Linking subjective financial well-being and compulsive buying behavior among college students: How Islamic financial literacy makes different

Subur Karyatun
Economics and Business Faculty, Universitas Nasional, Jakarta, Indonesia

Abstract
This study aims to enhance our understanding of the reciprocal association between subjective financial well-being and compulsive buying behavior while also considering the role of Islamic financial literacy as a boundary condition. The data for this research were collected in two phases from a sample of 266 students in Jakarta. The collected data were then analyzed using macro process version 4 to assess the proposed hypotheses. The study's findings confirm that subjective financial well-being and Islamic financial literacy negatively impact compulsive buying behavior. Moreover, the study reveals a subsequent influence of compulsive buying on future financial well-being, supporting a reciprocal relationship. Additionally, Islamic financial literacy plays a crucial role in mitigating the effect of financial well-being on compulsive buying behavior.

Public interest statements
Technological developments have brought changes in consumer behavior and sometimes have a negative impact on compulsive buying behavior. This research helps mitigate the effects of subjective financial well-being on compulsive behavior and how the two influence each other. In addition, students need to be given an understanding of Islamic financial literacy to control their buying behavior.

Keywords: Subjective financial well-being, compulsive buying behavior, Islamic financial literacy

Paper type: Research paper

Corresponding:
Subur Karyatun
Email: subur.karyatun@civitas.unas.ac.id

© The Author(s) 2023
This work is licensed under a Creative Commons Attribution 4.0 International License use.
Abstrak
Studi ini bertujuan untuk meningkatkan pemahaman kita tentang hubungan timbal balik antara kesejahteraan finansial subjektif dan perilaku pembelian kompulsif sementara juga mempertimbangkan peran literasi keuangan Islam sebagai syarat batas. Data untuk penelitian ini dikumpulkan dalam dua tahap dari sampel 266 siswa di Jakarta. Data yang terkumpul kemudian dianalisis menggunakan proses makro versi 4 untuk menilai hipotesis yang diajukan. Temuan penelitian mengkonfirmasi bahwa kesejahteraan finansial subjektif dan literasi keuangan Islam berdampak negatif terhadap perilaku pembelian kompulsif. Selain itu, penelitian ini mengungkapkan pengaruh selanjutnya dari pembelian kompulsif terhadap kesejahteraan finansial di masa depan, yang mendukung hubungan timbal balik. Selain itu, literasi keuangan Islam memainkan peran penting dalam mengurangi dampak kesejahteraan finansial pada perilaku pembelian kompulsif.

Pernyataan kepentingan public
Perkembangan teknologi telah membawa perubahan perilaku konsumen dan terkadang berdampak negatif pada perilaku pembelian kompulsif. Penelitian ini membantu mengurangi efek kesejahteraan finansial subjektif pada perilaku kompulsif dan bagaimana keduanya saling mempengaruhi. Selain itu, mahasiswa perlu diberikan pemahaman tentang literasi keuangan syariah untuk mengontrol perilaku pembeliannya.

Introduction
Technology, especially the development of e-commerce and online platforms, has provided more accessible and faster access to various products and services. Customers can easily explore various options, compare prices, and purchase with just a few clicks. This availability and convenience can trigger impulsivity and increase the risk of compulsive buying behavior. Moreover, mainly social media has also created a platform that allows consumers to connect with others and share their purchasing experience. Product posts and reviews, testimonials, and endorsements from other users can influence consumer perceptions and increase the urge to make an impulse purchase. Compulsive purchasing is more commonly seen as a shopping disorder (Müller et al., 2021) in which customers make excessive and recurrent purchases of goods instead of compulsive buying behavior, which results in unexpected purchases (O’Guinn & Faber, 1989). Although compulsive buying behavior has drawn much interest from scholars over the past 20 years (Tarka et al., 2022), it has significantly less attention than compulsive conduct.

Prior studies have extensively explored the causes of compulsive buying. From individual factors, for example, personality (Brunelle & Grossman, 2022; Tarka et al., 2022), well-being, hedonism (Tarka et al., 2023), materialism (Olsen et al., 2022; Tarka, 2020), self-concept (Mason et al., 2022), social networking (Pahlevan Sharif et al., 2022; She et al., 2021) and smartphone addiction (Mason et al., 2022), stress (Zheng et al., 2020). From the external side, brand attachment (Japutra et al., 2019) and website quality (Rahman & Hossain, 2022). Apart from the high interest of researchers regarding compulsive buying, some limitations still need to be corrected. First, current researchers focus more on the causes of compulsive buying rather than the consequences. Second, some researchers have identified that
compulsive buying can cause anxiety and depression (Brook et al., 2015; Claes et al., 2011). However, other studies favor the opposite effect (Zheng et al., 2020). Third, Compulsive buying behavior can interfere with the individual's overall quality of life. Individuals may sometimes experience feelings of regret and disappointment after making an impulse purchase. Research by Olsen et al. (2022) show that compulsive buying behavior relates to the consumers' quality of life and satisfaction. Moreover, financial well-being is one of the impacts of compulsive buying (She et al., 2021). However, several studies examine the opposite effect, where well-being can be an antecedent of compulsive buying (Manolis & Roberts, 2012).

This study aims to study the relationship between subjective financial well-being and compulsive buying and places Islamic financial literacy as a boundary condition. First, this study explores the reciprocal relationship between subjective financial well-being (FWB) and compulsive buying behavior (CBB). Obsessive shoppers among college students end up in debt (She et al., 2021). This behavior may also lead to trouble paying for education or a need for financial assistance. Students in college may experience tremendous stress and anxiety due to financial issues brought on by compulsive shopping. They could struggle to satisfy basic demands or financial obligations and feel imprisoned in a debt cycle. However, previous studies have also confirmed the role of FWB as a determinant of compulsive buying (Ortiz Alvarado et al., 2020), as well as an outcome of compulsive buying (Manolis & Roberts, 2012; She et al., 2021).

The relationship between FWB and CBB has been studied differently and varies in the placement of the causality test. On the one hand, compulsive shopping can lead to psychological issues, including marital issues, anxiety, and financial issues (Kellett & Bolton, 2009). Additionally, according to Weinstein et al. (2016), compulsive consumers are more prone to secrecy and concealment, which might contribute to their continued social isolation. Compulsive shopping, conversely, can pose serious health risks to the public, leading to anxiety among individuals, a lack of necessities, and a disproportionately negative impact on more vulnerable social groups (Jaspal et al., 2020). Responding to these differences, our study is directed to examine the reciprocal relationship, where FWB can affect CBB, and CBB can affect FWB in the future. This design is intended to cover the limitations of prior work (Orsolini et al., 2022; Reer et al., 2019; Wolfers & Utz, 2022) that has typically examined the link between FWB and CBB in a one-way relationship. This research explicitly introduces the reciprocal relationship between financial well-being and compulsive buying over time, along with the moderating influence of Islamic financial literacy.

Second, previous studies identified that the religiosity factor has a role in consumer behavior, especially CBB (Jaspal et al., 2020; Lebdaoui & Chetioui, 2021; Özdemir, 2022; Singh et al., 2021). On the other hand, various studies also confirm that financial literacy determines how consumers make purchasing decisions (Aw et al., 2018; Lam & Lam, 2017; Pham et al., 2012). Our study specifically proposes the Islamic financial literacy. Although the religiosity factor has been believed to be a predictor of consumer behavior (Jaspal et al., 2020; Singh et al., 2021), its role as a moderator is relatively rarely explored by the CBB (Lebdaoui & Chetioui, 2021; Özdemir, 2022; Singh et al., 2021). In addition, no studies have specifically examined Islamic financial literacy on compulsive buying behavior. Islamic financial literacy refers to an individual's understanding of the principles, concepts, instruments, and financial practices in accordance with Islamic Sharia principles. Individuals with good Islamic financial literacy can
understand how these financial instruments work, the benefits and risks, and how to use them in compliance with Sharia principles. However, in contrast to prior works, our study takes a different angle by examining the role of Islamic financial literacy in the relationship between SFWB and CBB. Hence, our study provides new insights into compulsive buying as a response to consumers' Islamic financial literacy.

This paper contributes to the literature in several ways. First, this study provides an enriched understanding of the relationship between SFWB and CBB, which can be reciprocal. Second, this study enriches knowledge about moderating the relationship between SFWB and CBB through an approach to religious values, especially Islamic financial literacy. The findings of this study offer practical benefits for tertiary institutions in increasing financial literacy, specifically Islamic literacy, to prevent excessive buying behavior (see Figure 1).

**Theoretical framework and hypotheses**

This study is based on the 3P Model (Durayappah, 2011), a theoretical concept that can provide an overview of the interaction of three critical elements in influencing individual well-being. This model includes three main interrelated dimensions: Positive Emotion, Engagement, and Purpose. In general, the 3P model illustrates that these three dimensions are interrelated and influence each other. Positive emotions can increase engagement and achievement of life goals. Engaging in meaningful activities can reinforce positive emotions and provide a clearer sense of purpose. At the same time, meaningful life goals can provide direction and enhance positive emotional experiences and engagement (Durayappah, 2011).

The first dimension of the 3P Model is positive emotions. It includes feelings of joy, happiness, satisfaction, and other positive emotions. Positive emotions are essential to individual well-being because they can enhance daily life, influence perceptions and outlook on life, and promote good mental and physical health. The second dimension of the 3P Model is deep and comprehensive involvement or experience in the activities carried out. Engagement involves complete focus, immersion, and a strong sense of attachment to the activity being performed. When a person is fully engaged in challenging and meaningful activities, it can generate feelings of satisfaction and accomplishment that enhance individual well-being. The third dimension of the 3P Model is clear and meaningful life goals. Having clear life goals gives meaning and direction to an individual's life. When someone has meaningful goals, they feel they have a purpose bigger than themselves, which can provide motivation, satisfaction, and a deep sense of fulfillment (Durayappah, 2011).

**Subjective financial well-being and compulsive buying behavior**

Financial well-being was first studied at the national level without considering people's perspectives, and it was seen as being identical to tangible resources (such as money). Although it has primarily been examined individually since Easterlin (1974) discovered the significance of subjective views of financial well-being (Sorgente & Lanz, 2019). The consensus among academics today is that financial well-being has both an objective and a subjective component. They hold that while objective financial well-being refers to an individual's material resources (such as income), subjective financial well-being refers to their perception
and (cognitive and emotional) assessment of their financial situation (Sorgente & Lanz, 2019). SFWB includes one's view on their future financial status and their sense of contentment with their current financial circumstances (Mahdzan et al., 2019). In this context, Brüggen et al. (2017) defined SFWB as "the perception of being able to sustain current and anticipated desired living standards and financial freedom." They conceptualized SFWB as a subjective indicator of one's present and future financial condition (Mahdzan et al., 2019).

Because individuals have different levels of subjectivity, our study defines FWB as an individual assessment of their financial condition. In other words, the size of the amount of money is not an essential factor. In other words, an individual may subjectively judge a certain amount of money as satisfying, but otherwise, it will differ from others. Financial well-being can influence a person's compulsive buying behavior. Research conducted by Roberts and Jones (2001) found that individuals with low financial well-being tend to have a higher tendency to make compulsive purchases. They point out that financial problems, including debt and financial constraints, can trigger uncontrollable buying behavior. Another study (Dittmar, 2005), also revealed that low financial well-being is associated with compulsive buying behavior. Individuals who are dissatisfied with their financial situation tend to use impulse purchases as a way to increase self-satisfaction and overcome financial dissatisfaction.

H1: SFWB at Time 1 is negatively related to CBB at Time 1

This study also proposes that SFWB at time 1 is consistently positively related to SFWB at Time 2. This test is also helpful in ensuring the consistency of measuring instruments, where we hope that SFWB has consistency over time.

H2: SFWB at Time 1 is positively related to SFWB at Time 2

Compulsive buying behavior leads to repetitive and excessive buying behavior as a response to negative emotions experienced by individuals (Aydin et al., 2021; Müller et al., 2015). By definition, CBB appears to include buying behavior driven by anxiety, life dissatisfaction, depression, and other negative affect. Researchers believe CBB is not related to product needs and functions but to emotions and moods. The individual with problematic behavior of compulsive purchasers is characterized by a lack of financial control, a sensation of satisfaction and release after the purchase, and a nonsensical and item-unrelated repeating of this behavior (Mason et al., 2022). Individuals who compulsively buy tend to spend more than they can afford. They may overuse credit cards or even take out loans to finance impulse purchases. As a result, they are trapped in a cycle of ever-increasing debt, which can cause lasting financial stress. Moreover, compulsive buying behavior often leads to unplanned and uncontrolled spending. These individuals may experience financial constraints, where they have difficulty meeting basic needs, such as paying bills, setting aside savings, or dealing with unexpected events. This behavior can undermine financial stability and increase the risk of long-term financial imbalances (Gutter & Copur, 2011; Manolis & Roberts, 2012; She et al., 2021). Hence, we propose that consumer compulsive behavior can have a lasting effect on FWB.

H3: CBB at Time 1 is negatively related to FWB at Time 2
The role of Islamic financial literacy

Islamic financial literacy (IFL) refers to an individual's understanding of the principles, concepts, instruments, and financial practices following Islamic Sharia principles. IFL was defined by Rahim et al. (2016) as a person's capacity to comprehend and analyze financial data from Islamic financial institutions. Furthermore, according to Antara et al. (2016), IFL refers to a person's level of knowledge and proficiency in understanding the significance of Islamic financial services, influencing their attitude toward the intention to utilize Islamic finance. IFL involves knowledge of the basic principles of Islamic finance, including the prohibition against usury (interest), gharar (excessive uncertainty), maysir (gambling), and other activities that are forbidden in Islam. Islamic financial literacy involves an understanding of typical Islamic financial instruments, such as mudarabah (partnership), musharakah (company), murabaha (sale and purchase with markup), ijara (lease), wakalah (asset management), and others. Individuals with good Islamic financial literacy can understand how these financial instruments work, the benefits and risks, and how to use them in compliance with Sharia principles. In addition, Islamic financial literacy also involves understanding Islamic financial institutions, such as Islamic banks, Islamic insurance, Islamic investment funds, and Islamic financial markets in general. Individuals with good Islamic financial literacy can understand the products and services offered by these institutions and the operational mechanisms that underlie them. Islamic financial literacy empowers individuals to manage their finances in compliance with Sharia principles, understand the risks and benefits of Islamic financial instruments, and make intelligent financial decisions according to their beliefs and values.

Islamic financial literacy has generally been confirmed to affect behavior, especially financial behavior. For example, several studies (Al-Awlaki & Aamer, 2022; Albaity &
Rahman, 2019) studied the effect of IFL on the intention to choose Islamic banks. In marketing (Dwi et al., 2021; Luthfiani & Sari, 2019), IFL is also believed to affect consumer behavior. Islamic financial literacy includes understanding Islamic principles prohibiting the payment and receipt of interest (usury) and other illicit activities. By understanding these values, individuals can be more aware and careful in managing their finances, including purchasing. They will be more likely to consider adherence to Islamic principles and evaluate whether the desired purchase complies with Shariah rules.

H4: IFL negatively related to CBB Time 1
H5: IFL moderates the link SFWB Time 1 and CBB Time 1

Methods

Participant and procedure

Two lecturers from each university in Jakarta participated as representatives in the data-gathering procedure as a part of the collaboration project for this study. The respondents for this survey were undergraduate management study program participants with employment status. Students who typically make two online transactions each month were chosen for the sample using a purposive strategy. Each responder's ID, email, and phone numbers are gathered, and each lecturer representative also inquires about the respondent's desire to complete the questionnaire freely.

The first phase (Time 1) data collection was carried out using an online questionnaire; respondents were asked to provide information related to demographic information and subjective financial well-being, and compulsive buying. Phase 2 of the study was conducted at the end of the semester, and respondents were asked questions related to financial well-being and Islamic financial literacy. After checking the data’s completeness, 226 pairs of answers were successfully collected in this study. Of the total respondents, 59 percent were women. Most respondents (62.83 percent) are 22-25 years old, and 65 percent are students in the accounting study program (see Table 1).

Table 1.
Respondent demographic information

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>92</td>
<td>40.71</td>
</tr>
<tr>
<td>Female</td>
<td>134</td>
<td>59.29</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 22 yrs</td>
<td>48</td>
<td>21.24</td>
</tr>
<tr>
<td>22 - 25 yrs</td>
<td>142</td>
<td>62.83</td>
</tr>
<tr>
<td>&gt; 25 yrs</td>
<td>36</td>
<td>15.93</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Majoring</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>147</td>
<td>65.04</td>
</tr>
<tr>
<td>Management</td>
<td>79</td>
<td>34.96</td>
</tr>
</tbody>
</table>

Source: survey data, processed (2023)
Table 2.
Measurement model evaluation based of confirmatory factor analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Indicator</th>
<th>Estimate</th>
<th>SE</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFWB</td>
<td>3.62</td>
<td>PW1</td>
<td>0.82</td>
<td>0.04</td>
<td>20.30</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.74</td>
<td>PW2</td>
<td>0.74</td>
<td>0.05</td>
<td>17.40</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.64</td>
<td>PW3</td>
<td>0.80</td>
<td>0.04</td>
<td>19.40</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.69</td>
<td>PW4</td>
<td>0.78</td>
<td>0.05</td>
<td>18.60</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.76</td>
<td>PW5</td>
<td>0.84</td>
<td>0.05</td>
<td>20.80</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.46</td>
<td>PW6</td>
<td>0.61</td>
<td>0.05</td>
<td>13.60</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.41</td>
<td>PW7</td>
<td>0.68</td>
<td>0.04</td>
<td>15.30</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.68</td>
<td>PW8</td>
<td>0.79</td>
<td>0.04</td>
<td>19.20</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>CBB</td>
<td>2.92</td>
<td>CBB1</td>
<td>0.86</td>
<td>0.04</td>
<td>20.80</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>2.93</td>
<td>CBB2</td>
<td>0.86</td>
<td>0.04</td>
<td>20.80</td>
<td>&lt; .001</td>
</tr>
<tr>
<td></td>
<td>3.01</td>
<td>CBB3</td>
<td>0.76</td>
<td>0.04</td>
<td>17.70</td>
<td>&lt; .001</td>
</tr>
</tbody>
</table>

Fit Measures

<table>
<thead>
<tr>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.97</td>
<td>0.97</td>
<td>0.04</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Source: data analysis using JAMOVI

Measure

Subjective financial well-being in this study adapts the eight-item scale developed by Prawitz et al. (2013). Because the original scale is a measure of financial distress, the reverse score is applied. Mean scores were computed by summing the responses to each of the eight items, then dividing by eight. Respondents were asked to give a rating of 1 = lowest financial well-being to 5 = highest financial well-being. Second, compulsive buying behavior adapts a 3-item scale (Ridgway et al., 2008) with minor revisions. Examples of items are "many of the things I buy have not been opened from shopping bags" and "I sometimes buy things I do not use." Respondents were asked to answer 5-rating points: 1 = strongly disagree to 5 = strongly agree. Finally, Islamic financial literacy was assessed using a 17-item question developed by Antara et al. (2016). Some items are adjusted to suit the context. Respondents were given a choice of "Yes" or "No" answers. The correct answers are multiplied by 100 and divided by 17 to get the final score. The higher the score, the higher the student's Islamic financial literacy.

Confirmatory factor analysis (CFA) was used to evaluate the validity of the scale structure using the JAMOVI program. As shown in Table 2, all items have loading values > 0.50 and Cronbach Alpha for all constructs > 0.70. In addition, the goodness of fit model indicates that the measurement model is good (CFI and TLI > 0.90, SRMR < 0.5, and RMSEA < 0.08).

Results and discussion

Descriptive statistics

Table 3 displays a description of the data and correlations between variables. The average scores for SFWB are 3.08 and 3.28 for times 1 and 2. The mean score of CBB is 3.27, which is
relatively high compared to SFWB at time 1. Meanwhile, the IFL score is 69.77 (SE=15.30), indicating the IFL score for all respondents.

Table 3. 
Descriptive statistics and correlation matrix

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Mean</th>
<th>SE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SFWB1</td>
<td>3.08</td>
<td>1.03</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>CBB1</td>
<td>3.27</td>
<td>0.85</td>
<td>-.196**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SFWB2</td>
<td>3.28</td>
<td>0.91</td>
<td>.308**</td>
<td>-.229**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>IFL</td>
<td>69.77</td>
<td>15.30</td>
<td>0.12</td>
<td>-.249**</td>
<td>.079</td>
<td>1</td>
</tr>
</tbody>
</table>

Notes: SFWB=subjective financial well-being, CBB = compulsive buying behavior, IFL = Islamic financial behavior, * p<0.5, ** p<0.01

The correlations between variables varied but seemed to be in line with initial expectations that SFWB T1 was negatively correlated with CBB (r = -0.196, p < 0.01). In the same vein, CBB T1 was negatively correlated with SFWB T2 (r=-0.229, p<0.01). As expected, IFL also had a negative correlation with CBB T1 (r=-0.249, p<0.01). The direction of the relationship between the variables mentioned above seems to be in accordance with expectations, where SFWB has a negative correlation with CBB and vice versa. Moreover, IFL is also negatively related to CBB, indicating an opposite direction of the relationship between the two variables.

Table 4. The results of analysis

<table>
<thead>
<tr>
<th>No</th>
<th>Relationship</th>
<th>b</th>
<th>SE</th>
<th>p-value</th>
<th>LCLI</th>
<th>UCLI</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>T1 SFWB T1 -&gt; CBB T1</td>
<td>-0.13</td>
<td>0.05</td>
<td>0.01</td>
<td>-0.22</td>
<td>-0.03</td>
</tr>
<tr>
<td>H2</td>
<td>T2 SFWB T1 -&gt; SFWB T2</td>
<td>0.24</td>
<td>0.05</td>
<td>0.00</td>
<td>0.14</td>
<td>0.35</td>
</tr>
<tr>
<td>H3</td>
<td>CBB T1 -&gt; SFWB T2</td>
<td>-0.19</td>
<td>0.07</td>
<td>0.00</td>
<td>-0.32</td>
<td>-0.06</td>
</tr>
<tr>
<td>H4</td>
<td>IFL --&gt; CBB T1</td>
<td>-0.20</td>
<td>0.05</td>
<td>0.00</td>
<td>-0.31</td>
<td>-0.10</td>
</tr>
<tr>
<td>H5</td>
<td>MOD 1</td>
<td>0.10</td>
<td>0.05</td>
<td>0.03</td>
<td>-0.20</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

Conditional effect

Low IFL  
-0.23  0.06  0.00  -0.35  0.10

High IFL  
0.03  0.07  0.71  -0.17  0.11

Notes: SFWB=subjective financial well-being, CBB = compulsive buying behavior, IFL = Islamic financial behavior

Hypothesis testing

All hypothesis testing is shown in Table 4. The first hypothesis regarding the relationship between SFWB and CBB was supported (b = -0.13, p<0.01), indicating that SFWB T1 has a negative effect on CBB T1. The second hypothesis regarding the relationship between SFWB T1 and T2 timing is also supported (b = 0.24, p < 0.01). Furthermore, CBB T1 was shown to negatively predict SFWB T2 (b = -0.19, p<0.01), supporting the reciprocal relationship model. Fourth hypothesis, IFL has a negative effect on CBB T1 (b=0.20, p<0.01). Finally, the
moderating effect of IFL on the SFWB T1 and CBB T1 relationship was also supported (b = -0.10, p<0.01).

Discussion

The results of our study provide several important theoretical implications for subjective financial well-being, compulsive buying behavior, and Islamic financial literacy. First, SFWB predicts CBB negatively, supporting previous studies (Dittmar, 2005; Roberts & Jones, 2001). This study's results indicate that individuals with low subjective financial well-being tend to be more prone to compulsive buying behavior. They show that individuals who seek satisfaction and happiness through purchasing material goods or objects have a higher tendency to get stuck in a compulsive buying cycle. In other words, individuals with low subjective well-being, including low levels of life satisfaction and high levels of negative emotions, tend to have a higher tendency to make compulsive purchases. They use impulse buying to elevate their mood and deal with negative feelings.

Second, the results of this study confirm that the SFWB is consistent over time, indicating that respondents' perceptions of financial well-being are relatively the same. However, considering that this study was conducted over six months, there may be no significant changes in the financial condition of the respondents, so their answers are relatively the same. As shown in Table 3, the score of respondents' answers on SFWB T1 was 3.08 and 3.28 for SFWB T2.

Third, this study captures an exciting phenomenon where CBB T1 is negatively related to SFWB T2 (Gutter & Copur, 2011; Manolis & Roberts, 2012; She et al., 2021). In other words, CBB has long-term negative implications for SFWB while supporting a reciprocal model between the two. Individuals who compulsively buy tend to spend more than they can afford. They may overuse credit cards or even take out loans to finance impulse purchases. As a result, they are trapped in a cycle of ever-increasing debt, which can cause lasting financial stress. Compulsive buying behavior often leads to unplanned and uncontrolled spending. These individuals may experience financial constraints, where they have difficulty meeting basic needs, such as paying bills, setting aside savings, or dealing with unexpected events. This situation can undermine financial stability and increase the risk of long-term financial imbalances. The financial problems that arise from compulsive buying can lead to high stress and anxiety levels. Individuals may feel worried about how to deal with debt, seek solutions to financial difficulties, or feel trapped in a difficult situation. This financial stress and anxiety can have a negative impact on overall mental and emotional well-being.

Fourth, this study confirms that Islamic financial literacy has a negative effect on compulsive buying, supporting previous work (Aw et al., 2018; Lam & Lam, 2017; Pham et al., 2012) which proves the critical role of the religiosity factor in consumer behavior (Jaspal et al., 2020; Singh et al., 2021). However, this study is the first to explore the relationship between Islamic financial literacy in CBB. Islamic teachings emphasize the concept of Rizq, which refers to the belief that Allah determines sustenance and wealth. With Islamic financial literacy, individuals understand that excessive material possessions do not necessarily bring happiness or fulfillment. They are more likely to focus on gratitude for what they have and avoid the constant desire for material possessions that can lead to compulsive buying. Islamic financial
literacy promotes ethical consumption, encouraging individuals to purchase with Islamic principles and values. These values include avoiding unnecessary debt, riba (interest), and making informed and responsible financial decisions. By adhering to these principles, individuals can reduce impulsive and compulsive buying behaviors. Islamic financial literacy emphasizes the importance of long-term financial planning, savings, and investment following Islamic principles. Individuals knowledgeable in Islamic finance are more likely to prioritize their financial goals, such as saving for education, retirement, and charitable giving. This long-term perspective helps in curbing compulsive buying tendencies and promotes financial discipline.

Finally, our empirical study provides convincing evidence regarding the role of Islamic financial literacy in compulsive behavior and as a boundary condition for the relationship between SFWB and CBB. In other words, the effect of SFWB is highly dependent on the level of IFL. As shown in Table 5, the effect of SFWB on CBB is only significant when IFL is at a low level. In other words, high IFL can neutralize the effect of SFWB on CBB. However, Islamic financial literacy alone may not eliminate compulsive buying behavior, as it is a complex issue influenced by various psychological and socio-economic factors. However, by incorporating Islamic financial principles and practices into financial literacy education, individuals can develop a stronger foundation for making mindful and responsible financial decisions, thus reducing the likelihood of compulsive buying behavior.

Practical implications

Several practical implications are proposed based on the research results: For universities, it is necessary to create formal and informal educational programs that focus on teaching the principles of Islamic finance, including the concepts and practices of investment, zakat, waqf, and Islamic financing. This program can be held at schools, universities, financial institutions, and the general public. In addition, efforts to improve financial literacy can be made by organizing specific training and workshops for the community, including financial professionals, entrepreneurs, and community leaders. This training can help students understand Islamic finance’s practical aspects and implementation in daily life and business. It was finally conducting social campaigns and using the mass media to increase public awareness about the importance of Islamic financial literacy. These campaigns may involve advertising, television programs, radio, social media, and community activities to create awareness and interest in Islamic finance.

More important, universities need to incorporate Islamic financial principles and practices into financial literacy education; individuals can develop a stronger foundation for making mindful and responsible financial decisions, thereby reducing the likelihood of compulsive buying behavior. Second, students need to be given an understanding of the adverse effects of compulsive buying, which can cause serious financial problems. Individuals who spend money compulsively and excessively have difficulty managing their finances. As a result, they can become trapped in unmanageable debt, have difficulty meeting basic needs, and experience significant stress related to financial problems. Third, because of the incessant influence of advertising and temptation through social media and the internet by providing easy purchases (e.g., pay-later methods), students need to understand the risks and accurate calculations related to such credit purchases. Thus, universities must simultaneously hold
seminars or workshops by inviting marketing and financial experts, especially online marketing practitioners.

Excessive compulsive buying can indicate a mental health problem, such as anxiety, depression, or self-control disorders. By preventing this behavior in students, we can help them develop healthier relationships with money and material goods. By preventing compulsive purchases, students can be encouraged to consider social, environmental, and sustainability impacts more in their purchasing decisions. They can practice more conscious consumption patterns, such as buying high-quality goods, recycling or repairing damaged goods, and choosing environmentally friendly products. This will help them become responsible consumers and contribute to building a more sustainable society. In other words, preventing compulsive buying helps students learn about values and priorities in managing their finances. They will understand the importance of saving for the future, budgeting wisely, and prioritizing needs before wants. Students can develop a responsible attitude toward their money by practicing self-control and making intelligent purchasing decisions.

**Conclusion**

This study aims to obtain more detailed knowledge about the reciprocal relationship between subjective financial well-being and compulsive buying behavior and the role of Islamic financial literacy as a boundary condition. The study results confirm that compulsive buying is negatively influenced by subjective financial well-being and Islamic financial literacy. The results of this study also found a follow-up effect of compulsive buying on financial well-being in the future, supporting the assumption of a reciprocal relationship. In addition, Islamic financial literacy is essential in neutralizing financial well-being’s effect on compulsive buying behavior.

**Limitations and future directions**

Our study has several limitations that should be addressed in future research. Firstly, our investigation solely focuses on the reciprocal relationship between financial well-being and compulsive buying behavior without considering potential demographics, such as gender, income level, and personality traits (e.g., self-esteem, hedonic tendencies, materialism). Therefore, it would be beneficial for future studies to explore the moderating impact of these individual factors to determine whether respondents meeting specific criteria exhibit different patterns of social media use and compulsive buying. Secondly, while this study employed short-longitudinal panel data collected at two time points, using a single source to complete the questionnaire may raise concerns about common method bias (Podsakoff et al., 2012). Future research could involve multiple respondents to assess social media engagement and compulsive buying behavior, thereby minimizing potential biases. Lastly, the limitation of our research sample pertains to the inclusion of student employees with employee status from two universities in Indonesia. As prior studies have demonstrated that culture significantly influences buying behavior, we encourage future researchers to replicate the study in different contexts outside Indonesia.
References


Pahlevan Sharif, S., She, L., Yeoh, K. K., & Naghavi, N. (2022). Heavy social networking and online compulsive buying: the mediating role of financial social comparison and
Subjective financial well-being, compulsive buying behavior, Islamic financial literacy


**Additonal information**

**Ethics declarations**

**Funding**
The author(s) received no financial support for the research, authorship, and/or publication of this article.

**Availability of data and materials**
Data sharing is not applicable to this article as no new data were created or analyzed in this study.

**Competing interests**
No potential competing interest was reported by the authors.

**Cite this paper:**

**SERAMBI: Jurnal Ekonomi Manajemen dan Bisnis Islam**

Publisher : LPMP Imperium.
Frequency : 3 issues per year (April, August & December).
ISSN (online) : 2685-9904.
DOI : Prefix 10.36407.
Editor-in-chief : Dr. Suryani