The Influence of Digital Financial Literacy, Financial Socialization and Financial Practices towards Household Financial Well-Being among B40

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ABSTRACT

This study investigates the influence of digital financial literacy, financial socialization, and financial practices towards household financial well-being among the B40 community in Masjid Tanah, Melaka. Using a quantitative research design, data were collected from 294 respondents through structured questionnaires and analyzed using multiple regression analysis. The results revealed a strong positive relationship between the independent variables and household financial well-being ($R = 0.822$; $R^2 = 0.675$; $p < 0.001$), indicating that 67.5% of the variance in financial well-being is explained by these predictors. Among the variables, financial practices ($\beta = 0.588$, $p < 0.001$) and digital financial literacy ($\beta = 0.457$, $p < 0.001$) had significant positive effects, while financial socialization ($\beta = 0.020$, $p > 0.05$) showed a weak, insignificant influence. These findings demonstrate that behavioral and cognitive dimensions particularly financial literacy and prudent financial management are central determinants of household financial well-being within low-income contexts. The study highlights the need for targeted digital financial education and family-based financial socialization programs to enhance financial inclusion and promote sustainable financial well-being among Malaysia's B40 households.

Keywords: household financial well-being, digital financial literacy, financial socialization, financial practices, B40 community, Malaysia

INTRODUCTION

In recent years, the financial well-being of B40 households representing the bottom 40% of income earners in Malaysia has increasingly attracted the attention of policymakers and researchers. This growing concern stems from the socioeconomic vulnerabilities experienced by this group, including limited financial resources, unstable income, and heightened exposure to the rising cost of living (Department of Statistics Malaysia, 2023). Consequently, understanding the influence of financial management practices on household financial well-being has become vital in promoting the long-term sustainability and resilience of B40 families, particularly those residing in semi-urban areas such as Masjid Tanah, Melaka.

This study, therefore, aims to delve into the intricate interplay between digital financial literacy, financial socialization, financial practices and the ultimate financial well-being of these vulnerable households (Mansor et al., 2022). Further evidence from the *Malaysian Journal of Consumer and Family Economics* (2022) indicated that savings, positive net worth, internal locus of control, FinTech usage, and current income levels significantly contribute to the financial well-being of B40 households.

The study emphasized that positive financial behaviour particularly consistent saving and responsible payment habits acts as a key mediator between socioeconomic status and perceived financial satisfaction. Specifically, balancing income and expenditure, managing financial stress, and enhancing financial literacy are crucial elements for improving the financial well-being of lower-income groups (Rahman et al., 2021).

Despite this, a substantial gap persists in understanding how digital financial literacy directly influences financial well-being, especially when mediated by financial technology adoption and confidence among B40 households (Abdurrahman & Nugroho, 2024). This oversight is particularly salient given the rapid proliferation of digital financial services and their potential to bridge financial inclusion gaps for marginalized communities (Wahyudi et al., 2024). Moreover, existing literature often overlooks the nuanced role of financial socialization in shaping the financial practices of B40 households, particularly in how intergenerational financial knowledge transfer impacts digital financial literacy adoption and subsequent financial well-being (Rahman et al., 2021).

This research aims to address these critical gaps by examining the pathways through which digital financial literacy, nurtured by financial socialization, translates into improved financial practices and, ultimately, enhanced household financial well-being within the B40 demographic (Rahman et al., 2021).

Problem Statement

Low-income families in Malaysia, commonly classified as the B40 group, comprise households earning a monthly income of RM3,855 or below (Department of Statistics Malaysia [DOSM], 2023). This socioeconomic segment remains particularly vulnerable to financial strain, especially during periods of economic uncertainty and escalating living costs. Due to limited earning capacity, many B40 households struggle to fulfil essential needs such as housing, education, healthcare, and food (Rahman et al., 2021). Their constrained access to stable employment and financial resources further weakens their prospects for achieving long-term financial stability (Yusof & Rahman, 2017).

Financial difficulties are also closely associated with psychological distress and various social issues within lowincome households. Findings from the Malaysia Family Well-being Index (National Population and Family Development Board [LPPKN], 2019) revealed that economic hardship represents a key stressor contributing to family conflict and instability. Empirical evidence further suggests that financial stress can negatively affect marital satisfaction and, in some cases, escalate into domestic disputes (Omar et al., 2019).

According to the *Marriage and Divorce Statistics, Malaysia 2020* (DOSM, 2021), financial problems were among the principal causes of marital breakdown, with a 12 percent rise in divorce cases recorded between 2018 and 2019. The report highlighted that most affected couples were from lower-income households, particularly those in the B40 category, including factory workers and small business owners. In light of these socioeconomic challenges, this study seeks to examine the role of financial management in influencing household financial wellbeing among B40 communities. Specifically, it aims to investigate the relationship between digital financial literacy, financial socialization, and saving and investment practices, and their collective impact on household financial well-being among individuals in the B40 group.

Research Objective

This study aims to examine the influence between digital financial literacy, financial socialization and financial practices with household financial well-being among individuals in the B40 community.

Research Question

Is there an influence between digital financial literacy, financial socialization and saving and financial ractices with household financial well-being among individuals in the B40 community?

Hypotheses

H_O (Null Hypothesis): There is no influence between digital financial literacy, financial socialization, and financial practices with household financial well-being among individuals in the B40 community.

H_1 (Alternative Hypothesis): There is an influence between digital financial literacy, financial socialization, and financial practices with household financial well-being among individuals in the B40 community.

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Theoretical Framework

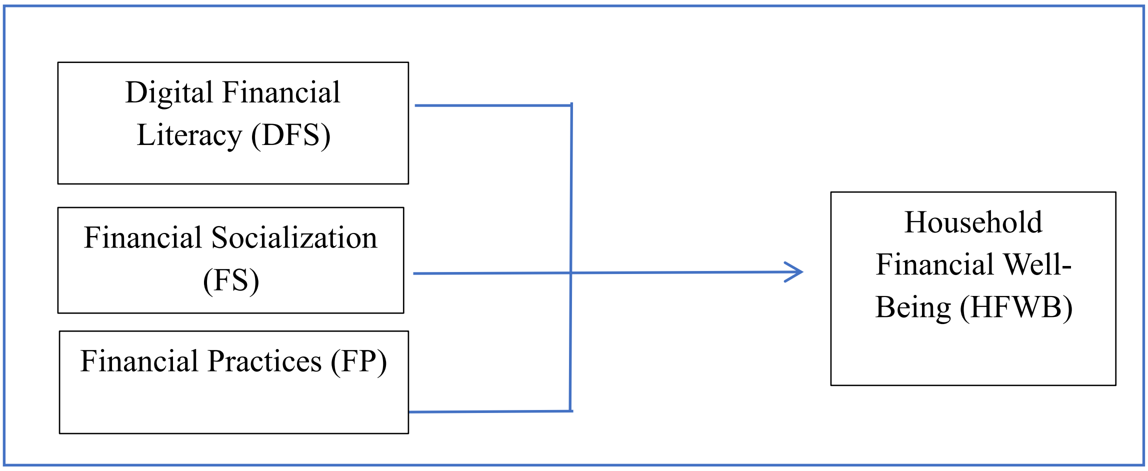

Figure 1: Influence between Digital Financial Literacy, Financial Socialization and Financial Practices towards Household Financial Well-Being

LITERATURE REVIEW

This section provides a comprehensive overview of existing scholarly work relevant to digital financial literacy, financial socialization, financial practices and financial well-being, specifically within the context of low-income households.

It further explores how the adoption of digital finance applications, influenced by educational decision-making and self-efficacy, can significantly impact financial behaviors and overall well-being within this demographic (Khairi et al., 2024). The literature also acknowledges that financial behavior, financial literacy, and financial stress are critical determinants of financial well-being, particularly within lower-income contexts (Rahman et al., 2021). Indeed, a lower level of financial literacy is frequently observed among individuals with limited income and educational backgrounds, underscoring the necessity of targeted financial education interventions (Rahman et al., 2021). Moreover, financial literacy significantly influences financial well-being, suggesting that enhancing financial knowledge can lead to improved financial outcomes and greater economic stability for these vulnerable groups (Antwi et al., 2024).

This connection between financial literacy and well-being extends to critical aspects such as debt avoidance, asset accumulation, and investment practices, thereby mitigating financial vulnerability within households (Hapsoro et al., 2022). Specifically, personal financial education has been shown to significantly influence financial management behavior, especially among younger generations, which can subsequently impact their overall financial well-being (Senduk et al., 2024).

This study draws upon several theoretical frameworks to examine financial well-being behaviors among households in the B40 community in Masjid Tanah, Melaka. Three key perspectives underpin this research: the Theory of Financial Well-Being(O'Neill & Xiao, 2016), the Basic Needs and Satisfaction Theory(Maslow, 1943), and the B40 Community Classification Model (Aziz & Zainal, 2018).

Guided by these theoretical perspectives, this study focuses on the following dimensions of household financial well-being:

Household Financial Well-Being (Dependent Variable)

Financial well-being is often conceptualized as an individual's subjective perception of their current and future financial state, encompassing feelings of security and freedom (Rahman et al., 2021). It extends beyond mere income levels to include the ability to meet daily expenses, absorb financial shocks, and pursue financial goals (Mansor et al., 2022). This holistic definition underscores the importance of financial practices, including saving, investing, and debt management, as critical determinants of overall financial health (Rahman et al., 2021). Moreover, research consistently demonstrates that financial literacy positively influences financial well-being, particularly among lower-income communities, by fostering prudent financial behaviors and mitigating financial stress (Rahman et al., 2021). Specifically, the capacity to balance income and expenditures, manage financial stress effectively, and enhance financial literacy are critical components for improving the financial well-being of low-income populations (Rahman et al., 2021). This encompasses not only the objective financial state but also the subjective perception of financial security and the ability to meet present and future financial obligations (Rahman et al., 2021).

A stable financial situation, coupled with the ability to navigate financial challenges and maintain sustainable debt levels, is central to this concept (Rahman et al., 2021). Therefore, financial well-being can be understood as a multifaceted construct encompassing both objective financial indicators and subjective psychological states (Mansor et al., 2022). For instance, financial well-being has been defined as a state where individuals can fully meet their financial obligations, feel secure in their financial future, and make choices that allow them to enjoy life (Rahman et al., 2021).

Further studies have explored financial well-being by constructing subjective indices that incorporate both present and future time perspectives, allowing for a more nuanced understanding across different income groups and demographic characteristics (Mahdzan et al., 2020). This approach acknowledges that financial well-being is a subjective assessment, encompassing individuals' perceptions of their current and prospective financial circumstances, which can be distinct from their objective financial status (Fan & Henager, 2021). This comprehensive view underscores the importance of both tangible financial metrics and psychological comfort in evaluating an individual's overall financial health (Ahamed, 2024) (Shahama et al., 2022).

For instance, Brüggen et al. assert that financial well-being represents an individual's perceived capacity to maintain current and future living standards and financial autonomy (Rahman et al., 2021). This aligns with Mahendru's framework, which integrates objective and subjective dimensions, defining financial well-being as the capacity to meet immediate and future monetary obligations alongside a sense of financial autonomy (Antwi et al., 2024). Thus, financial well-being can be viewed as a complex construct that integrates an individual's evaluation of their overall financial life, including both their present financial condition and their ability to achieve future financial goals (Shahama et al., 2022). This dual perspective, encompassing both objective financial resources and subjective evaluations, is crucial for a comprehensive understanding of an individual's financial health (Sorgente et al., 2024).

However, despite growing academic interest, a consensus on the precise definition, measurement, and influencing factors of financial well-being remains elusive (Shi et al., 2021). This ambiguity necessitates a clear operationalization to ensure comparability across studies and to adequately capture its multifaceted nature (Aubrey et al., 2022). Nevertheless, most conceptualizations converge on a two-component model, emphasizing both present and future financial stability (Magwegwe et al., 2022).

Digital Financial Literacy and Household Financial Well-Being

While the general concept of financial well-being has been extensively explored, the specific nexus between digital financial literacy and household financial well-being, particularly within vulnerable populations, requires deeper investigation. Digital financial literacy is increasingly recognized as a crucial catalyst for enhancing access to and engagement with digital financial products and services, ultimately leading to improved financial well-being (Antwi et al., 2024). This is especially relevant in contexts where digital platforms, software, and data analytics revolutionize financial services and disrupt traditional banking systems (Gupta, 2023).

Indeed, digital financial literacy encompasses a multidimensional understanding that includes both traditional financial knowledge and the technical skills necessary to navigate these evolving digital platforms (Choung et al., 2023). This nuanced understanding is essential for individuals to effectively utilize digital tools for managing finances, making informed decisions, and leveraging opportunities for wealth creation (Gupta, 2023). This enhanced literacy enables individuals to engage with complex financial instruments like digital wallets, cryptocurrency, and robo-advisors, which are increasingly integral to the modern financial landscape (Choung et al., 2023).

Consequently, digital financial literacy has been linked to increased awareness and usage of mobile financial services, fostering positive financial behaviors that contribute to overall financial well-being (Choung et al., 2023). This is particularly salient as the digital divide extends beyond mere access, encompassing the capacity to effectively utilize advanced digital tools, interpret data, and critically evaluate media messages, all of which are crucial for financial navigation in the digital age (Rottner et al., n.d.). Furthermore, the rapid evolution of digital technologies necessitates continuous adaptation and learning to ensure that individuals, especially those in marginalized populations, can effectively harness these tools for financial security and advancement (Rottner et al., n.d.). This integration of traditional financial acumen with digital proficiency is pivotal, given that digital literacy acts as an independent predictor of financial behavior and well-being, even when accounting for conventional financial literacy (Choung et al., 2023).

Therefore, promoting digital financial literacy among low-income households is crucial for mitigating financial exclusion and empowering them to participate effectively in the digital economy (Gulati et al., 2025). This empowerment not only facilitates greater financial inclusion but also equips individuals with the necessary skills to prevent digital fraud and efficiently utilize FinTech products and services (Mishra et al., 2024).

Financial Socialization and Household Financial Well-Being

Financial socialization, often defined as the process through which individuals acquire attitudes, behaviors, and knowledge about money and financial management from their social environment, plays a significant role in shaping financial practices and ultimately, household financial well-being (Antwi et al., 2024). This developmental process, extending from childhood through adulthood, is influenced by various agents such as family, peers, educational institutions, and media, all contributing to an individual's financial capabilities and decision-making processes (Nop, 2020). These agents transmit financial norms and values, thereby profoundly impacting an individual's financial behaviors and their subsequent financial outcomes (Senduk et al., 2024). The family, in particular, serves as a primary environment for early financial socialization, imparting foundational financial literacy and shaping economic behaviors (Asadi et al., 2023).

Moreover, parental mediation strategies, encompassing both restrictive and enabling approaches, are critical in cultivating children's digital skills and financial acumen, thereby maximizing opportunities and mitigating risks associated with digital financial engagement (Livingstone et al., 2017). This highlights how parental influence, family structure, and shared financial experiences are pivotal in molding financial competencies and fostering financially savvy generations (Asadi et al., 2023) (Senduk et al., 2024).

Family income and parental education levels also indirectly influence these mediation strategies, shaping the technological resources available and the concerns parents have regarding their children's digital engagement (ALKAN et al., 2021). These findings suggest a complex interplay where familial socioeconomic factors modulate the effectiveness of financial socialization strategies, impacting the development of both traditional and digital financial literacies (ALKAN et al., 2021). This formative influence extends to financial self-efficacy and competence, which are critical predictors of financial behavior and well-being (Antwi et al., 2024).

Indeed, direct communication about financial matters within the family, including discussions about spending habits, investments, and savings, significantly correlates with healthier financial attitudes and improved financial well-being later in life (Young et al., 2024). Research indicates that parental influence can be significantly more impactful on financial attitudes than formal financial education or peer influence, underscoring the family's predominant role in financial socialization (Young et al., 2024). This foundational role of the family in financial education is critical for enhancing individuals' ability to navigate financial challenges and achieve economic well-being, influencing perceptions and behaviors regarding money management from an early age (Asadi et al., 2023).

Financial Practices (Saving and Investment) and Household Financial Well-Being

Effective saving and investment practices are cornerstones of robust household financial well-being, translating directly into enhanced financial security and the potential for wealth accumulation. These practices enable households to build reserves for unexpected expenses, fund long-term goals, and leverage capital for growth, thereby mitigating financial vulnerabilities and fostering economic resilience. Specifically, higher financial literacy significantly correlates with increased savings, demonstrating a direct positive impact on financial stability (Antwi et al., 2024).

Furthermore, consistent and disciplined investment, informed by a solid understanding of financial markets and risk management, contributes substantially to long-term financial growth and independence. The ability to distinguish between various financial products and services, coupled with prudent financial planning, empowers individuals to make informed decisions that optimize their financial outcomes (Asadi et al., 2023). This judicious management of assets and liabilities, stemming from effective financial socialization and literacy, directly underpins the capacity to achieve both short-term financial stability and long-term prosperity (Antwi et al., 2024).

These practices are not merely about accumulating wealth but also about cultivating a proactive approach to financial management, which is essential for navigating economic uncertainties and achieving sustained financial health (Parthasarathy & Vinayachandran, 2023) (Asadi et al., 2023). Moreover, such practices are deeply intertwined with intergenerational wealth transfer, as financial knowledge and positive financial habits are often passed down through families, enhancing the financial prospects of future generations (Elango et al., 2016) (Asadi et al., 2023).

Thus, encouraging robust saving and investment habits is crucial for improving financial resilience and overall household financial well-being, particularly among vulnerable populations (Young et al., 2024).

METHODOLOGY

This study used a quantitative approach with data collected through a structured questionnaire. The sample consisted of individuals from the B40 community in Masjid Tanah, Melaka. The data collected was analyzed using statistical software to identify the influence between Digital Financial Literacy (DFL), Financial Socialization (FS), Financial Practices (FP) and Household Financial Well-Being (HWB).

Sample

A total of 294 respondents were selected for this study, exceeding the minimum sample size requirement recommended by Tabachnick and Fidell (2007), which suggests $N \geq 50 + 8m$ for multiple regression analysis. Given that this study involved three independent variables, the minimum required sample size was 74. Therefore, the sample of 294 respondents was deemed sufficient to ensure data reliability and representativeness of the B40 community residing in Masjid Tanah

Data Collection

Data was collected using a questionnaire consisting of items related to Digital Financial Literacy (DFL), Financial Socialization (FS), Financial Practices (FP) and Household Financial Well-Being (HWB).

Data Analysis

Data was analyzed quantitatively using regression analysis to examine the influence between variables.

Regression Coefficients

A multiple regression analysis was conducted to examine the influence of Digital Financial Literacy (DFL) and

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Financial Socialization (FS) on Financial Practices (FP) and subsequently on Household Financial Well-Being (HFWB) among B40 households.

Table 1 presents the regression coefficients for the model, where Mean_FP(Financial Practices), Mean_DFL (Digital Financial Literacy), and Mean_FS (Financial Socialization) were entered as predictors of Mean_HFWB (Household Financial Well-Being).

Table 1: Coefficient Test

Predictor	**B**	**Std. Error**	**Beta**	**t**	**Sig.**	**95% CI for B**	**Tolerance**	**VIF**
(Constant)	-0.361	0.360	—	-1.000	0.318	[-1.070, 0.349]	-	-
Mean_FP (Financial Practices)	0.675	0.039	0.588	17.094	**< 0.001**	[0.597, 0.752]	0.948	1.055
Mean_DFL (Digital Financial Literacy)	0.473	0.038	0.457	12.618	**< 0.001**	[0.399, 0.547]	0.856	1.168
Mean_FS (Financial Socialization)	0.024	0.043	0.020	0.552	0.581	[-0.061, 0.109]	0.871	1.149

The regression model reveals that Financial Practices (FP) and Digital Financial Literacy (DFL) have significant positive influences on Household Financial Well-Being (HFWB) among B40 households.

FP recorded the strongest standardized coefficient ($\beta = 0.588$, $t = 17.094$, $p < 0.001$), indicating that effective financial management behaviors—such as budgeting, saving, and spending control—are key determinants of improved household financial well-being. DFL also showed a significant positive effect ($\beta = 0.457$, $t = 12.618$, $p < 0.001$), suggesting that individuals who possess higher competence in using digital financial tools and platforms tend to achieve better financial outcomes.

However, FS did not exhibit a statistically significant relationship with household financial well-being ($\beta = 0.020$, $t = 0.552$, $p = 0.581$). This indicates that, within the B40 context, social learning through family, peers, or media may play a lesser role in influencing financial well-being compared to personal financial literacy and practice.

Regression Model Summary

The results of the regression analysis (Table 2) indicate a strong relationship between the predictors—Financial Practices (FP), Digital Financial Literacy (DFL), and Financial Socialization (FS)—and the dependent variable, Household Financial Well-Being (HFWB), among B40 households.

Table 2: Result of Regression Analysis

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	0.822	0.675	0.672	1.10123	2.153

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The correlation coefficient (R = 0.822) indicates a strong positive relationship between the combined predictors (financial practices, digital financial literacy, and financial socialization) and household financial well-being. The R Square value of 0.675 reveals that approximately 67.5% of the variance in household financial well-being (HFWB) can be explained by the three independent variables. The Adjusted R Square (0.672) further supports the model's stability and indicates minimal bias due to the number of predictors. The Standard Error of the Estimate (1.101) suggests that the regression model predicts the dependent variable with a relatively small margin of error. The Durbin-Watson statistic (2.153) falls within the acceptable range of 1.5 to 2.5, indicating no significant autocorrelation in the residuals and confirming the independence of errors—thus, the model satisfies key assumptions of regression analysis.

Integrating the *Model Summary* with the *Coefficients* table, the analysis demonstrates that:

FP is the strongest predictor of household financial well-being ($\beta = 0.588, p < 0.001$), emphasizing that prudent financial management behaviors directly contribute to improved financial outcomes among B40 households. DFL also has a significant positive influence ($\beta = 0.457, p < 0.001$), suggesting that individuals with better digital financial competencies—such as the ability to use mobile banking, digital payments, and financial apps—tend to experience higher levels of financial well-being. FS, however, does not show a statistically significant relationship ($\beta = 0.020, p = 0.581$), implying that social influences from family, peers, or media may have a limited effect on actual financial outcomes in the context of low-income households.

Together, these predictors account for 67.5% of the variation in household financial well-being, which signifies that the model has strong explanatory power.

Hence, the null hypothesis (HO) is rejected, and the alternative hypothesis (H1) is accepted, with the following interpretation:Digital financial literacy and financial practices significantly influence household financial wellbeing among the B40 community, whereas financial socialization does not have a significant impact.

The Analysis of Variance (ANOVA)

The Analysis of Variance (ANOVA) results, as presented in Table 3, demonstrate that the overall regression model is statistically significant in explaining the variation in Household Financial Well-Being (HFWB) among B40 households.

Table 3: Analysis of Variance (ANOVA)

Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	730.905	3	243.635	200.900	**.000**
Residual	351.687	290	1.213	—	—
Total	1082.593	293	—	—	—

The results indicate that the overall regression model is highly significant ($F(3, 290) = 200.900, p < 0.001$). This means that at least one of the independent variables—Digital Financial Literacy (DFL), Financial Socialization (FS), or Financial Practices (FP) has a statistically significant influence on Household Financial Well-Being (HFWB)

The high F-value (200.900) reflects that the model fits the data well, showing that the combination of predictors significantly explains differences in financial well-being among B40 respondents. The corresponding p-value of .000 (< 0.05) further supports that the regression model as a whole is meaningful and reliable in predicting household financial well-being.

When interpreted together with the Model Summary ($R^2 = 0.675$) and Coefficients table, the results suggest that 67.5% of the variance in household financial well-being can be explained by the three independent variables combined—digital financial literacy, financial socialization, and financial practices.

However, the Coefficients analysis reveals that not all predictors contribute equally. FP showed the strongest and most significant positive influence on financial well-being ($\beta = 0.588$, $p < 0.001$). DFL also had a significant positive effect ($\beta = 0.457$, $p < 0.001$), emphasizing its growing role in managing household finances. But FS was not statistically significant ($\beta = 0.020$, $p = 0.581$), indicating that social and familial financial influences do not directly translate into improved financial well-being among the B40 population.

The null hypothesis (HO) is rejected because the overall model is significant. Thus, at least two independent variable has a meaningful influence on household financial well-being among the B40 households.

DISCUSSION

The result of this study examined the influence of Digital Financial Literacy (DFL) and Financial Socialization (FS) on Financial Practices (FP) and their collective impact on Household Financial Well-Being (HFWB among B40 households in Masjid Tanah, Melaka. The analysis employed multiple regression to test the hypothesized relationships among these variables.

Based on the model summary ($R = .822$, $R^2 = .675$, Adjusted $R^2 = .672$), the model explains approximately 67.5% of the variance in household financial well-being. This indicates that digital financial literacy, financial socialization, and financial practices collectively have a strong explanatory power in predicting financial wellbeing among B40 households. The Durbin-Watson value of 2.153 suggests that there is no autocorrelation problem, and therefore, the regression model is statistically valid.

The ANOVA results ($F = 200.900$, $p = .000$) further confirm that the regression model is highly significant, implying that at least one of the predictors significantly contributes to explaining variations in financial wellbeing.

Digital Financial Literacy (DFL) and Household Financial Well-Being (HFWB)

The regression coefficients show that digital financial literacy (DFL) has a positive and significant effect on household financial well-being ($\beta = .197$, $p < .05$). This finding aligns with the growing body of research that underscores the critical role of digital financial skills in improving individuals' ability to manage, plan, and optimize financial resources effectively (Antwi et al., 2024; Gupta, 2023).

As suggested by Choung et al. (2023), digital financial literacy encompasses not only knowledge of financial concepts but also the technical competency to navigate digital platforms and tools such as e-wallets, online banking, and investment applications. Among B40 households, where access to financial education may be limited, these digital capabilities significantly empower individuals to engage with financial systems more efficiently and securely, leading to improved financial outcomes.

Furthermore, as noted by Gulati et al. (2025) and Mishra et al. (2024), digital literacy mitigates financial exclusion and enhances financial inclusion, enabling low-income households to benefit from fintech innovations. In this study, the significant relationship between DLK and TP indicates that increasing digital financial literacy may directly enhance financial well-being through better financial decision-making, improved budgeting, and greater financial control.

Financial Socialization (SK) and Household Financial Well-Being (HFWB)

The findings also reveal that financial socialization (FS) has a strong and positive influence on household financial well-being ($\beta = .455$, $p < .001$), making it the most influential predictor among the three variables. This is consistent with existing literature emphasizing the formative role of family and social networks in shaping financial attitudes, behaviors, and decision-making patterns (Antwi et al., 2024; Nop, 2020; Asadi et al., 2023).

As Young et al. (2024) and Senduk et al. (2024) argue, parental influence and early exposure to financial discussions foster responsible money management habits that persist into adulthood. This process enhances individuals' confidence and competence in financial planning, ultimately improving their sense of financial wellbeing.

In the B40 context, where financial resources are constrained, social learning mechanisms such as observing parental budgeting habits, discussing financial challenges, or sharing digital financial knowledge can have an amplified impact on financial outcomes. Therefore, the findings affirm that financial socialization serves as a key driver of sustainable financial well-being, particularly when formal financial education is limited.

Financial Practices (FP) and Household Financial Well-Being (HFWB)

The regression results further demonstrate that financial practices (FP) significantly affect household financial well-being ($\beta = .376$, $p < .001$). This suggests that individuals who engage in sound financial practices, such as consistent saving, budgeting, and prudent investment, tend to experience greater financial stability and satisfaction (Antwi et al., 2024; Parthasarathy & Vinayachandran, 2023).

This finding corroborates prior studies by Rahman et al. (2021) and Asadi et al. (2023), which highlight that effective financial behavior, underpinned by literacy and socialization, promotes the ability to meet daily expenses, manage debt, and plan for future needs. For B40 households, cultivating disciplined financial practices is especially crucial in mitigating financial stress and vulnerability, thereby enhancing both objective and subjective aspects of financial well-being.

Moreover, consistent with the Theory of Financial Well-Being (O'Neill & Xiao, 2016) and Maslow's Hierarchy of Needs (1943), improved financial practices help households achieve higher levels of financial security, fulfilling both basic and psychological needs. As households gain control over their financial resources, they experience greater autonomy, confidence, and satisfaction—key elements of perceived financial well-being.

The results of this study highlight that improving digital financial literacy and financial socialization processes can significantly enhance financial practices, thereby leading to greater financial well-being among B40 households. These findings reinforce the need for targeted financial education programs, digital inclusion initiatives, and family-based financial learning interventions to empower low-income communities in Malaysia toward sustainable financial resilience and stability.

Suggestions for Further Research

This study only examines the influence between variables. Therefore, further research is recommended to:

1. Use the Structural Equation Modeling (SEM) approach to assess the causal relationship and the role of mediators such as financial behavior or financial stress.
2. Expand the study population to B40 communities in other states to see demographic differences and levels of digital literacy.
3. Conduct a longitudinal study to assess the long-term impact of digital financial literacy on household financial well-being.

CONCLUSION

This study empirically examined the influence of Digital Financial Literacy (DFL, Financial Socialization (FS), and Financial Practices (FP) on Household Financial Well-Being (HFWB) among the B40 community in Masjid Tanah, Melaka. The findings revealed that all three independent variables significantly and positively influence financial well-being, collectively explaining 67.5% of the variance in the model. Specifically, financial socialization emerged as the strongest predictor, followed by financial practices and digital financial literacy.

These results underscore that financial well-being among B40 households is not solely determined by income levels, but also by behavioral, cognitive, and social dimensions that shape financial decision-making. The findings reaffirm the theoretical perspectives of the Theory of Financial Well-Being (O'Neill & Xiao, 2016), which posits that financial outcomes are influenced by both objective financial resources and subjective perceptions shaped through experience and learning. Similarly, insights from the Basic Needs and Satisfaction Theory (Maslow, 1943) highlight that once financial stability is achieved, individuals experience greater autonomy, confidence, and psychological satisfaction, which together define holistic financial well-being.

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