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THE MEDIATING ROLE OF FINANCIAL ATTITUDE IN LINKING FINANCIAL CAPABILITY AND DEBT DECISION AMONG INFORMAL WOMEN ENTREPRENEURS

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Abstract
This study aims to analyse the influence of financial knowledge, financial attitudes, and financial behaviour on the debt decision of informal women entrepreneurs in Indonesia. By delivering questionnaires and quantitative methodology. 279 respondents were collected, and the results could be processed with SmartPLS Structural Equation Modelling (SEM). This paper explores the relationship between financial inclusion, financial literacy, and the important role of financial attitudes in improving decision-making skills related to debt management. At the same time, financial inclusion and financial literacy are essential, but not enough to encourage healthy debt practices. A constructive financial attitude emerges as an important determinant, contributing to understanding and implementing prudent debt decisions women in the informal sector. This research provides practical contributions for governments, financial institutions, and cooperatives in designing gender-responsive financial literacy programs. The findings advance the Theory of Planned Behavior in financial decision-making and provide actionable guidance for designing gender-responsive financial capability programs.

Keywords: Financial Inclusion, Financial Literacy, Financial Attitude, Debt Decision, Women Entrepreneur

1. Introduction

Every nation's economic health is enhanced by entrepreneurship (Burchi et al., 2021). Making decisions regarding debt is essential for female entrepreneurs since it impacts the expansion and viability of their companies. Because of the influence of crises, risk aversion, and public opinion, women entrepreneurs frequently confront particular opportunities and obstacles when making financial decisions. In conservative environments, access to debt is often limited for women entrepreneurs due to bias against women business owners (Lassoued et al., 2024). In addition, women tend to have self-control over debt (Iram & Zhang, 2022). Proper debt decision-making is crucial because it can affect business continuity, financial structure, and profitability of business actors. On the other hand, unwise debt decisions can plunge business actors into a prolonged debt trap, increase interest expenses, and potentially disrupt cash flow and loan repayment.

Financial inclusion can influence the decision-making process of women entrepreneurs related to debt. It has been proven that women entrepreneurs with access to finance are wiser in managing debt (Baporikar & Akino, 2020). In addition, financial literacy significantly influences debt decisions, shaping how individuals manage their financial obligations. While lower financial literacy frequently results in excessive debt

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accumulation, women entrepreneurs who lack financial literacy may find it more difficult to obtain financing and make sound financial decisions (Younas & Rafay, 2020). However, significant financial literacy gaps remain, hindering many women's entrepreneurial ventures and their ability to leverage debt to grow (Dangcil et al., 2024).

Research findings on the impact of financial inclusion on debt decisions are still inconsistent. By expanding access to official financial services, financial inclusion has been shown in numerous prior studies to positively influence prudent debt decisions (Ajide, 2020; Ofosu-Mensah Ababio et al., 2023) through increased access to capital and profitable debt contracting practices (Jin et al., 2023). Herispon (2019) reveals that financial inclusion hurts debt decisions, increasing the opportunity for households to be involved in debt. Financial inclusion positively impacts debt decisions for high-income families while negatively impacting low-income families due to household debt pressures (Yang & Zhang, 2024). Furthermore, it is yet unclear how financial literacy affects debt decisions. High financial literacy will improve good debt management (Jumady, 2024), such as managing debt properly so that excessive debt does not occur (Ricaldi et al., 2022). Meanwhile, individuals with lower financial literacy tend to engage in worse debt management practices (Kristanto, 2021).

However, the emerging evidence suggests that this construct alone does not guarantee wise debt decisions. The financial attitudes of women micro-entrepreneurs, shaped by their personal beliefs and values about money, influence their choices regarding borrowing and debt management. Financial attitudes can influence how women are involved in financial decision-making. For example, emotional factors like fear of failure can greatly influence women's investment behaviour (Nouri, 2023). Female entrepreneurs are generally considered more risk-averse and prefer internal funds to debt. However, under certain conditions, women micro-entrepreneurs also choose debt financing, especially long-term debt (Hussain et al., 2024; Lassoued et al., 2024).

By emphasizing the mediating function of financial attitude in the relationship between financial inclusion, literacy, and debt-making, this study advances our knowledge of financial behavior among informal women entrepreneurs. Theoretically, it extends the Theory of Planned Behaviour by positioning financial attitude as a crucial factor that translates knowledge and access into prudent borrowing behaviour. Practically, the findings inform policymakers and financial institutions that promoting financial inclusion and literacy alone is insufficient; programs must also nurture positive financial attitudes to support responsible debt decisions. So, it is particularly important in informal sectors where women face complex socioeconomic and emotional challenges in financial management.

2. Theoretical Background

2.1 Planned Behaviour Theory

According to the Planned conduct (TPB) theory, three primary determinants attitude toward the conduct, subjective norms, and perceived behavioral control combine to generate intention, which in turn influences an individual's behavior (Ajzen, 1991). Perception of behavior control relates to a person's ideas about their capacity to carry out certain activities, whereas attitudes include their subjective norms of societal pressures or other people's expectations, as well as their positive or negative assessment of a behavior. SDGs are used extensively in behavioral research, including in financial contexts, to understand the psychological factors that influence individual decision-making and actions. By combining cognitive, social, and self-control aspects. TPB provides a

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comprehensive theoretical framework for explaining and predicting planned behaviors.In behavioural accounting, a person's behaviour is carried out in business decision-making. Schift and Lewin (1974) explain that behavioural accounting has five aspects: management behaviour, budgeting and planning, decision making, control, and financial reporting. This research will relate several factors that affect the decision-making aspect in behavioural accounting theory (Schiff & Lewin, 1974). Yeo et al. (2023) proposed financial behaviour ideas connected to economic actions, such as financial attitudes and financial literacy.

2.2 Financial Inclusion and Debt Decisions

Women micro-entrepreneurs' debt decisions can be influenced by some factors, including financial inclusion and access to financial services and products. Based on the framework of Planned Behavior Theory (Ajzen, 1991), the debt decisions of women micro entrepreneurs can be understood through three main factors: attitudes, subjective norms, and perceptions of behavior control. The level of financial inclusion affects all three factors. Access to formal financial services can form a positive attitude towards the use of productive credit because it is considered safer and supports business. Subjective norms, such as encouragement from families, communities, or business groups, can also be formed through interactions with financial institutions that actively empower women. Meanwhile, the perception of behavioral control is influenced by the ease of obtaining information, transparent credit procedures, and the availability of appropriate financial products. In contrast, low financial inclusion limits businesses' confidence in accessing formal sources of financing, prompting them to make debt decisions on high-cost products with great risk. Thus, the link between financial inclusion and debt decisions can be analyzed more comprehensively using the SDGs, as this theory accommodates the influence of psychological, social, and self-control factors in financial behavior. Financial inclusion can improve women's socioeconomic conditions, especially among those from low-income households who do not have access to banking and financial services (Al-Shami et al., 2017). Ratnawati (2020a) states that financial inclusion will affect debt decision-making. A person with low income and uncertainty often has limited access to credit and runs out of debt quickly (Betti et al., 2007). They have a high risk in using high-cost alternative financial products (Guo & Huang, 2023). Therefore, the following is the theory put out in this study: *H1: Financial inclusion has a positive effect on debt decisions*

2.3 Financial Literacy and Debt Decisions

Financial literacy will influence debt decisions by reducing the amount of debt and ultimately promoting financial well-being. The consequences of low financial literacy can cause business actors to fail to understand the concept of interest or business margin, making transaction costs more abundant (Lusardi & Tufano, 2015). Good financial knowledge equips individuals to manage their finances more wisely, reducing the likelihood of excessive debt (Yulianah & Muflikhati, 2023). Financial knowledge is part of human resources (HR) 's ability to provide a competitive advantage in managing financial resources. Financial knowledge helps understand financial risks and develop the skills to make effective financial decisions, including debt (Okello Candiya Bongomin, Munene, et al., 2020). Chen et al. (2023) imply that those who are more financially literate typically make better debt choices. They are less likely to engage in high-cost debt

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practices, which indicates that financial knowledge can reduce risky debt decisions (Lusardi & Scheresberg, 2013).

Financial literacy significantly affects household consumption and debt decisions (Herispon et al., 2019). Impulsivity and a lack of financial literacy are strongly correlated, which increases the amount of debt (Ottaviani & Vandone, 2017). In addition, higher financial knowledge can also lead to increased fear of debt, leading to increased levels of economic anxiety (Perry, 2023). Cude et al. (2020) illustrate how financial knowledge and personality traits influence risky debt decisions. Thus, the hypothesis proposed in this study is: *H2: Financial Literacy has a positive effect on debt decisions*

2.4 Financial Attitudes and Debt Decisions

How people handle their financial responsibilities and make loan decisions is significantly influenced by their financial attitudes, which include their views and sentiments on debt. A positive financial attitude is characterised by creating a budget, and avoiding waste can be considered a valuable resource (Handijaya & Wiryakusuma, 2023). In addition, those who prioritise financial management discipline will improve planned debt decisions, which involve carefully considering when and how much to borrow (Zaen et al., 2024). According to the Planned Behavior Theory, financial attitudes are components of behavior attitudes that subtly influence decision-making and the selection of investment strategies. Accordingly, it is anticipated that positive sikap keuangan will improve the quality of keputusan berutang pelaku usaha mikro perempuan. Moreover, a proactive financial attitude contributes significantly to effective financial management and decision-making (Rosalina et al., 2023). Thus, the hypotheses proposed in this study are: *H3: Financial attitudes have a positive effect on debt decisions*

2.5 Financial Inclusion and Financial Attitudes

An individual's financial behavior is greatly influenced by the concepts of financial inclusion and financial attitudes, particularly in situations where access to financial services is restricted or unequal. Financial inclusion, broadly speaking, refers to the methods by which individuals and groups can obtain and make use of formal financial services (Pandeirot & Aseng, 2024). Within the framework of Planned Behavior Theory (Ajzen, 1991), the relationship between financial inclusion and financial attitudes can be understood through their influence on financial intentions and behaviors. Financial attitudes reflect the components of attitude toward the behavior that form a positive or negative evaluation of certain financial behaviors, such as credit use or banking services. Meanwhile, financial inclusion can strengthen the perception of perceived behavioral control by providing access, convenience, and confidence for individuals to utilize formal financial services.

The interaction between the two is also influenced by subjective norms, such as the encouragement of communities or business groups to use formal financial products. A combination of a positive attitude towards financial management and adequate access to financial services will encourage more planned, safe, and productive financial behavior. Thus, in the context of female micro entrepreneurs, the higher the financial inclusion and the more positive it will be financial attitudes, The better the quality of the debt decisions taken. This accessibility is crucial to reducing poverty and fostering economic growth, especially for marginalized individuals, since it facilitates better money management, savings, and investment opportunities (Cuandra & Anjela, 2021; Sakanko et al., 2023). A positive financial attitude can increase engagement with financial services, increasing

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utilisation of banking services, access to credit, and investment behaviours (Adetunji & David-West, 2019; Rashid et al., 2022). Financial attitudes contribute significantly to overall financial inclusion, which is interconnected (Karsh, 2020; Permoni, 2023). Thus, the hypothesis proposed in this study is: *H4: Financial inclusion has a positive effect on financial attitudes*

2.6 Financial Literacy and Financial Attitudes

Financial literacy encompasses a set of competencies essential for sound financial decision-making. In the perspective of Planned Behavior Theory (Ajzen, 1991), financial literacy plays an important role as an important factor that can shape attitudes toward behavior, especially in managing money and making financial decisions. A good understanding of financial concepts, products, and risks can foster a positive attitude towards wise financial management, increase confidence (perceived behavioral control) in utilizing financial services, and strengthen subjective norms through social interactions that encourage healthy financial behavior. With the increase in financial literacy, individuals not only acquire knowledge, but also build confidence and skills. Conversely, inadequate financial literacy often leads to poor decision-making. Financial literacy can foster a positive attitude towards money (Çoşkun & Dalziel, 2020; Nalurita et al., 2022). A balanced approach integrating financial education at the formal and informal levels is essential to jointly foster a positive financial attitude (Kadoya, 2020). As a result, raising financial literacy involves more than just imparting information; it also entails fostering an atmosphere that supports a sound approach to money management. Financial literacy gives people the skills they need to use financial services efficiently, which will affect their attitudes about money. (Martika et al., 2024; Nurohman et al., 2021; Permoni, 2023). Increased financial literacy results in better financial planning (Okello Candiya Bongomin, Ntayi, et al., 2020). Thus, the hypothesis proposed in this study is: *H5: Financial literacy has a positive effect on financial attitudes*

3. Method

Examining Indonesian women's micro and independent businesses was the aim of this study. Cross-sectional data is used in this work in an explanatory pattern. Using Roscoe's theory, data collection was determined by purposive sampling. According to Hair Jr. et al. (2019), The number of indicators multiplied by five to ten determines the number of representative samples. This study required a minimum sample size of 200 respondents by multiplying the number of indicators by 10. However, to enhance the robustness and generalizability of the findings, data from a total of 279 respondents were successfully collected and analysed. This sample size exceeds the minimum requirement and thus strengthens the statistical power and reliability of the results. Given that the study's target population consists of unofficial female entrepreneurs operating independent enterprises in Indonesia, multivariate analysis utilising the Partial Least Squares (PLS) model is employed, along with inner and outer model testing.

All variables in this study were measured using five indicators through a questionnaire with a rating scale of 1-10 from strongly disagree to agree strongly. Financial inclusion indicators are, namely, the accessibility of account ownership, access to deposits, access to financing, payment and transfer transactions, and transaction security (Alhassan et al., 2019; Iqbal & Sami, 2017; Mhlanga, 2021; Ratnawati, 2020b; Widyarti et al., 2021). Financial literacy is, namely knowledge of the concept of interest rates or margins, being able to compare interest rates or margins, being able to calculate profits, understanding the concept of inflation, and understanding financial risk (Atkinson & Messy, 2012; Fessler et al., 2020; Fünfgeld & Wang, 2009; Klapper & Lusardi, 2020; Tumba et al., 2022; OECD, 2009). Financial attitudes were measured using five indicators adopted from previous research (Abdullah et al., 2019; Djou & Lukiastuti, 2021; Fünfgeld & Wang, 2009) That is, a person's capacity to think positively about money (obsession), manage their financial circumstances (business), adapt their spending to their needs (inadequacy), avoid waste (retention), and have a comprehensive perspective on money. Debt decisions are measured based on previous research (Gutiérrez-Nieto et al., 2017; Nohong et al., 2021; Noviarini et al., 2021). Five indicators, namely: debt planning, debt collection as needed, fulfilment of contract conditions, analysis of debt benefits and costs, and timeliness of payments. Figure 1 is the research model proposed in this study:

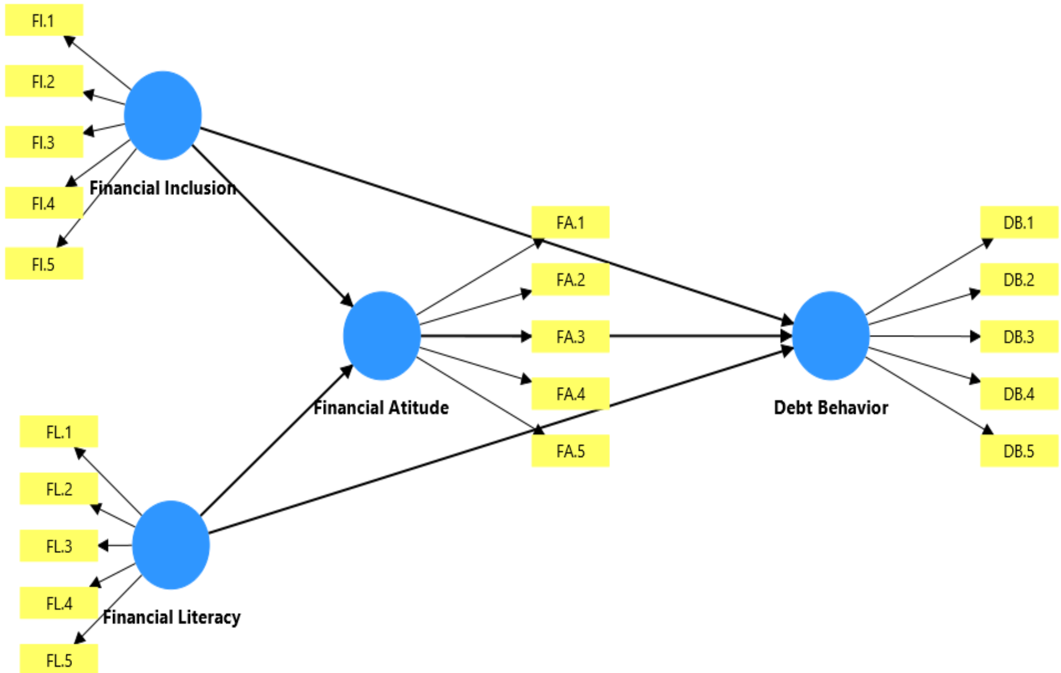

Figure 1. Research Model

4. Result and Discussion

4.1 Respondent Demographics

There were 279 respondents in all for this survey. The majority (31.2%) were between the ages of 41 and 50, followed by those between the ages of 31 and 40 (30.1%), 20 and 30 (19.7%), and beyond 50 (19.0%). Regarding educational background, 40.1% of respondents had completed senior high school (SMA/MA), while 28.0% had only completed elementary school, 16.1% had a junior high school education, and 15.8% held a diploma or undergraduate degree. Regarding marital status, the vast majority were married (81.7%), while 8.6% were single and 9.7% were single parents. When asked about the number of children, 33.3% had two children, 23.7% had three children, 19.7% had more than three, while 11.8% reported having no children.

Regarding the occupation of their spouses, 43.0% were traders, followed by 38.7% who worked as factory labourers, and 9.7% were farmers; meanwhile, 8.6% of respondents did not have a spouse. In terms of the type of business managed by the respondents, most were involved in food and beverage trading (32.3%), followed by grocery shops (21.9%), non-food trading (17.9%), small food stalls (14.3%), services (8.2%), and produce stalls (5.4%). As for business experience, 35.8% of respondents had

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been operating their businesses for 3–5 years, 26.2% for more than 10 years, 22.2% for less than 3 years, and 15.8% for 5–10 years.

4.2 Outer Model

4.2.1 Convergent Validity

The loading factor value on the latent variable, with its indications, can be considered the convergent validity value. If the size corresponds with the construct to be measured by more than 0.50, it is considered high. Below is a loading factor table where each indicator is calculated using PLS.

Table 1. Validity of the indicator questionnaire

	Outer loadings	Validity
FI.1 <- Financial Inclusion	0.734	Valid
FI.2 <- Financial Inclusion	0.755	Valid
FI.3 <- Financial Inclusion	0.864	Valid
FI.4 <- Financial Inclusion	0.885	Valid
FI.5 <- Financial Inclusion	0.887	Valid
FL.1 <- Financial Literacy	0.855	Valid
FL.2 <- Financial Literacy	0.899	Valid
FL.3 <- Financial Literacy	0.844	Valid
FL.4 <- Financial Literacy	0.778	Valid
FL.5 <- Financial Literacy	0.744	Valid
DB.2 1 <- Debt Decision	0.581	No Valid
DB.2 <- Debt Decision	0.863	Valid
DB.3 <- Debt Decision	0.885	Valid
DB.4 <- Debt Decision	0.859	Valid
DB.5 <- Debt Decision	0.890	Valid
FA.1 <- Financial Atitude	0.790	Valid
FA.2 <- Financial Atitude	0.845	Valid
FA.3 <- Financial Atitude	0.615	No Valid
FA.4 <- Financial Atitude	0.885	Valid
FA.5 <- Financial Atitude	0.850	Valid

Based on Table 1, the indicators in DB 1 and FA 3 were dropped in this study. Next, the feasibility test. Cronbach's Alpha, Composite Reliability (rho_a and rho_c), and Average Variance Extracted (AVE) were used to verify the constructs' convergent validity and reliability.

Table 2. Construct of Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Debt Decision	0.901	0.903	0.931	0.771
Financial Attitude	0.873	0.875	0.913	0.724
Financial Inclusion	0.884	0.900	0.915	0.685
Financial Literacy	0.882	0.892	0.914	0.682

Based on Table 2, Cronbach's Alpha values ranged from 0.873 to 0.901, and Composite Reliability (rho_c) ranged from 0.913 to 0.931, all of which exceeded the suggested criterion of 0.70, indicating good internal consistency across all constructs.

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With AVE values ranging from 0.682 to 0.771, all constructs had sufficient convergent validity, above the 0.50 threshold.

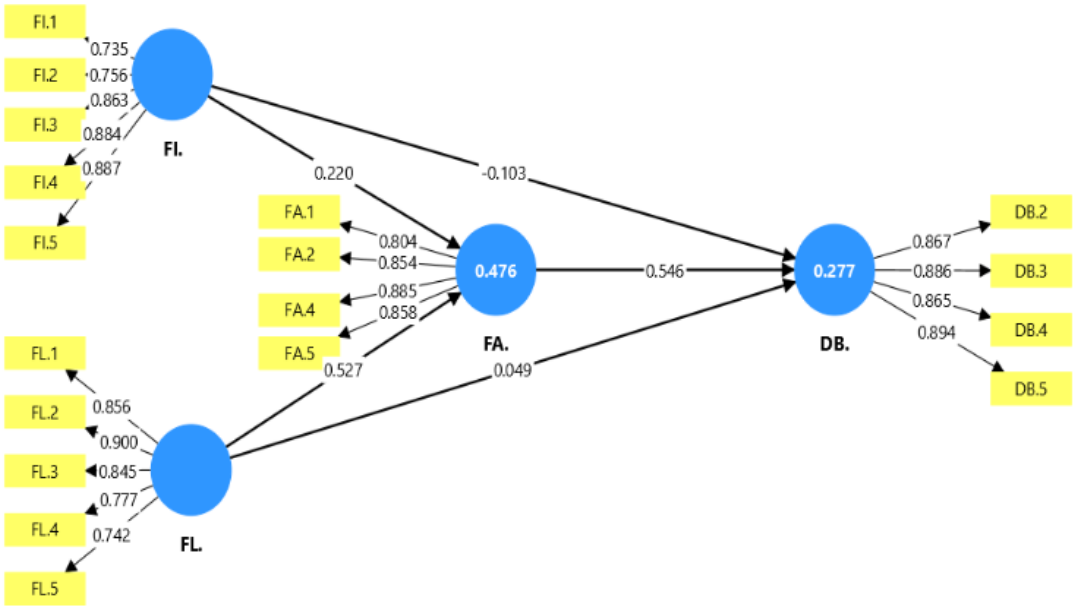

Figure 2. Data Processing Results using SmartPLS

Table 3. Discriminant Validity – Forner, Larcker Criterion

	Debt Decision	Financial Attitude	Financial Inclusion	Financial Literacy
Debt Decision	0.878			
Financial Attitude	0.521	0.851		
Financial Inclusion	0.235	0.562	0.827	
Financial Literacy	0.348	0.669	0.648	

The Fornell-Larcker criterion, which compares the square root of the Average Variance Extracted (AVE) for each construct with the correlations between constructs, was used to evaluate discriminant validity. According to the results, the square roots of the AVE for each of the following constructs are higher than the corresponding inter-construct correlations: Debt Decision (0.878), Financial Attitude (0.851), Financial Inclusion (0.827), and Financial Literacy (0.826).

4.3 Inner Model

4.3.1 R Square

Table 4. R square

	R-square	R-square adjusted	Result
Debt Decision	0.277	0.269	Moderate
Financial Attitude	0.476	0.472	Moderate

The explanatory power of the structural model was assessed using the coefficient of determination (R^2). With an adjusted R2 of 0.269 and an R2 value of 0.277 for Debt Decision, the predictor constructs may account for roughly 27.7% of the variance in Debt Decision. Similarly, the Financial Attitude construct produced an adjusted R2 of 0.472 and an R2 of 0.476, indicating that the model explains roughly 47.6% of the variation. These R^2 values indicate a modest degree of predictive accuracy, with values between

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0.25 and 0.50 typically regarded as mild. In accordance with Hair et al. (2019), these R^2 values reflect a moderate level of predictive accuracy, with values between 0.25 and 0.50 generally considered mild. Thus, the model demonstrates acceptable explanatory power in predicting the respective endogenous variables.

4.4 Model Fit

The values of SRMR, d_ULS, d_G, Chi-square, and NFI demonstrate that this research model satisfies the fit model requirements based on the outcomes of statistical testing. A decent match between the model and the observed data is shown by the SRMR value of 0.053, which is below the suggested threshold of 0.08. Both d_ULS (0.478) and d_G (0.214) reflect acceptable fit levels, with lower values generally suggesting better model alignment. Although informative, the Chi-square value of 363.701 is less emphasized in PLS-SEM due to its sensitivity to sample size. The NFI value of 0.892 indicates that the model exhibits a sufficient overall fit for additional structural analysis because it is around the acceptable threshold of 0.90.

4.5 Significance Test

4.5.1 Path Coefficients Direct Influence

Table 5. Direct Influence Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Result
Financial Inclusion -> Debt Decision (H1)	-0.103	-0.106	0.074	1.384	0.166	Reject
Financial Literacy -> Debt Decision (H2)	0.049	0.053	0.082	0.603	0.546	Reject
Financial Attitude -> Debt Decision (H3)	0.546	0.546	0.068	8.010	0.000	Accepted
Financial Inclusion -> Financial Attitude (H4)	0.220	0.221	0.055	3.973	0.000	Accepted
Financial Literacy -> Financial Attitude (H5)	0.527	0.526	0.054	9.725	0.000	Accepted

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Based on Table 5, Financial Attitude significantly positively affects Debt Decision (β = 0.546, t = 8.010, p < 0.001), indicating it as a key predictor. Both Financial Inclusion (β = 0.220, t = 3.973, p < 0.001) and Financial Literacy (β = 0.527, t = 9.725, p < 0.001) significantly influence Financial Attitude. However, financial inclusion (p = 0.166) and financial literacy (p = 0.546) do not directly affect debt decisions. These results highlight Financial Attitude as a mediating variable in the model.

Table 7. Specific Indirect Influence Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Result
Financial Inclusion -> Financial Attitude ->Debt Decision	0.120	0.121	0.033	3.616	0.000	Accepted
Financial literacy -> Financial Attitude ->Debt Decision	0.287	0.288	0.051	5.656	0.000	Accepted

Based on Table 6, the mediation analysis revealed that Financial Attitude significantly mediates the relationship between both Financial Inclusion and Debt Decision (β = 0.120, t = 3.616, p < 0.001), as well as between Financial Literacy and Debt Decision (β = 0.287, t = 5.656, p < 0.001). These findings suggest that individuals' access to financial services and financial knowledge contribute to debt-related decisions primarily by forming positive financial attitudes, highlighting the critical role of attitudinal factors in financial behaviour.

4.6 Discussion

4.6.1 The Influence of Financial Inclusion on Debt Decisions (H1)

The direct effect of financial inclusion on debt decisions was insignificant (β = -0.103; t = 1.384; p = 0.166). This means that access to formal financial services such as bank accounts, loans, or savings does not necessarily affect a person's decision to go into debt. Financial inclusion in the form of access to formal financial institutions does not always translate into meaningful financial engagement. Informal entrepreneurs may own bank accounts or have access to loans, but still rely on informal credit sources or avoid borrowing due to mistrust or lack of confidence. This reflects the distinction between access and effective use, where financial inclusion remains nominal unless accompanied by behavioural support and trust-building. This can happen because even though access is available, the decision to go into debt still depends on an individual's attitude and understanding of finances. This condition reinforces the view that access to financial services does not necessarily encourage wise debt decisions if it is not accompanied by the psychological and cognitive readiness of the individual concerned. From the Planned Behavior Theory perspective, financial inclusion may increase perceived behavioural control. However, without supportive attitudes and subjective norms that encourage careful decision-making, the intention to borrow wisely is not necessarily formed. For women micro-entrepreneurs in the informal sector, these challenges are increasingly complex. They often face social pressures, limited information, and household economic burdens, affecting their assessment of debt risks and benefits. Therefore, access to

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financial services must be accompanied by educational interventions that can form attitudes and behavioral norms supporting rational financial decision-making.

4.6.2 The Influence of Financial Literacy on Debt Decisions (H2)

The direct effect of financial literacy on debt decisions was insignificant ($\beta = 0.049$; $t = 0.603$; $p = 0.546$). Although financial literacy is theoretically believed to play an important role in financial decision-making, including debt decisions, the results of this study show that the direct influence of financial literacy on debt decisions is not significant. This means that the level of financial literacy possessed by women entrepreneurs has not directly encouraged them to make rational or planned debt decisions. The findings show that the level of financial knowledge possessed by women micro-entrepreneurs has not fully translated into real action in debt decision-making. Although theoretically, financial literacy is believed to have an important role in supporting rational decision-making, these results indicate that understanding financial concepts alone is insufficient to encourage planned and prudent debt decisions. In the context of Planned Behavior Theory, financial literacy can strengthen the perception of behavioral control, but without a positive attitude toward debt management and supportive social norms, such knowledge does not necessarily result in concrete intentions or actions. This is increasingly relevant in the context of women entrepreneurs in the informal sector, who may face psychological, social, and structural obstacles in applying their financial knowledge.

This phenomenon can also be explained in terms of the limitations of the application of financial literacy in the real situation faced by women in the informal sector. Many of them are in volatile and high-risk economic conditions, so despite having a basic knowledge of financial management, short-term needs pressures and income instability can force them to make debt decisions that are reactive, rather than strategic. In addition, the lack of practical experience in using formal financial services or managing credit effectively is also an inhibiting factor in optimizing their financial literacy. Thus, financial literacy needs to be complemented by an applicable and contextual mentoring approach in order to encourage more prudent and long-term oriented debt decisions changes.

4.6.3 The Influence of Financial Attitude on Debt Decisions (H3)

The results showed that financial attitude positively and significantly affected debt decisions ($\beta = 0.546$; $t = 8.010$; $p < 0.001$). This indicates that the better an individual's attitude in managing finances, such as saving habits, awareness in managing expenses, and caution about debt, the wiser the decisions made. This indicates that the more positive a person's attitude toward financial management, for example, in terms of prudence, responsibility, and long-term orientation, the more likely the individual is to make wiser and more well-planned debt decisions. The significant influence of financial attitude on debt decisions is particularly relevant for female micro-entrepreneurs operating in the informal sector, who often face unique challenges such as limited access to formal credit, unstable income streams, and social expectations related to financial responsibility. These women tend to rely heavily on their personal financial management skills to sustain and grow their businesses amid economic uncertainties. A positive financial attitude, therefore, empowers them to approach debt not merely as a necessity but as a strategic tool that requires careful planning and cautious evaluation of risks and benefits. This mindset is crucial in helping them avoid excessive or impulsive borrowing that could jeopardise both their business and household welfare.

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From the perspective of the Theory of Planned Behavior, financial attitude represents a core determinant shaping the intention to engage in prudent debt decisions among these entrepreneurs. According to the theory, behaviour is directly influenced by behavioural intention, which in turn is shaped by attitudes, subjective norms, and perceived behavioural control. In this context, a constructive financial attitude enhances the likelihood of forming strong intentions to manage debt wisely, especially when supported by positive social norms and a belief in one's capability to control financial outcomes. For female micro-entrepreneurs in informal settings, fostering such attitudes can thus serve as a vital intervention point for policies aimed at promoting sustainable financial practices and reducing vulnerability to debt-related risks.

4.6.4 The Influence of Financial Inclusion on Financial Attitude (H4)

Financial inclusion was shown to have a positive and significant effect on financial attitudes ($\beta = 0.220$; $t = 3.973$; $p < 0.001$). This indicates that the higher an individual's access to financial services, the better their attitude in managing finances. Such access can provide a broader experience and understanding of financial management, which ultimately forms a more responsible financial attitude. The finding suggesting that greater access to formal financial services is associated with improved attitudes towards financial management. Access to a variety of financial products and services, such as savings accounts, loans, and insurance, offers opportunities for individuals particularly female micro-entrepreneurs in the informal sector to gain practical experience in managing risks, planning expenditures, and evaluating financial options. As exposure to formal financial systems increases, individuals become more accustomed to rational and structured financial thinking, resulting in more responsible, cautious, and long-term oriented financial attitudes.

Within the Theory of Planned Behavior framework, financial attitudes developed through access to formal financial services constitute a critical factor influencing intentions and behaviours in financial decision-making. Effective financial inclusion does not merely provide physical access to financial products but also shapes individuals' beliefs regarding the benefits and risks associated with financial choices. As female micro-entrepreneurs engage more frequently with financial institutions, they develop more rational and positive attitudes towards financial management, including debt decisions. Therefore, economic empowerment policies targeting this group should prioritise not only expanding financial access but also fostering financial experiences and interactions that strengthen financial attitudes as the foundation for responsible economic behaviour

4.6.5 The Influence of Financial Literacy on Financial Attitude (H5)

Financial Literacy strongly and significantly influences financial attitudes ($\beta =0.527$; $t = 9.725$; $p < 0.001$). Individuals with good knowledge and understanding of finance tend to have a more positive and responsible attitude towards financial management. Thus, financial literacy plays an important role in forming the basis of financial attitudes that ultimately influence debt decisions. Financial literacy's strong and significant influence on financial attitudes highlights the critical role of knowledge and understanding in shaping responsible financial behaviour among female micro-entrepreneurs in the informal sector. These women often operate in environments with limited formal support and face fluctuating income, making sound financial knowledge essential for making informed decisions. With adequate financial literacy, they are better equipped to evaluate

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financial products, understand the implications of borrowing, and develop prudent saving and spending habits. This foundation enables them to cultivate positive financial attitudes that foster sustainable business practices and improve their resilience against financial shocks.From the Theory of Planned Behavior standpoint, financial literacy contributes to the formation of favourable attitudes towards financial management, which are key predictors of behavioural intentions and actual behaviour. Literacy enhances an individual's perceived behavioural control by increasing confidence and competence in managing financial matters, thus strengthening the intention to engage in responsible debt management. For female micro-entrepreneurs, bolstering financial literacy facilitates the development of constructive attitudes. It helps to align subjective norms and control beliefs, creating a comprehensive framework for making deliberate and well-informed financial decisions. Consequently, interventions aimed at improving financial literacy can profoundly impact promoting prudent debt decisionss within this vulnerable group.

4.6.6 The Influence of Financial Inclusion on Debt Decision Mediated by Financial Attitude (H6)

Financial Attitude significantly mediated the relationship between Financial Inclusion and Debt Decision ($\beta = 0.120$; $t = 3.616$; $p < 0.001$) and the relationship between Financial Literacy and Debt Decision ($\beta = 0.287$; $t = 5.656$; $p < 0.001$). These findings suggest that financial inclusion does not necessarily directly influence a person's decision to take on debt, but it does occur through the formation of positive financial attitudes first. Good financial inclusion is characterised by easy access to banking services, financial products, and financial education, providing practical experience and knowledge to strengthen an individual's financial attitude. This access encourages a person to understand better the importance of financial management, debt caution, and financial responsibility awareness. With a positive financial attitude, individuals will be more rational and wiser in making debt-related decisions. They tend only to take on debt if necessary and by their payment capacity, and use loan funds for productive purposes. The mediation role of financial attitude highlights its critical function for female micro-entrepreneurs in the informal sector, who often face limited access to formal financial institutions and social pressures that influence their financial behaviour. While access to financial services alone may not be sufficient to change debt-related decisions, developing a positive financial attitude equips these women with the mindset necessary to carefully evaluate borrowing needs.

This attitude, fostered through financial education and services exposure, enables them to approach debt with greater caution, aligning borrowing decisions with their repayment capacity and business needs. Consequently, financial attitude becomes vital in transforming mere financial inclusion into meaningful financial behaviour that supports both personal and business sustainability. From the Theory of Planned Behavior perspective, financial attitude operates as a key determinant in shaping behavioural intentions and actual debt-related behaviours among these entrepreneurs. According to TPB, behaviour is driven by intentions, which are influenced by attitudes, subjective norms, and perceived behavioural control. In this context, financial inclusion and literacy enhance perceived behavioural control and provide the resources necessary to engage with financial services. However, the positive financial attitude primarily drives the intention to make prudent debt decisions. By strengthening this attitude, interventions can better align women's financial behaviours with rational decision-making processes, ultimately improving their ability to manage debt effectively and sustainably in the

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informal economy. Therefore, financial attitudes act as a bridge that connects financial inclusion to debt decision-making behaviors, explaining how access to financial services can translate into wiser financial decisions by forming appropriate attitudes.

5. Conclusion

This study provides compelling evidence that financial attitudes serve as a critical mediating mechanism between financial capabilities and debt decision-making among women informal micro-entrepreneurs in Indonesia. The findings conclusively demonstrate that while financial inclusion and financial literacy are essential foundational elements, they do not directly translate into prudent debt decisions. Instead, their influence is fully channeled through the development of positive financial attitudes encompassing discipline, long-term planning orientation, and financial self-control.

These results offer robust empirical support for the Theory of Planned Behaviour in the context of informal micro-enterprise finance. Financial literacy and inclusion function as antecedents that shape perceived behavioural control and subjective norms, while financial attitudes represent the crucial attitudinal component that ultimately determines the intention and actual behavior regarding debt management. The identification of this mediation pathway addresses the research objective of explaining how financial knowledge and access translate into financial behaviors.

The theoretical implications are substantial, suggesting that models of financial decision-making in vulnerable entrepreneurial contexts must incorporate attitudinal factors as central components rather than peripheral elements. Practically, these findings demand a fundamental rethinking of financial empowerment programs. Interventions must move beyond simply providing access to financial services or financial education to include deliberate components that foster positive financial attitudes through behavioral nudges, financial coaching, and experiential learning approaches.

Future research should address the limitations of this cross-sectional study by employing longitudinal designs to establish causal pathways and exploring additional psychological and contextual factors that may influence this mediation model. Nevertheless, this study establishes financial attitudes as a pivotal leverage point for enhancing the effectiveness of financial inclusion initiatives and promoting sustainable debt management practices among women micro-entrepreneurs in the informal sector.

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