
- Mata, A. (2016). Proportion dominance in valuing lives: The role of deliberative thinking. *Judgment and Decision Making*, 11(5), 441–449. <https://doi.org/DOI:10.1017/S193029750000454X>
- Moxley, J. H., Anders Ericsson, K., Charness, N., & Krampe, R. T. (2012). The role of intuition and deliberative thinking in experts' superior tactical decision-making. *Cognition*, 124(1), 72–78. <https://doi.org/10.1016/j.cognition.2012.03.005>
- Murhadi, W. R., Kencanasar, F. R., & Sutedjo, B. S. (2023). The Influence of Financial Literacy and Financial Interest on The Financial risk Tolerance of Investor in Indonesia. *Journal of Law and Sustainable Development*, 11(2), e310. <https://doi.org/10.55908/sdgs.v11i2.310>
- Ndou, A., & Ngwenya, S. (2022). The Influence of Parental Financial Socialization on Young Black African Adults' Financial Behavior. *Eurasian Journal of Economics and Finance*, 10(4), 120–134. <https://doi.org/10.15604/ejef.2022.10.04.001>
- Nguyen, H., Groth, M., & Johnson, A. (2016). When the going gets tough, the tough keep working: Impact of emotional labor on absenteeism. *Journal of Management*. <https://doi.org/10.1177/0149206313490026>
- Nguyen, L. T. M., Gallery, G., & Newton, C. (2016). The influence of financial risk tolerance on investment decision-making in a financial advice context1. *Australasian Accounting*,

- Business and Finance Journal*, 10(3), 3–22. <https://doi.org/10.14453/aabfj.v10i3.2>
- Oehler, A., Horn, M., & Wendt, S. (2023). The Trust Risk Puzzle: The Impact of Trust on the Willingness to Take Financial Risk. *The Quarterly Journal of Finance*, 13(03). <https://doi.org/10.1142/S2010139223500064>
- Owusu, G. M. Y., Korankye, G., Yankah, N. Y. M., & Agyekum Donkor, J. B. (2023). Financial risk tolerance and its determinants: The perspective of personnel from security services in Ghana. *Borsa Istanbul Review*, 23(4), 852–864. <https://doi.org/10.1016/j.bir.2023.02.005>
- Owusu, G. M. Y., Korankye, G., Yankah, N. Y. M., & Donkor, J. B. A. (2023). *Financial risk tolerance and its determinants: The perspective of personnel from security services in Ghana. Borsa Istanbul Review*, 23 (4), 852–864.
- Payne, S. H., Yorgason, J. B., & Dew, J. P. (2014). Spending Today or Saving for Tomorrow: The Influence of Family Financial Socialization on Financial Preparation for Retirement. *Journal of Family and Economic Issues*, 35(1), 106–118. <https://doi.org/10.1007/s10834-013-9363-2>
- Rahman, M. (2019). Propensity toward financial risk tolerance: an analysis using behavioural factors. *Review of Behavioral Finance*, 12(3), 259–281. <https://doi.org/10.1108/RBF-01-2019-0002>
- Regier, D. A., Sicsic, J., & Watson, V. (2019). Choice certainty and deliberative thinking in discrete choice experiments. A theoretical and empirical investigation. *Journal of Economic Behavior & Organization*, 164, 235–255. <https://doi.org/https://doi.org/10.1016/j.jebo.2019.05.031>
- Servon, L. J., & Kaestner, R. (2008). Consumer financial literacy and the impact of online banking on the financial behavior of lower-income bank customers. *Journal of Consumer Affairs*, 42(2), 271–305. <https://doi.org/10.1111/j.1745-6606.2008.00108.x>
- Song, C. L., Pan, D., Ayub, A., & Cai, B. (2023). The Interplay Between Financial Literacy, Financial Risk Tolerance, and Financial Behaviour: The Moderator Effect of Emotional Intelligence. *Psychology Research and Behavior Management*, Volume 16, 535–548. <https://doi.org/10.2147/PRBM.S398450>
- Strömbäck, C., Lind, T., Skagerlund, K., Västfjäll, D., & Tinghög, G. (2017). Does self-control predict financial behavior and financial well-being? *Journal of Behavioral and Experimental Finance*, 14, 30–38. <https://doi.org/10.1016/j.jbef.2017.04.002>
- Tang, N., & Baker, A. (2016). Self-esteem, financial knowledge and financial behavior. *Journal of Economic Psychology*, 54, 164–176. <https://doi.org/10.1016/j.joep.2016.04.005>
- Thanki, H., Shah, S., Sapovadia, V., Oza, A. D., & ... (2022). *Role of gender in predicting determinant of financial risk tolerance. Sustainability* 14 (17), Article 17.
- Thanki, H., Shah, S., Sapovadia, V., Oza, A. D., & Burduhos-Nergis, D. D. (2022). Role of Gender in Predicting Determinant of Financial Risk Tolerance. *Sustainability*, 14(17), 10575. <https://doi.org/10.3390/su141710575>
- Tharayil, A. (2023). Examining the Association Between Financial Education and Financial Risk Tolerance. *The American Economist*. <https://doi.org/10.1177/05694345231186082>
- Tversky, A., & Kahneman, D. (1973). Availability: A heuristic for judging frequency and probability. *Cognitive Psychology*, 5(2), 207–232. [https://doi.org/10.1016/0010-0285\(73\)90033-9](https://doi.org/10.1016/0010-0285(73)90033-9)
- Ullah, S., & Yusheng, K. (2020). Financial Socialization, Childhood Experiences and Financial Well-Being: The Mediating Role of Locus of Control. *Frontiers in Psychology*, 11. <https://doi.org/10.3389/fpsyg.2020.02162>
- Verkuyten, M., Schlette, A., Adelman, L., & Yogeewaran, K. (2023). Deliberative thinking increases tolerance of minority group practices: Testing a dual-process model of tolerance. *Journal of Experimental Psychology: Applied*, 29(2), 414–424. <https://doi.org/10.1037/xap0000429>
- Vijaykumar, J. H. (2022). The Association of Financial Socialization with Financial Self-Efficacy and Autonomy: A Study of Young Students in India. *Journal of Family and Economic Issues*, 43(2), 397–414. <https://doi.org/10.1007/s10834-021-09797-x>
- Viseu, J. N. R., de Jesus, S. N., Leal, A. R. C., Pinto, P. S. L. G. dos, Ayala-Nunes, L., & Matavelli, R. D. (2021). Coping and social support as moderators: Relationship between financial threat and negative psychological outcomes. *Current Psychology*, 40(5), 2229–2241. <https://doi.org/10.1007/s12144-019-0157-z>
- Vosylis, R., & Erentaitė, R. (2020). Linking Family Financial Socialization With Its Proximal and

- Distal Outcomes: Which Socialization Dimensions Matter Most for Emerging Adults' Financial Identity, Financial Behaviors, and Financial Anxiety? *Emerging Adulthood*, 8(6), 464–475. <https://doi.org/10.1177/2167696819856763>
- Weaver, J. R., Vandello, J. A., & Bosson, J. K. (2013). Intrepid, imprudent, or impetuous? The effects of gender threats on men's financial decisions. *Psychology of Men & Masculinity*, 14(2), 184–191. <https://doi.org/10.1037/a0027087>
- Yong, H. N. A., & Tan, K. L. (2017). The influence of financial literacy towards risk tolerance. *International Journal of Business and Society*.
- Zhao, H., & Zhang, L. (2020). Talking money at home: the value of family financial socialization. *International Journal of Bank Marketing*, 38(7), 1617–1634. <https://doi.org/10.1108/IJBM-04-2020-0174>