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Protecting Older Adults from Financial Scams: Evidence on Financial Literacy, Financial Advice, and Cognitive Ability in Indonesia

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Abstract

Indonesia has become a high-risk setting for financial scams as older adults are increasingly integrated into formal and digital financial systems. This study examined whether financial advice, self-rated cognitive abilities, and financial literacy predict financial scam susceptibility among retired older adults in Central Java, Indonesia. Using a quantitative cross-sectional survey design, data were collected from 221 retired older adults through structured interviews. Four reflective constructs were measured using six items each on a five-point Likert scale. Data were analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 4. The results showed that financial literacy was the only significant predictor of lower financial scam susceptibility, while financial advice and self-rated cognitive abilities were not significant when financial literacy was included in the model. The model explained 18.5% of the variance in scam susceptibility. These findings suggest that protection against financial scams among older adults depends less on perceived mental capability or the mere availability of advice and more on practical financial knowledge that enables individuals to recognize suspicious offers, verify information, and resist pressure before compliance occurs. The study highlights the importance of scenario-based financial literacy programs, family-supported verification practices, and fraud-specific behavioral training for older adults in Indonesia.

Introduction

Financial scams have shifted from being rare occurrences to regular threats in the realm of digital payments, mobile banking, online shopping, social media, and informal investments in Indonesia. From late 2024 to late 2025, reports from the Indonesia Anti-Scam Centre and the Financial Services Authority (Otoritas Jasa Keuangan, OJK) documented hundreds of thousands of scam incidents, with losses amounting to trillions of rupiah (Dayat, 2025; OJK, 2025). These statistics not only highlight criminal activities but also reveal a broader issue of consumer vulnerability and protection: the rapid growth of formal financial inclusion has outpaced many individuals' ability to discern the authenticity of offers, requests, and digital transactions. Older adults, in particular, find themselves in precarious situations regarding financial vulnerability. Although many seniors remain financially active, they are often considered at risk because of age-related cognitive changes, loneliness, and reliance on family members (Lichtenberg et al., 2021). In Indonesia, retirees may receive pensions, maintain bank accounts, use mobile phones, and make daily financial decisions. The 2024 National Survey on Financial Literacy and Inclusion indicated that retirees and veterans had the highest financial inclusion index among the working status groups, at 98.18%; however, their financial literacy index was only 57.55%, below the national average (BPS & OJK, 2024). This suggests that while retirees are integrated into the financial system, not all possess the skills to assess the risks within it.

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This study highlights that the vulnerability of retired older adults to financial scams cannot be simplistically explained by cognitive decline associated with aging, as suggested by the aging deficit model (Beach et al., 2020). Instead, it frames susceptibility as a complex decision-making challenge occurring under adversarial conditions where scammers deliberately manipulate psychological and social cues (Dove, 2020). These scams employ tactics such as creating a false sense of urgency, impersonating authoritative figures, and fostering misplaced trust, all designed to discourage victims from verifying information or delaying action (Hanoch & Wood, 2021). This nuanced perspective shifts the focus from inherent cognitive weaknesses to the external pressures and deceptive strategies that impair prudent judgment. In this vein, effective protection against such scams, therefore, hinges on enhancing practical financial literacy rather than solely boosting general confidence (Nursanti & Trinugroho, 2024). Financial literacy in this context encompasses the ability to critically evaluate offers by recognizing unrealistic promises of returns, maintaining skepticism toward urgent demands, verifying the authenticity of institutions and individuals involved, and exercising patience by postponing decisions until claims can be independently confirmed(Baharudin et al., 2025). This approach empowers older adults to navigate adversarial decision environments more effectively, reducing the likelihood of falling prey to scams through informed vigilance and deliberate verification processes.

This study examines three predictors that occupy different positions in the literature: financial advice, self-rated cognitive abilities, and financial literacy. Advice represents a relational safeguard, cognitive ability represents perceived internal decision-making capacity, and financial literacy represents applied knowledge. Therefore, the empirical question is not only whether these factors matter but also which of them continues to matter when they are considered together. In doing so, this study contributes to the literature, especially in seeing financial literacy as a decision-stage protective resource rather than as a broad educational label, which distinguishes advice-receiving and knowledge-based verification as separate protective measures. This distinction is important for countries where digital finance, informal advice networks, and scam innovation are simultaneously expanding.

Literature Review

Financial Scam Susceptibility

Financial scam susceptibility refers to the tendency to comply with, fail to detect, or insufficiently resist deceptive financial requests or offers. Earlier research often framed fraud against older adults in terms of individual vulnerability. For example, Lichtenberg et al. (2013) showed that psychological vulnerability, including depression and unmet social needs, was associated with fraud experiences among older adults. This line of work remains valuable because it shows that fraud is not only a financial event; it is also shaped by emotional needs, social isolation, and a search for reassurance.

A more conceptually demanding view treats scams as engineered, human interactions. Drew and Cross (2013) proposed the PREY model to show that fraudsters profile targets, establish relational connections, identify exploitable vulnerabilities, and pressure targets to yield. This shift is important because it moves the object of analysis from the supposedly gullible older adult to the encounter itself. Scammers do not merely wait for cognitive decline to appear; they manufacture urgency, intimacy, legitimacy, and fear in their victims. Therefore, susceptibility is produced at the intersection of personal resources and manipulative communication.

Routine activity theory offers a useful complementary perspective. Fraud becomes more likely when suitable targets, motivated offenders, and weak guardianship converge (Cohen and Felson, 1979). Applied to older adult scam susceptibility, the theory invites attention to more

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than just individual traits. It asks whether older adults are attractive targets, whether guardianship is available at the moment of decision, and whether the surrounding environment provides fraudsters with repeated access. Recent work on financial fraud in later life has begun to move in this direction by linking individual characteristics to social and contextual conditions (Hu et al., 2026). This study follows this trend, focusing on a specific Indonesian retiree population.

Financial Literacy

Financial literacy is often defined as knowledge of financial concepts and the ability to use this knowledge in decision-making. However, in scam research, a distinction is needed between declarative and applied literacy. Declarative literacy refers to knowing definitions such as interest, inflation, or diversification. Applied literacy refers to using such knowledge when faced with a persuasive offer, an urgent message, or an apparent authority figure. The latter is closer to the requirements for scam prevention.

Empirical findings support a cautious but generally protective role for low literacy. Educational interventions can reduce susceptibility, especially when they go beyond information delivery and include reminders, scenario exposure, and behaviorally relevant cues (Burke et al., 2022; Sur et al., 2023). Low numeracy and weak applied knowledge have also been linked to the risk of financial exploitation of the elderly (Wood et al., 2016). However, the protective role of literacy is not automatic. Financial knowledge can coexist with overconfidence, and overconfidence may increase the willingness to engage with complex or high-return schemes (Drew & Cross, 2013; Du & Chen, 2023). Therefore, the type of literacy measured in a study is important. Knowledge that helps older adults verify, delay, and reject suspicious claims is likely to be more protective than abstract familiarity with financial terms.

In the Indonesian context, this distinction is especially important. Retirees may have high access to accounts and pension flows, but access does not guarantee the ability to interpret digital deception. A practical literacy item that asks respondents whether they can verify a suspicious investment offer captures a different kind of capacity from asking whether they recognise the word “diversification.” Therefore, this study conceptualizes financial literacy as applied decision competence and expects it to reduce scam susceptibility.

Cognitive Abilities

Cognitive aging is central to the elder fraud literature, but its relationship with fraud is not simple. Declines in processing speed, working memory, episodic memory, and inhibitory control can make it harder to process complex information or resist time pressure (Spreng et al., 2021; Strough et al., 2020). Poor decision-making may also occur before a formal diagnosis of cognitive impairment (Boyle et al., 2012). Simultaneously, older adults retain forms of crystallized knowledge, professional experience, and emotionally regulated judgement that can protect them in familiar contexts (Samanez-Larkin et al., 2014).

The measurement problem is thus critical. Objective cognitive performance and self-rated cognition do not always coincide with each other. Some older adults may underestimate their abilities, while others may overestimate them. When scam susceptibility is measured against self-rated cognitive abilities, a non-significant relationship does not necessarily mean that cognition is irrelevant. This may mean that perceived mental sharpness is too blunt a proxy for the specific cognitive operations involved in scam detection, such as inhibitory control, verification memory, numeracy, and resistance to urgency. Thus, while the broader literature suggests that cognitive abilities should matter, the present study treats the self-rated cognition measure cautiously.

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Financial Advice, Family Support, and Relational Guardianship

Financial advice is commonly assumed to protect older adults from financial exploitation. In family centered societies, this assumption is especially strong because relatives are expected to monitor risk, explain suspicious messages, and help recover losses. Deng et al. (2025) show that younger family members in China perform a wide range of anti-fraud labour, including identifying suspicious transactions, persuading older relatives to disengage, and educating them about online risks. This resonates with Indonesian family life, where many older adults live with or near their family members.

However, advice is not equivalent to effective guardianship. Advice may be absent at the exact moment when the scammer creates urgency. It may also be reactive, arriving after a suspicious transfer is made. The quality of the advice is another problem. Relatives or friends who are unfamiliar with new scam tactics may reproduce misinformation or provide reassurance where skepticism is needed. Therefore, relational support can be protective only if it is timely, trusted, and technically relevant. This study treats financial advice as a possible safeguard but not a guaranteed substitute for applied financial literacy.

The Indonesian Context

Indonesia is an analytically important case because its scam ecology combines rapid digitalization, expanding financial inclusion, intensive use of messaging platforms, and the development of regulatory infrastructure. The 2024 SNLIK reported a national financial literacy index of 65.43% and a national financial inclusion index of 75.02% (BPS & OJK, 2024). For retirees and veterans, however, the pattern is more striking, with very high inclusion at 98.18% and much lower literacy at 57.55%. This is precisely the condition under which scam exposure may become consequential for the victim. Older adults can be reached through financial channels, but their capacity to evaluate suspicious claims varies.

The scam environment is diverse. Reported tactics include online shopping fraud, impersonation, fake investment schemes, phishing, social engineering, fictitious online loans, and malicious application files circulated through messaging platforms (Dayat 2025; OJK 2025). The GASA State of Scams in Indonesia 2025 report similarly described high exposure to scam attempts and large aggregate losses among Indonesian adults (MasterCard, 2025). These patterns make it reasonable to expect that older adults need protective resources that operate in everyday low-friction decision moments. Therefore, this study tests the following hypotheses:

H1: Financial advice is negatively associated with financial scam susceptibility among retired adults.

H2: Self-rated cognitive abilities are negatively associated with financial scam susceptibility among retired older adults.

H3: Financial literacy is negatively associated with financial scam susceptibility among retired older adults, net of financial advice and self-rated cognitive ability.

Methods

This study employed a quantitative cross-sectional survey design to examine the effects of financial advice, cognitive abilities, and financial literacy on financial scam susceptibility among retired older adults in Indonesia. The study was conducted among members of a retiree community linked to a public university in Central Java. A total of 221 retired older adults participated in the study. The respondents were selected using a purposive sampling technique, with the inclusion criteria being retired individuals aged 58 years or older, having experience

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in making personal or household financial decisions, and being willing to participate voluntarily in the study.

Data were collected from February to April 2026 through structured interviews. The interview method was used to ensure that older respondents could clearly understand each questionnaire item and provide complete responses. Before data collection, respondents were informed about the purpose of the study, the voluntary nature of participation, confidentiality of responses, and their right to withdraw at any time. Informed consent was obtained from all participants. No financial compensation was provided to the respondents.

The questionnaire consisted of two main sections. The first section collected demographic information, including gender, age group, educational background, pension income, marital status, and living arrangement. These variables were used to describe the characteristics of the respondents, as presented in the Results section. The second section measured four reflective constructs: Financial Advice, Cognitive Abilities, Financial Literacy, and Financial Scam Susceptibility. Each construct consisted of six items measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree.

Financial Advice measured the extent to which respondents sought or received advice from family members, friends, or other trusted parties before making financial decisions. Cognitive Abilities measured respondents' self-rated memory, attention, decision-making ability, and ability to evaluate financial information. Financial Literacy measured applied financial knowledge, including understanding of interest, inflation, risk, diversification, suspicious financial offers, and the ability to verify financial information. Financial Scam Susceptibility measured respondents' tendency to respond to suspicious financial offers, share personal or financial information, engage with unrealistic high-return claims, or make decisions under pressure.

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The analysis was conducted in two stages. First, the measurement model was evaluated to assess the validity and reliability of the constructs. This included examining outer loadings, Cronbach's alpha, rho_A, composite reliability, average variance extracted (AVE), the Fornell-Larcker criterion, and the heterotrait-monotrait ratio (HTMT). Indicators with outer loadings above 0.70 were considered acceptable, while construct reliability and validity were assessed based on commonly accepted PLS-SEM thresholds.

Second, the structural model was evaluated to test the hypothesized relationships among variables. The analysis included standardized path coefficients, t-statistics, p-values, 95% bootstrap confidence intervals, R^2, adjusted R^2, f^2 effect sizes, variance inflation factor (VIF), and standardized root mean square residual (SRMR). Bootstrapping with 5,000 resamples was used to determine the significance of the path coefficients. The hypotheses tested whether Financial Advice, Cognitive Abilities, and Financial Literacy were negatively associated with Financial Scam Susceptibility.

Results and Discussion

Table 1 summarizes the respondents' demographic profiles. This pattern confirms that the sample is a relatively educated and socially embedded retiree group. This is important for interpretation: any evidence of susceptibility in such a group is unlikely to be explained simply by low education or extreme social isolation.

Table 1. Demographic Characteristics of Respondents

Characteristic	Category	n (%)
Gender	Male	121 (54.8)

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	Female	100 (45.2)
Age group	58-65	183 (82.8)
	66-70	27 (12.2)
	71+	11 (5.0)
Education	SMA/SLTA	24 (10.9)
	Bachelor (S1)	138 (62.4)
	Master (S2)	57 (25.8)
	Doctorate (S3)	2 (0.9)
Pension income	Rp 1-2 million	2 (0.9)
	Rp 2-3 million	10 (4.5)
	Rp 3-4 million	43 (19.5)
	Rp 4-5 million	132 (59.7)
	> Rp 5 million	34 (15.4)
Marital status	Married	179 (81.0)
	Widowed	33 (14.9)
	Divorced	9 (4.1)
Living arrangement	With family	154 (69.7)
	Alone/spouse only	67 (30.3)

Note: The percentages are based on the full sample. Some categories were grouped for clarity.

The construct means show meaningful patterns. Financial Literacy had the highest mean (M = 4.03, SD = 0.94), followed by Cognitive Abilities (M = 3.48, SD = 0.90). Financial Advice was lower (M = 2.88, SD = 1.07), suggesting that respondents did not consistently rely on others before making financial decisions. Financial Scam Susceptibility was in the low-to-moderate range (M = 2.59, SD = 1.13). The bivariate pattern was also theoretically sensible: financial literacy was negatively correlated with susceptibility (r = -.421 in the latent variable matrix), while financial advice was only weakly related to susceptibility.

The measurement model demonstrated acceptable reliability and validity. All outer loadings exceeded .70, ranging from .704 to .928. Two susceptibility indicators were close to the lower threshold (Y.5 = .711; Y.6 = .704), but they were retained because they remained theoretically relevant and did not undermine the convergent validity. Cronbach's alpha values ranged from .910 to .931, composite reliability values ranged from .924 to .945, and AVE values ranged from .672 to .741. These results exceed the conventional thresholds for reflective measurements (Hair et al., 2019).

Discriminant validity was also established. HTMT values were below the .85 threshold, with the highest value observed between Financial Literacy and Financial Scam Susceptibility (HTMT = .439). The Fornell-Larcker criterion was met because the square root of each construct's AVE exceeded its correlations with the other constructs. Together, these results indicate that the constructs are empirically distinguishable despite their conceptual proximity.

Table 2. Reliability and Convergent Validity of the Measurement Model

Construct	Cronbach's α	rho_A	CR	AVE
Financial Advice (X1)	.910	1.045	.924	.672
Cognitive Abilities (X2)	.931	.961	.945	.741
Financial Literacy (X3)	.916	.919	.935	.705
Financial Scam Susceptibility (Y)	.917	.949	.935	.709

Note: CR = composite reliability (rho_c); AVE = average variance extracted. The values were obtained from the SmartPLS algorithm output.

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Table 3. Discriminant Validity Based on the Fornell-Larcker Criterion

Construct	1	2	3	4
1. Cognitive Abilities	.861			
2. Financial Advice	-.056	.820		
3. Financial Literacy	.332	.026	.839	
4. Financial Scam Susceptibility	-.165	-.096	-.421	.842

Note: The diagonal values are the square roots of the AVE. The off-diagonal values are the correlations of the latent variables.

The structural model explained 18.5% of the variance in Financial Scam Susceptibility (R^2 = .185; adjusted R^2 = .174). The standardized path coefficients are presented in Table 4. Financial Literacy was the only significant predictor of scam susceptibility (β = -.407, t = 5.757, p < .001). Its 95% bootstrap confidence interval did not include zero [-.541, -.258], and the effect size was medium (f^2 = .181).

Neither Financial Advice nor Cognitive Abilities showed a significant unique effect. Financial Advice had a negative but non-significant coefficient (β = -.087, t = .761, p = .447), with a negligible effect size (f^2 = .009). Cognitive Abilities also had a negative but non-significant coefficient (β = -.035, t = .558, p = .577), with a negligible effect size (f^2 = .001). The signs were theoretically consistent, but only financial literacy had sufficient strength and precision to support the statistical conclusion.

Collinearity did not affect this pattern. A simultaneous regression check showed low VIF values for Cognitive Abilities (1.124), Financial Advice (1.008), and Financial Literacy (1.120). The regression specification produced the same substantive conclusion: only Financial Literacy was significant (standardized β = -.389, p < .001), while the other two predictors remained non-significant. The model fit in the PLS algorithm output was acceptable for the study's prediction-oriented purpose (SRMR = .056).

Table 4. Structural Model Results: Path Coefficients, Bootstrapping, and Effect Sizes

Path	β	t	p	95% CI	f^2
Financial Advice (X1) -> Scam Susceptibility (Y)	-.087	.761	.447	[-.236, .222]	.009
Cognitive Abilities (X2) -> Scam Susceptibility (Y)	-.035	.558	.577	[-.166, .074]	.001
Financial Literacy (X3) -> Scam Susceptibility (Y)	-.407	5.757	< .001	[-.541, -.258]	.181

Note: β = standardized path coefficient. CI = 95% bootstrap confidence interval based on 5,000 resamples. f^2 values follow Cohen's thresholds: .02 = small, .15 = medium, and.35 = large.

Financial Literacy as the Protective Resource

The strongest finding is also the most policy-relevant: applied financial literacy was the only robust predictor of lower financial scam susceptibility among retired older adults in this study. This does not mean that cognition or advice are irrelevant to preventing scams. This means that, in the presence of the three predictors tested here, the resource that had a measurable protective effect was the ability to understand and apply financial knowledge in suspicious decision contexts.

This finding supports the decision stage protection argument developed in this study. Scams frequently operate through urgency, authority, secrecy, and emotionally charged promises.

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Under such conditions, older adults need a practical repertoire: pausing the interaction, verifying the source through independent channels, recognizing unrealistic returns, refusing to share credentials, and discussing the decision before transferring money. Financial literacy becomes protective when it is not merely knowledge of financial terms but a set of usable interpretive habits. This also helps explain why literacy is protective, despite earlier warnings that financial education can produce overconfidence (Drew & Cross, 2013; Du & Chen, 2023). The items in this study captured practical recognition and verification, not only abstract knowledge.

The Indonesian setting makes this interpretation particularly persuasive. Retirees have high financial inclusion, but their national literacy index is much lower than their inclusion index (BPS & OJK, 2024). This gap creates a situation in which older adults have financial access that scammers can exploit without necessarily having the knowledge needed to evaluate suspicious contact. The result does not simply indicate that older adults require more education. They need education that is built around the actual fraud scripts they encounter, such as fake investment offers, impersonation calls, phishing links, malicious APK files, false prizes, and high-pressure digital payment requests.

Cognitive Abilities Did Not Predict Susceptibility

The non-significant coefficient for Cognitive Abilities should be interpreted carefully. This does not overturn the cognitive aging literature (Syahid et al., 2026; Wu et al., 2026). Rather, it reveals a measurement and contextual problem. The construct in this study was self-rated cognitive ability, not an objective test of episodic memory, inhibitory control, processing speed, or numerical ability. Older adults may feel mentally capable, especially when they have long professional experience, but scam detection often depends on specialized cognitive operations under pressure. Feeling sharp is not the same as recognizing a carefully designed deception.

The sample size is also important. Most respondents were early retirees with high levels of education and relatively strong professional backgrounds. In such a group, self-rated cognition may have limited variability and may not capture the cognitive vulnerabilities that are most relevant to fraud. Future work should therefore include short objective cognitive tasks, especially numeracy, memory, inhibitory control, and decision-making under time pressure. This would allow researchers to distinguish between the role of actual cognitive performance and self-confidence in cognition.

Financial Advice Did Not Predict Susceptibility

The non-significant coefficient for Financial Advice is equally instructive. This challenges the comfortable assumption that having people to consult automatically protects older adults from scams. In this sample, advice use was the lowest predictor. Many respondents did not consistently seek financial advice before making decisions, despite living with their families. This suggests that family proximity should not be mistaken for guardianship in the decision stage.

Moreover, the advice may be poorly timed. Scammers frequently require immediate action and secrecy, which prevents consultation with the authorities. Even when advice is available, its quality can vary. Younger relatives may be skilled with devices but not necessarily with financial verification, friends may share the same misconceptions, and professional advice may be sought only for major financial products and not for everyday digital messages. Therefore, this finding does not imply that family based prevention is unimportant. This implies that family advice must be made more effective. Relatives require clear fraud scripts, verification

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procedures, and permission to intervene before money is transferred (Schmidt et al., 2022; Zheng et al., 2026; Kulsawat & Kortana, 2026).

Theoretical Contributions

This study contributes to elder fraud research by refining the relationship between individual resources and contextual protection. First, it supports a move away from the simple vulnerability model of aging. The respondents were not isolated, uneducated, or financially excluded from the study. However, susceptibility varied, and the protective factor was practical literacy. This suggests that older adult scam research should not only ask who is vulnerable but also what type of decision support is available at the moment of deception.

Second, this study distinguishes between advice-receiving and guardianship. Routine activity theory treats guardianship as a condition that reduces the opportunity for offending (Cohen & Felson, 1979), but in scam contexts, guardianship must be cognitively and communicatively active. A family member is not a capable guardian merely by their presence. They become one when they can recognize fraud indicators, interrupt the transaction, and support verification without humiliating older adults.

Third, this study strengthens the case for applied financial literacy as a mid-level concept between individual psychology and institutional consumer protection. It is individual because it resides in the knowledge and habits of older adults. It is also institutional because it depends on whether public agencies, banks, families, and community organizations translate fraud warnings into usable behavioral routines (Kolhe & Bhat, 2024).

Practical Implications

The findings indicate three practical priorities. First, financial literacy programs for retirees should be scenario-based. Generic lectures on saving, investing, and budgeting are unlikely to be sufficient. Training should rehearse the concrete moments in which scams succeed: receiving a call from someone claiming to be from a bank, being offered unusually high investment returns, receiving a WhatsApp file, being told not to tell family members, and being pressured to transfer money immediately. Older adults should leave the program with simple scripts: stop, verify independently, consult, and report.

Second, family based interventions should train both older adults and younger family members. The results on financial advice suggest that advice channels cannot be assumed to work automatically. Families need shared rules, such as a 24-hour waiting period before large transfers, a “no secret payments” rule, and an agreed-upon list of official contact points. Such rules can protect older adults without framing them as incapable.

Third, Indonesian consumer protection agencies and financial institutions should treat retirees as a high-inclusion, uneven-literacy group. Because this group already uses financial services, prevention cannot rely solely on expanding access or issuing warnings. It requires fraud-specific communication that is repeated across banking apps, branch offices, pension communities, religious organizations, and local neighborhood associations.

Limitations and Future Research

This study has several limitations. The study used a cross-sectional design; therefore, causal claims cannot be made. The sample was drawn from a retiree community associated with a public university in Central Java, which limits generalizability. The respondents were relatively educated and financially included; therefore, the findings may not represent rural older adults, low-income older adults, informal-sector retirees, or older adults with limited schooling.

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The dependent variable measured susceptibility rather than verified victimization or losses. This is useful for prevention research, but future studies should compare susceptibility, exposure, near-miss experiences and actual losses. The cognitive measure was self-rated rather than objectively tested. Future research should include brief cognitive screening and numeracy. Finally, the model explained 18.5% of the variance in susceptibility, leaving a substantial unexplained variance. Future models should include loneliness, depression, death anxiety, overconfidence, digital exposure, prior fraud experience, platform use, and institutional trust (Kraiwanit et al., 2025).

Conclusion

This study examined financial scam susceptibility among retired older adults in Indonesia, where the reported scam volume is high and financial inclusion among retirees substantially exceeds financial literacy. The results show that financial literacy, not self-rated cognitive ability or reported use of financial advice, is a significant predictor of lower scam susceptibility. The effect was moderate and robust across the PLS-SEM model and regression check. This does not imply that cognition and advice are unimportant. Their protective value depends on whether they are translated into decision-stage actions. Older adults need the ability to recognize a deceptive script while it is unfolding, and families need the ability to support verification without undermining autonomy. In this sense, the most useful form of financial literacy is not abstract. It is a practiced, fraud-specific, and socially supported competence.

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