

Economic and Behavioral Determinants of Financial Decision Making in Tourism through Spending Intention

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Received : 22 June - 2026

Accepted : 21 July - 2026

Published online : 23 July - 2026

Abstract

Financial decision making in tourism is increasingly influenced by economic and behavioral factors. However, previous studies have not sufficiently explained the mediating role of spending intention in linking these factors to financial decision making. A quantitative research design was adopted for this study to evaluate the roles of economic and behavioral factors in financial decision making, where spending intention was hypothesized as a mediating variable, and survey responses collected from 100 domestic tourists provided the empirical basis for analysis using the Partial Least Squares approach to Structural Equation Modeling. The findings reveal that both economic and behavioral variables significantly influence spending intention and also exert significant direct effects on financial decision making, and spending intention is found to have a positive significant impact on financial decisions while partially mediating the associations between the predictor variables and the outcome variable. Substantial explanatory power is evidenced by the structural model, with R^2 statistics reaching 0.596 for the spending intention construct and 0.680 for financial decision making, which implies that financial behavior is jointly determined by economic stimuli and psychological drivers, with spending intention constituting a critical conduit for these effects. Through its integration of economic and behavioral viewpoints within a unified empirical framework, this study advances the behavioral tourism literature and offers actionable insights for destination managers and tourism businesses in devising promotional strategies that foster sustainable consumer spending.

Keywords: Behavioral Economics, Consumer Behavior, Financial Decision Making, Spending Intention.

1. Introduction

Substantial contributions to economic growth, employment, and social welfare are made by tourism, which has emerged as one of the foremost sectors across many countries worldwide. The recovery trajectory for the tourism industry following the COVID-19 crisis has shown continued acceleration, as documented by the United Nations Tourism Organization, which recorded international tourist arrivals at approximately 1.4 billion for 2024, nearly 99 percent of the figure seen before the pandemic. A gain of around 5 percent was registered for international arrivals during the opening half of 2025 when compared with the equivalent timeframe in 2024, signaling that global tourism has now entered an era of more stable recovery and progressive growth (UN Tourism, 2025).

The travel and tourism sector has also generated increasing economic value worldwide. The World Travel and Tourism Council projected that the sector would contribute approximately USD 11.6 trillion to global gross domestic product in 2025, representing nearly 9.8% of the world economy. The sector is also expected to support approximately 366 million



jobs across the world. Growing economic contributions have increased the importance of understanding how tourists allocate financial resources and make consumption decisions during travel activities (World Travel & Tourism Council, 2025).

Economic uncertainty, digital transformation, and widespread adoption of social media have fundamentally reshaped tourist financial decision making. Income, prices, inflation, and exchange rates remain important determinants of travel expenditure. Risk perception, previous travel experiences, emotional preferences, social influence, and digital information increasingly influence tourist spending decisions. Financial decision making in tourism therefore reflects interactions between economic considerations and behavioral mechanisms rather than purely rational economic calculations.

Recent tourism research has increasingly incorporated behavioral economics to explain tourist decision making. Behavioral economics argues that individuals rarely make financial decisions solely on the basis of rational utility maximization. Cognitive bias, emotional responses, perceived value, and social interaction frequently influence consumption decisions. Tourism studies have demonstrated that behavioral economics provides stronger explanatory power for tourist consumption behavior than conventional economic models (Song & Lin, 2023). Lin et al. (2024) further argued that tourist financial decisions are more strongly influenced by subjective risk perceptions and psychological evaluations than by objective economic considerations alone.

Economic factors have consistently been identified as important determinants of tourist expenditure and financial decision making. Household income, travel costs, price perceptions, exchange rates, and economic stability influence tourists' willingness to allocate financial resources during travel. Tourism expenditure generally increases when individuals perceive greater purchasing power and higher expected value from tourism experiences (Erifsandi et al., 2025). Brida et al. (2025) demonstrated that tourism development and economic growth exhibit a reciprocal relationship in which economic conditions influence tourism demand while tourism activities simultaneously generate broader economic benefits. Liu et al. (2022) further emphasized that economic factors remain fundamental components in tourism impact assessment because changes in economic conditions directly affect tourist consumption and destination competitiveness.

Behavioral perspectives have received increasing attention because economic variables alone cannot fully explain tourist spending behavior. Tourism consumption frequently reflects subjective evaluations rather than objective economic calculations. Perceived value, destination image, emotional attachment, cognitive bias, and social interaction often influence purchase decisions before actual travel expenditure occurs. Mason et al. (2023) reported that perceived consumption values significantly shape consumer behavior across various service industries, while Qian and Li (2024) found that perceived value and place identity positively influence tourists' behavioral intentions toward sustainable tourism destinations. Halkiopoulos et al. (2022) also argued that cognitive processes and emotional responses have become increasingly important determinants of tourism destination choice within digitally connected environments.

Behavioral intention has emerged as one of the most influential constructs in explaining consumer decision making. Theory of Planned Behavior proposes that behavioral intention represents the closest predictor of actual behavior because individuals generally develop an intention before performing a specific action. Recent empirical evidence supports this proposition across different research contexts. Matera et al. (2023) demonstrated that intention mediates the relationship between cognitive evaluation and behavioral outcomes, whereas AlSokkar et al. (2024) reported that expectation confirmation and trust significantly

strengthen behavioral intention before actual behavioral responses occur. Similar findings have also been reported in tourism research, where spending intention functions as an important psychological mechanism connecting external stimuli with actual expenditure decisions (Song & Lin, 2023).

Existing studies have substantially improved understanding of tourist decision making. However, prior research has largely examined these mechanisms in isolation; for instance, economic studies primarily focus on objective financial constraints such as purchasing power, prices, and macroeconomic indicators (Brida et al., 2025; Liu et al., 2022), whereas behavioral studies emphasize psychological processes, perceived value, and cognitive heuristics (Halkiopoulou et al., 2022; Mason et al., 2023). Consequently, limited empirical evidence has simultaneously integrated economic and behavioral factors within a unified structural model to explain financial decision making through the mediating role of spending intention. How spending intention transfers the joint influence of economic conditions and behavioral mechanisms into actual financial decisions remains under-explored.

This research is designed to address the identified gap by examining the direct and indirect pathways through which economic and behavioral factors affect financial decision making, where spending intention serves as an intervening variable, and this is achieved within a Partial Least Squares Structural Equation Modeling (PLS-SEM) analytical framework. By capturing the interactions among financial capability, psychological evaluations, and spending intention, this study contributes to the behavioral tourism literature by offering an integrated conceptual framework while providing actionable insights for destination managers and tourism businesses to foster sustainable spending behavior.

The effects of economic factors and behavioral factors on financial decisions are examined in this study, with spending intention serving as a mediating mechanism, and the analytical framework relies upon Structural Equation Modeling Partial Least Squares to assess direct and indirect associations among the theoretical constructs. Contributions to the behavioral tourism literature are expected from the research outcomes, as they will provide enhanced comprehension of tourist financial decision processes, and practical implications are likewise anticipated to assist destination managers and tourism businesses in devising marketing approaches grounded in empirical evidence that reinforce spending intention and foster sustainable tourism spending behavior.

2. Literature Review

2.1. Prospect Theory

Prospect Theory, developed by Kahneman and Tversky (1979), explains that financial decisions are shaped not only by objective economic conditions but also by subjective evaluations of gains and losses, cognitive biases, and risk perceptions. Individual decision makers generally assign greater psychological weight to potential losses than to equivalent gains, leading to decisions that frequently deviate from the assumptions of classical economic theory. Kahneman and Tversky (1992) further demonstrated that individuals systematically distort probabilities when evaluating uncertain outcomes, causing similar economic situations to produce different financial decisions.

Tourism decision making inherently involves uncertainty associated with travel costs, destination selection, service quality, and expected travel experiences. Tourist financial decisions therefore reflect subjective judgments rather than objective economic considerations alone. Lin et al. (2024) identified Prospect Theory as an appropriate framework for explaining tourist decision making because perceived risks, psychological

framing, and cognitive evaluations significantly influence expenditure behavior. Song and Lin (2023) further demonstrated that behavioral economics provides a more comprehensive explanation of tourist financial behavior by integrating psychological processes with economic decision making. Prospect Theory serves as the primary theoretical foundation for the present study. Tourist financial decision making reflects interactions among economic conditions, cognitive biases, and risk perceptions. Spending intention represents a behavioral mechanism linking economic and behavioral evaluations to financial decision making.

2.2. Economic and Behavioral Factors

Economic and behavioral factors represent complementary determinants of financial decision making by combining objective economic conditions with subjective behavioral evaluations. Classical economic theories explain financial decisions through measurable economic variables, whereas behavioral approaches emphasize psychological processes that shape individual judgment under uncertainty. Integration of economic and behavioral perspectives provides a broader explanation of financial decision making because expenditure decisions are influenced by both external economic environments and internal cognitive processes (Song & Lin, 2023; Lin et al. 2024).

Economic conditions influence individuals' capacity and willingness to allocate financial resources for tourism activities. Life Cycle Hypothesis proposes that consumption decisions depend on expected lifetime income rather than current income alone, encouraging individuals to distribute financial resources across different stages of life (Modigliani & Brumberg, 1954). Permanent Income Hypothesis similarly argues that long-term income expectations play a greater role in consumption behavior than temporary income fluctuations (Friedman, 1957). Income, prices, inflation, and exchange rates therefore influence travel affordability, purchasing power, and expenditure allocation. Behavioral economics further recognizes that economic conditions shape financial decisions through individual perceptions of financial capability rather than objective economic indicators alone (Song & Lin, 2023).

Behavioral factors complement economic considerations by explaining how psychological processes influence financial decisions. Prospect Theory suggests that cognitive biases and perceived risks frequently alter individual preferences under uncertainty (Kahneman & Tversky, 1979). Behavioral economics further emphasizes that emotional responses, social influence, and digital information significantly affect consumer decision making because individuals often rely on heuristics and subjective evaluations instead of rational optimization (Ariely, 2008; Song & Lin, 2023). Digital platforms also provide extensive information and social interaction that shape travel preferences, spending expectations, and expenditure decisions before tourists undertake actual travel activities.

Tourist financial decision making reflects interactions between economic conditions and behavioral influences rather than independent effects of each dimension. Economic conditions determine financial capacity, whereas behavioral factors shape how financial resources are perceived, evaluated, and ultimately allocated. Integration of economic and behavioral dimensions therefore provides a comprehensive representation of tourist financial decision making. Economic and behavioral factors are consequently modeled as a single multidimensional construct in the present study.

Recent tourism studies have consistently demonstrated that economic and behavioral factors jointly influence tourist expenditure decisions. Lin et al. (2024) reported that subjective risk perception significantly alters tourists' financial choices despite similar economic conditions. Song and Lin (2023) further demonstrated that behavioral evaluations strengthen the explanatory power of traditional economic variables in predicting tourist spending. Qian and Li (2024) also found that perceived value and behavioral intention

positively influence tourists' willingness to allocate financial resources for travel activities. Empirical findings indicate that financial decision making reflects interactions between economic conditions and behavioral evaluations rather than independent effects of either dimension.

2.3. Spending Intention

Spending intention represents an individual's willingness and planned commitment to allocate financial resources for future consumption. Consumer behavior literature recognizes intention as the most immediate antecedent of actual behavior because individuals generally form a deliberate intention before making purchasing or expenditure decisions. Theory of Planned Behavior explains that behavioral intention is shaped by attitudes, subjective norms, and perceived behavioral control, making intention the strongest predictor of subsequent behavior (Ajzen, 1991). Recent empirical evidence also confirms that spending intention plays a significant role in explaining consumer decision making across various economic contexts (Matera et al. 2023).

Expectation Confirmation Theory provides an additional perspective by explaining that intention develops through cognitive evaluations of expected outcomes and prior experiences. Positive expectations strengthen individuals' willingness to perform a particular behavior, whereas unmet expectations reduce future behavioral intention (Bhattacharjee, 2001). Consumer expectations regarding affordability, perceived value, and anticipated satisfaction therefore influence the intention to allocate financial resources before actual spending occurs. AlSokkar et al. (2024) further demonstrated that expectation confirmation and trust strengthen behavioral intention, ultimately increasing the likelihood of actual behavioral responses.

Spending intention serves as an important behavioral mechanism linking economic and behavioral evaluations to financial decision making. Income, prices, cognitive evaluations, emotional responses, and social influence jointly shape individuals' willingness to spend before financial decisions are realized. Spending intention is therefore positioned as a mediating construct that explains how economic and behavioral factors influence tourist financial decision making in the proposed research model.

Recent empirical evidence consistently identifies spending intention as the strongest predictor of actual consumer behavior. Matera et al. (2023) confirmed that behavioral intention mediates cognitive evaluations and behavioral outcomes. AlSokkar et al. (2024) further demonstrated that expectation confirmation and trust significantly strengthen spending intention before actual purchasing behavior occurs. Tourism research has similarly reported that spending intention increases the likelihood of travel expenditure when tourists perceive higher value and lower financial risk (Qian & Li, 2024).

2.4. Financial Decision Making

Financial decision making refers to the process of evaluating available alternatives before allocating financial resources to achieve expected outcomes. Consumer decisions involve budget allocation, purchase selection, expenditure prioritization, and spending realization based on both economic conditions and behavioral evaluations. Behavioral Economics explains that financial decisions are not determined solely by rational calculations because cognitive bias, emotions, and social influence frequently shape individual judgments under conditions of uncertainty (Ariely, 2008; Song & Lin, 2023).

Consumption Value Theory further explains that purchasing decisions are influenced by the value consumers perceive from products or services rather than by monetary considerations alone. Functional value, emotional value, social value, and epistemic value

jointly influence consumer preferences and expenditure behavior (Sheth et al., 1991). Recent empirical evidence indicates that perceived value significantly influences consumer behavior and purchase decisions across various service industries, including tourism (Mason et al., 2023; Qian & Li, 2024). Tourist expenditure therefore reflects evaluations of expected benefits alongside financial capability.

Financial decision making in tourism encompasses budget allocation before travel, purchase decisions during travel, and expenditure realization throughout the travel experience. Economic conditions determine financial capacity, whereas behavioral factors influence value perceptions and spending preferences. Financial decision making consequently represents the final behavioral outcome through which economic and behavioral factors are translated into actual tourist expenditure.

Recent tourism literature consistently recognizes financial decision making as the final outcome of interactions between economic and behavioral factors. Mason et al. (2023) demonstrated that perceived consumption value significantly influences purchasing decisions across service industries. Lin et al. (2024) further explained that tourist expenditure reflects subjective evaluations rather than purely rational economic calculations. Song and Lin (2023) also reported that behavioral economics provides stronger explanatory power for tourist financial behavior than traditional economic models.

2.5. Hypothesis Development

Economic and behavioral factors jointly influence tourist financial decision making through objective economic conditions and subjective behavioral evaluations. Economic conditions determine individuals' financial capacity, whereas cognitive bias, emotional responses, social influence, and digital information shape spending preferences and expenditure decisions. Previous studies have demonstrated that favorable economic and behavioral conditions strengthen spending intention and encourage more confident financial decisions during tourism activities (Song & Lin, 2023; Lin et al., 2024; Qian & Li, 2024). Spending intention also represents the most immediate predictor of actual financial behavior because individuals generally develop an intention before allocating financial resources (Ajzen, 1991; Matera et al. (2023). Expectation Confirmation Theory further explains that positive expectations strengthen spending intention, increasing the likelihood of actual expenditure behavior (AlSokkar et al., 2024). Integration of Prospect Theory, Behavioral Economics, and Theory of Planned Behavior therefore supports the proposed relationships among Economic and Behavioral Factors, Spending Intention, and Financial Decision Making. Hypothesis testing was conducted using the bootstrapping technique to obtain the path coefficients, t-statistics, and p-values (Liu et al., 2022). A hypothesis is deemed supported when the t-statistic surpasses 1.96 and the associated p-value falls beneath 0.05 at the conventional 5 percent alpha threshold, and this evaluative standard enables determination of the directional influence, effect size, and significance levels for the relationships involving Economic Factors, Behavioral Factors, and Expenditure Intention with Tourists' Financial Decisions. The hypotheses presented below are formulated on the basis of theoretical foundations and previous empirical observations.

H1: Economic and Behavioral Factors positively influence Spending Intention.

H2: Economic and Behavioral Factors positively influence Financial Decision Making.

H3: Spending Intention positively influences Financial Decision Making.

H4: Spending Intention mediates the relationship between Economic and Behavioral Factors and Financial Decision Making.

2.6. Conceptual Framework

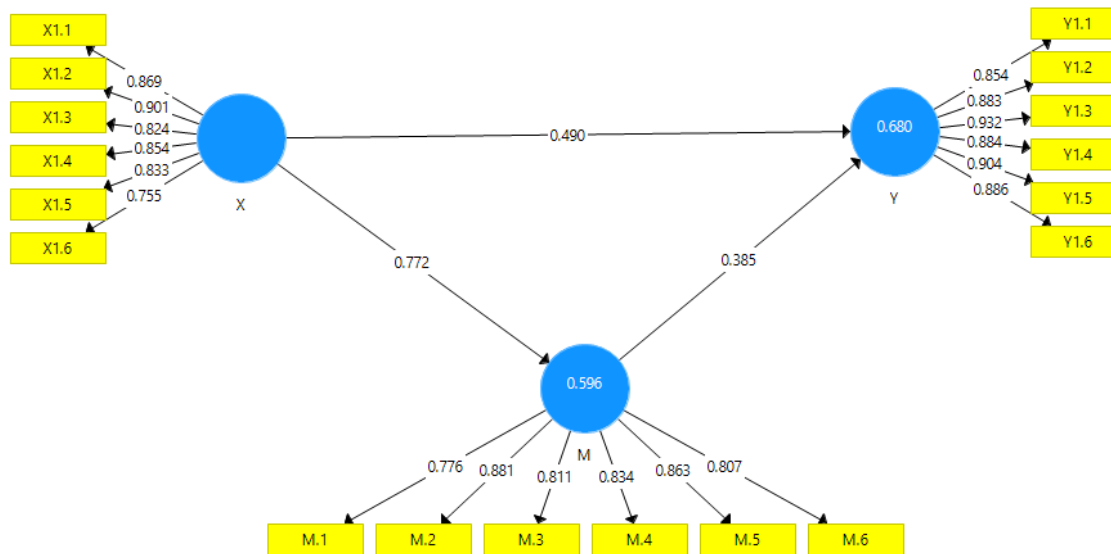


Figure 1. Conceptual Framework

Figure 1 presents the proposed conceptual framework of the study. Economic and Behavioral Factors are conceptualized as a multidimensional construct consisting of economic and behavioral dimensions. The model proposes direct effects of Economic and Behavioral Factors on Spending Intention and Financial Decision Making, as well as a direct effect of Spending Intention on Financial Decision Making. Spending Intention is further proposed to mediate the relationship between Economic and Behavioral Factors and Financial Decision Making.

3. Methods

A quantitative research design was employed for this study to examine the relationships connecting Economic and Behavioral Factors, Spending Intention, and Financial Decision Making, and an explanatory approach was applied to test the formulated hypotheses and evaluate the structural associations among the latent variables. Partial Least Squares Structural Equation Modeling was chosen as the analytical method due to the presence of mediating effects and several latent constructs within the proposed framework, and this technique also delivers robust estimation capabilities suited to prediction-oriented research and complex model specifications (Hair et al., 2022). A structured questionnaire served as the instrument for primary data collection, targeting domestic tourists who had previously visited tourism sites within Indonesia, and the selection of respondents relied upon purposive sampling to ensure that all individuals had demonstrable tourism spending experience pertinent to the study's objectives. The questionnaire was delivered through Google Forms in an online format, and the data gathering process maintained respondent anonymity while allowing for entirely voluntary participation.

All constructs were measured using multiple indicators adapted from previous studies. Economic and Behavioral Factors were operationalized as a multidimensional construct comprising economic indicators, including income, price, inflation, and exchange rate, together with behavioral indicators consisting of cognitive bias, emotional aspect, social influence, and digital activity. Spending Intention and Financial Decision Making were measured using validated scales adopted from previous tourism and consumer behavior

studies. A five-point Likert scale, anchored from 1 (strongly disagree) to 5 (strongly agree), was employed for all questionnaire items, and the data were subsequently analyzed using SmartPLS 4. Measurement model evaluation included examinations of indicator reliability, internal consistency reliability, convergent validity, and discriminant validity, whereas the structural model was assessed for collinearity, R^2 , f^2 , and Q^2 , as well as path coefficients and indirect effects estimated via bootstrapping procedures with 5,000 resamples, with significance determined at the 0.05 threshold (Hair et al., 2022).

4. Results and Discussion

4.1. Research Results

4.1.1. Respondent Characteristics

Table 1. Respondent Characteristics

Characteristic	Category	Frequency (n)	Percentage (%)
Gender	Male	47	47.0
	Female	53	53.0
Age	17-25 years	31	31.0
	26-35 years	38	38.0
	36-45 years	20	20.0
	>45 years	11	11.0
Education	Senior High School	18	18.0
	Diploma	15	15.0
	Bachelor's Degree	54	54.0
	Postgraduate	13	13.0
Monthly Income	< IDR 3,000,000	22	22.0
	IDR 3,000,000-5,000,000	37	37.0
	IDR 5,000,001-10,000,000	28	28.0
	> IDR 10,000,000	13	13.0
Travel Frequency (Past 12 Months)	1 time	21	21.0
	2-3 times	46	46.0
	4-6 times	24	24.0
	>6 times	9	9.0

Table 1 summarizes the demographic characteristics of the 100 domestic tourists who participated in the survey, with females comprising 53.0 percent of the sample and males accounting for the remaining 47.0 percent. The predominant age bracket fell between 26 and 35 years (38.0 percent), while a bachelor's degree was held by the majority (54.0 percent), and monthly earnings most frequently ranged from IDR 3,000,000 to IDR 5,000,000 (37.0 percent). A substantial portion of respondents reported traveling two to three times over the preceding twelve months (46.0 percent), suggesting that the sample was predominantly composed of individuals with recent and relevant tourism experience.

4.1.2. Measurement Model Assessment

A. Convergent Validity

Convergent validity was assessed through outer loadings and Average Variance Extracted, as presented in Table 2, and all indicators recorded loadings above the recommended 0.70 threshold, specifically between 0.755 and 0.932, indicating reliable

indicator performance. The AVE values obtained for Economic and Behavioral Factors, Spending Intention, and Financial Decision Making were 0.706, 0.688, and 0.794, all of which exceeded the required 0.50 level, and this evidence confirms that convergent validity has been adequately established for each construct, rendering them suitable for subsequent modeling.

Table 2. Convergent Validity Assessment

Construct	Outer Loading	AVE
Economic and Behavioral Factors	0.755-0.901	0.706
Spending Intention	0.776-0.881	0.688
Financial Decision Making	0.854-0.932	0.794

B. Reliability

Table 3 reports the measurement model's internal consistency reliability, with all constructs showing Cronbach's Alpha and Composite Reliability above 0.70, confirming satisfactory internal consistency. Financial Decision Making demonstrated the highest reliability, followed by Economic and Behavioral Factors and Spending Intention. Overall, the measurement model satisfied the reliability requirements for SEM-PLS analysis.

Table 3. Reliability Assessment

Construct	Cronbach's Alpha	Composite Reliability
Economic and Behavioral Factors	0.916	0.935
Spending Intention	0.909	0.930
Financial Decision Making	0.948	0.958

C. Discriminant Validity

The Fornell-Larcker criterion served as the basis for evaluating discriminant validity, as shown in Table 4, where the AVE square root values for each construct were found to exceed their respective inter-construct correlations, providing evidence that each latent variable represents a unique and distinguishable concept. The measurement model thus meets the established standard for discriminant validity.

Table 4. Discriminant Validity Assessment

Construct	Economic and Behavioral Factors	Spending Intention	Financial Decision Making
Economic and Behavioral Factors	0.840		
Spending Intention	0.772	0.829	
Financial Decision Making	0.787	0.763	0.891

4.1.3. Structural Model Assessment

A. Model Fit and Coefficient of Determination

The structural model was assessed using the Standardized Root Mean Square Residual and R² statistics, and the SRMR value of 0.058 fell beneath the recommended 0.08 threshold, indicating a satisfactory degree of model fit (see Table 5). For Spending Intention, an R² of 0.596 was obtained, meaning that Economic and Behavioral Factors explain nearly 60 percent of the variance, whereas Financial Decision Making yielded an R² of 0.680, suggesting that the model accounts for 68 percent of its variance. These findings attest to the structural model's adequate explanatory power and its appropriateness for subsequent hypothesis evaluation.

Table 5. Structural Model Assessment

Construct		R ²	Adjusted R ²
Spending Intention		0.596	0.592
Financial Decision Making		0.680	0.673
Model Fit Index	Value	Recommended Value	Interpretation
SRMR	0.058	< 0.080	Good Fit

B. Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS (see Table 6). The results indicate that all proposed hypotheses were supported, as evidenced by positive path coefficients, t-statistics greater than 1.96, and p-values below 0.05. Economic and Behavioral Factors exerted significant positive effects on Spending Intention and Financial Decision Making. Spending Intention also had a significant positive effect on Financial Decision Making and significantly mediated the relationship between Economic and Behavioral Factors and Financial Decision Making. These findings provide empirical support for the proposed structural model.

Table 6. Hypothesis Testing Results

Hypothesis	Path	β	t-value	p-value	Decision
H1	Economic and Behavioral Factors → Spending Intention	0.772	18.074	0.000	Accepted
H2	Economic and Behavioral Factors → Financial Decision Making	0.490	5.502	0.000	Accepted
H3	Spending Intention → Financial Decision Making	0.385	4.181	0.000	Accepted
H4	Economic and Behavioral Factors → Spending Intention → Financial Decision Making	0.297	4.059	0.000	Accepted

4.2. Discussion

Economic and Behavioral Factors significantly influence Spending Intention, indicating that tourists evaluate both economic conditions and behavioral considerations before planning travel expenditures. Income, prices, inflation, and exchange rates determine financial capacity, whereas cognitive bias, emotional responses, social influence, and digital activity shape subjective evaluations of travel-related spending. Theory of Planned Behavior explains that behavioral intention represents the most immediate predictor of actual behavior because individuals generally establish a willingness to act before making purchasing decisions (Ajzen, 1991). Prospect Theory provides additional support by explaining that perceived gains, perceived losses, and risk evaluations influence expenditure decisions under uncertainty (Kahneman & Tversky, 1979). Similar evidence has been reported by Song and Lin (2023) as well as Lin et al. (2024), who concluded that economic conditions and behavioral evaluations jointly strengthen tourists' intentions to spend. Tourist spending intention therefore emerges from interactions between financial capability and psychological evaluations rather than objective economic conditions alone.

Economic and Behavioral Factors also exert a significant influence on Financial Decision Making. Tourist expenditure decisions reflect financial capability together with individual perceptions developed throughout the decision-making process. Behavioral Economics explains that consumer decisions frequently deviate from purely rational calculations because psychological processes influence economic judgments (Ariely, 2008). Consumption Value Theory further suggests that expenditure decisions depend on the value perceived by

consumers, including functional, emotional, and social considerations, rather than monetary factors alone (Sheth et al., 1991). Comparable findings have been presented by Lin et al. (2024) and Mason et al. (2023), demonstrating that tourist expenditure is determined by interactions between economic capability, perceived value, and behavioral evaluations. Financial decision making therefore represents an integrated outcome of economic and behavioral influences. This is in line with Consumption Value Theory and Behavioral Economics, which explain that financial decisions within the tourism context result from an evaluation process involving both rational economic considerations and subjective psychological factors. Tourists tend to adjust their expenditure decisions based on perceived value, expected experiences, and their actual financial conditions (Qian & Li, 2024).

Spending Intention significantly influences Financial Decision Making, demonstrating that tourists generally develop a willingness to spend before making actual expenditure decisions. Theory of Planned Behavior identifies intention as the strongest determinant of subsequent behavior, whereas Expectation Confirmation Theory explains that favorable expectations strengthen individuals' willingness to perform a particular action (Ajzen, 1991; Bhattacharjee, 2001). Previous studies likewise reported that stronger spending intention increases the likelihood of purchasing and expenditure behavior in tourism contexts (Matera et al., 2023 ; AlSokkar et al., 2024). Tourist financial decisions therefore reflect a sequential process in which behavioral intention bridges economic evaluations and realized expenditure. Recent empirical evidence underscores the role of intention as a critical psychological mechanism in tourism and hospitality contexts. Similarly, Mason et al. (2023) and Qian and Li (2024) highlighted that economic conditions, perceived value, and experiential expectations conjointly shape tourists' behavioral intentions and expenditure choices. Incorporating these empirical insights demonstrates that spending intention serves as an indispensable bridge linking external economic environments and individual behavioral characteristics to actual financial decision making

Spending Intention also mediates the relationship between Economic and Behavioral Factors and Financial Decision Making. Economic conditions increase financial capability, while behavioral evaluations strengthen tourists' willingness to spend before expenditure decisions occur. Behavioral intention consequently functions as the mechanism through which economic and behavioral influences are translated into actual financial decisions. Integration of Prospect Theory, Behavioral Economics, Theory of Planned Behavior, and Expectation Confirmation Theory provides a comprehensive explanation of tourist financial behavior by combining objective economic conditions with subjective psychological evaluations. The proposed model contributes to tourism research by conceptualizing Economic and Behavioral Factors as a multidimensional construct and identifying Spending Intention as the behavioral pathway leading to Financial Decision Making. Consumption Value Theory explains that consumption decisions are influenced by the functional, emotional, social, and epistemic values perceived by individuals. Expenditure intention is formed when tourists assess that the spending incurred yields greater beneficial value compared to the costs expended. This value assessment process serves as a link between economic conditions, behavioral factors, and the final financial decisions (Mason et al. (2023).

Alganad et al. (2023) demonstrated that consumption intention mediates the relationship between external factors and tourists' expenditure decisions, particularly within the context of experience-based tourism. From another perspective, the formation of consumption intention acts as a psychological mechanism that bridges the influence of economic and behavioral conditions on consumers' purchasing and spending decisions. The study contributes to tourism and consumer behavior literature by integrating economic and

behavioral dimensions into a single multidimensional construct and identifying Spending Intention as the behavioral mechanism connecting Economic and Behavioral Factors with Financial Decision Making. Practical implications suggest that tourism stakeholders should consider both economic conditions and behavioral characteristics when developing pricing strategies, promotional activities, and digital marketing initiatives to encourage tourist spending. The study is limited by the use of cross-sectional data and respondents from domestic tourism, which may restrict the generalizability of the findings across different tourism markets. Future research may employ longitudinal data, compare domestic and international tourists, or incorporate additional variables, including perceived value, financial literacy, and destination image, to provide a broader understanding of tourist financial decision making. This is supported by research by Mankiw and Weil (1989), who found that different age groups possess varying consumption tendencies, including travel expenditures. Furthermore, tourists' behavior in establishing travel budgets is also influenced by the anchoring effect, wherein they set price expectations based on the first piece of information they receive (Ariely et al., 2003).

Online travel agencies frequently exploit this strategy to optimize their profits through dynamic pricing. Government policies in the tourism sector also exert a significant economic impact on tourists' financial decisions. Flight subsidies, tourism tax exemptions, or incentives for domestic tourists can stimulate an increase in travel (Hall, 2010). For instance, flight discount policies implemented by several countries during the COVID-19 pandemic were proven to drive the recovery of the tourism sector by increasing the number of domestic tourists (Gössling et al., 2021). Overall, economic factors provide a solid foundation for understanding how tourists make their financial decisions; however, these economic factors often interact with psychological and social aspects that complicate the decision-making process. By understanding the various economic dimensions influencing tourists, both governments and tourism industry stakeholders can design more effective strategies to attract visitors and foster sustainable growth in the tourism sector.

A study by Wang et al. (2020) found that social media has a significant impact on travel decisions, where tourists frequently choose destinations that are popular on platforms such as Instagram and TikTok, even though the travel costs to these locations are more expensive than other alternatives. In this context, the "bandwagon effect" occurs when tourists select a destination not based on rational economic considerations, but rather due to social influence and the desire to gain validation from their social environment. According to Gursoy et al. (2017), many tourists lack adequate financial literacy when budgeting for their trips, frequently leading them to spend beyond their means. Financial education programs tailored to smart travel planning could guide tourists toward making more rational decisions without compromising their travel satisfaction.

Furthermore, destination managers should carefully consider how economic and psychological factors shape tourist decision-making to enhance their destination's appeal. In this regard, Pine and Gilmore's (1999) seminal work on the Experience Economy emphasizes that modern tourists value experiences over the mere consumption of goods or services; hence, destinations capable of delivering memorable experiences possess a distinct competitive edge. Ultimately, integrating economic and behavioral approaches to understand tourists' financial decisions highlights that tourism is driven not only by financial rationality but also by experiences, emotions, and social influences. By comprehending this dual dynamic, the tourism industry and policymakers can formulate more effective strategies to attract visitors while ensuring that travel decisions remain sustainable and do not jeopardize the long-term well-being of the tourists themselves.

5. Conclusion

This study examined the effects of economic and behavioral factors on financial decision making in tourism through the mediating role of spending intention. The empirical findings demonstrate that economic and behavioral factors significantly influence spending intention and actual financial decision making. Moreover, spending intention exerts a direct positive effect on tourist financial decision making and serves as a partial mediator in transferring the joint influence of economic conditions and behavioral mechanisms into final expenditure choices. These results confirm that tourist financial decision making is an integrated process determined by both objective economic capabilities and subjective psychological evaluations rather than rational economic calculations alone.

This research contributes to the behavioral tourism literature by integrating economic and behavioral perspectives into a single unified structural model, positioning spending intention as a crucial behavioral bridge. Practically, the findings suggest that tourism stakeholders, destination managers, and businesses should align their pricing and promotional strategies with tourists' psychological evaluations and value perceptions rather than relying solely on conventional economic incentives.

This study is subject to certain limitations, including its focus on cross-sectional survey data from domestic tourists in a single geographic context, which may limit the generalizability of the findings. Future research could employ longitudinal designs, conduct comparative analyses between domestic and international tourist segments, or incorporate additional behavioral constructs such as financial literacy, destination image, and perceived risk to offer broader insights into tourist financial behavior.

5.1. Acknowledgement

The authors highly appreciate Universitas Sebelas Maret (UNS) for the financial support provided for this research through the Research Group Capacity Strengthening scheme (PKGR-UNS) C for the 2026 Fiscal Year, under Contract Number: 462/UN27.22/PT.01.03/2026. The authors would also like to express their gratitude to all research group members and related parties who have contributed to the successful completion of this article.

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