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***Impact of Financial Literacy on Financial WellBeing: Mediating Role  
of Financial Experience and Attitude Towards Money - A Study of  
Urban Home Loan Borrowers***

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**Thesis submitted to the University of Hyderabad in partial  
fulfilment of the requirement for the award of the degree of**

**DOCTOR OF PHILOSOPHY**

**IN MANAGEMENT**

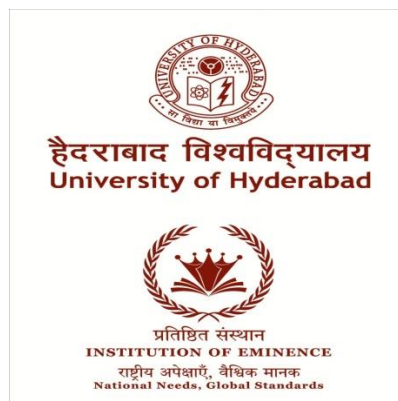
**by**

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**June 2023**

## DECLARATION

I, Srinivas Bolagani, hereby declare that the research embodied in the present thesis titled “**Impact of Financial Literacy on Financial WellBeing: Mediating Role of Financial Experience and Attitude Towards Money: A Study of Urban Home Loan Borrowers**” is a bonafide work, which is free from plagiarism, for the full period prescribed under Ph.D. ordinances of the University. I also declare to the best of my knowledge that no part of this thesis was earlier submitted for the award of research degree to any university or institution.

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## CERTIFICATE

This is to certify that this thesis titled “**Impact of Financial Literacy on Financial WellBeing: Mediating Role of Financial Experience and Attitude Towards Money: A Study of Urban Home Loan Borrowers**” is submitted by Mr. Srinivas Bolagani, Research Scholar enrolled for Ph.D. program at the School of Management Studies, University of Hyderabad, is the bonafide work done under my supervision and guidance as prescribed under Ph.D ordinances of the University.

This thesis has not been submitted earlier for the award of research degree of any University or institution.

Research articles related to the topic of this have been:

### **A. Published in the following journals**

1. Srinivas Bolagani and Dr.Irala Lokanandha Reddy. “Impact of financial literacy on financial wellbeing: Mediating role of Money Attitude.” *World Journal of Management and Economics*, (ISSN Number:1819-8643), Vol,16, Issue. (2), February,2023.
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## **Abbreviations**

FL; Financial Literacy

FE; Financial Experience

ATM; Attitude Towards Money

FWB; Financial WellBeing

OECD; The Organization for Economic Cooperation and Development

GFLEC; Global Financial Literacy Excellence Centre

FK; Financial Knowledge

RBI; Reserve Bank of India

NGO; Non-Government Organization

SEM; Structural Equation Modelling

PLS-SEM; Partial Least Square-Structural Equation Modelling

CB-SEM; Covariance Based- Structural Equation Modelling

SmartPLS; Smart Partial Least Square

NSFL; National Strategy for Financial Literacy

CFPB; Consumer Financial Protection Bureau

NEFE; National Endowment for Financial Education

S &P; Standard &Poor

GFLEC; Global Financial Literacy Excellence Centre

NSFL; National Strategy for Financial Literacy

NISM; National Institute of Securities Market

NEFE; National Strategy for Financial Education

CFPB; Consumer Financial Protection Bureau

RCT; Randomized Control Trial

SMES; Small and Medium Enterprises

SFWB; Subjective Financial Wellbeing

LOC; Locus of Control

SLR; Systematic Literature Review

Covid; Corona Virus Disease

ESG; Environmental, Social, and Governance standards

FMBS; Financial Management Behavior Scale

SEC; Social Exchange Theory

SCT; Social Cognitive Theory

PFWB; Perceived Financial WellBeing

SLBC; State Level Bankers Committee

VIF; Variance Inflation Factor

CMB; Common Method Bias

CFI; Comparative Fit Index

RMSEA; Root Mean Square Error of Approximation

SRMR; Standard Root Mean Square Residual

AVE; Average Variance Extracted

HTMT; HeteroTrait MonoTrait ratio

CFA; Confirmatory Factor Analysis

PCA; Principal Component Analysis

LM-RMSE; Linear Model- Root Mean Square Error

SEM-RMSE; Structural Model- Root Mean Square Error

SRMR; Standardized Root Mean Square Residual



# **CHAPTER – 1**

## **INTRODUCTION**

### **1.1. Introduction**

Financial Literacy (FL) is a crucial aspect of our lives in today's world, where economic complexities and financial decisions impact our everyday lives. It refers to the basic comprehension and knowledge of financial concepts, tools, and products, which enable individuals to handle their finances efficiently, make informed financial decisions, and achieve their long-term goals.

According to the Global FL Excellence Centre at George Washington University (2018), FL involves knowing how to budget, save money, invest wisely, and avoid debt. It goes beyond just managing finances and also includes understanding broader economic issues such as inflation rates, interest rates, and taxation policies.

A solid FL foundation can help individuals hedge risks with greater confidence and security. It empowers them to make informed choices about their money, whether it is planning for major life events, navigating investment options, or understanding the implications of taking on debt.

Without FL, individuals may find themselves at a disadvantage, vulnerable to financial pitfalls, and unable to achieve their financial goals. The S&P Global FL Survey (2021) discovered that just 33% of adults are financially literate, and FL is lowest in developing countries- only 28% of adults are financially literate.

Therefore, promoting FL among individuals of all ages and backgrounds is essential. The OECD/INFE Policy Handbook on “financial education” and Awareness (2020) highlights the importance of “financial education” in promoting FL and improving

Financial WellBeing (FWB). The Government of Canada's National Strategy for FL (2021) also emphasizes the need for Canadians to have “the knowledge, skills, and confidence in making sound financial decisions”.

FL is not just about acquiring Financial Knowledge (FK), it's about putting that knowledge into action. It involves developing practical skills, such as preparing a budget, setting financial goals, and making informed investment decisions. According to the Global FL Excellence Centre at George Washington University (2018), cultivating FL can help individuals take control of their FWB, enhance their Financial Experience (FE), and shape a positive Attitude Towards Money (ATM).

The S&P Global FL Survey (2021) found that financially literate individuals tend to have better financial behaviours, such as saving and investing, which can lead to better financial outcomes, including higher levels of FWB and less financial stress.

Several factors influence attitudes towards money, including cultural and social norms, personal experiences, and “financial education”. The OECD/INFE Policy Handbook on “financial education” and Awareness (2020) highlights the importance of integrating FL into different stages of life, from childhood to retirement, to improve Financial WellBeing and promote positive attitudes towards money.

To improve FL, there are various tools, resources, and programs available. The Government of Canada's National Strategy for FL (2021) includes initiatives to improve FL among Canadians of all ages and backgrounds, including “financial education” in schools and workplaces, online financial resources, and financial coaching programs.

In conclusion, FL is essential for individuals to take control of their FWB, enhance their FE, and shape a positive ATM. By developing practical skills and knowledge,

individuals can make rational financial decisions, avoid financial pitfalls, and achieve their financial goals. The availability of tools, resources, and programs can help individuals improve their FL and integrate it into different stages of life.

## **1.2. Background**

In today's fast-paced and interconnected world, FL has become increasingly vital. The global economy is constantly evolving, and individuals are faced with complex financial decisions at every turn. From managing personal finances to planning for retirement, understanding financial concepts, and having the necessary skills to make informed decisions are crucial.

FL encompasses a wide range of knowledge and competencies. It involves understanding concepts such as budgeting, saving, investing, taxes, credit, insurance, and financial planning. It also extends to comprehending economic trends, global markets, and the impact of financial decisions on personal and societal levels. Unfortunately, studies have shown that FL levels are relatively low in many countries. Lack of FL can have significant consequences, both at the individual and societal level. It can lead to poor financial decision-making, debt accumulation, and a cycle of financial instability. It can also contribute to widening wealth gaps and hinder economic growth.

Recognizing the importance of FL, governments, educational institutions, and various organizations have taken steps to promote and enhance “financial education”. They aim to equip individuals with the knowledge and skills necessary to navigate through the complexities of the financial world effectively.

FL is not just about acquiring theoretical knowledge; it is about applying that knowledge in real-life situations. According to the GFLEC (2018), it involves

developing critical thinking skills, problem-solving abilities, and the capacity to evaluate financial products and services. It also encompasses fostering positive attitudes towards money, promoting responsible financial behaviours, and cultivating a mind-set of long-term financial planning.

FL is not limited to a specific age group or socioeconomic status. It is a lifelong learning process that should ideally start from an early age. The OECD/INFE Policy Handbook on “financial education” and Awareness (2020) highlights the importance of integrating “financial education” into school curricula and providing accessible resources to empower future generations to make sound financial decisions from the outset.

Moreover, digital advancements have revolutionized the way we access financial information and manage our finances. Online platforms, mobile applications, and fintech solutions have made financial services more accessible than ever before. However, these technological advancements also bring new challenges, such as data privacy and cybersecurity concerns, which further emphasize the need for FL. The National Strategy for FL in Canada (2021) recognizes the importance of digital literacy in “financial education” and includes initiatives to promote online financial resources and digital tools.

Ultimately, improving FL is crucial for individuals to achieve FWB, make informed financial decisions, and navigate the complex financial landscape successfully. The S&P's Global FL Survey (2021) found that financially literate individuals tend to have better financial behaviours, such as saving and investing, which can lead to better financial outcomes, including higher levels of FWB and lower levels of financial stress. By improving FL, we can empower individuals to take charge of their financial affairs, create a secure future, and contribute to a more financially literate society.

## **Definition of Financial Literacy**

The OECD defines FL as "the knowledge and understanding of financial concepts and risks, and the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial wellbeing of individuals and society, and to enable participation in economic life."

The Consumer Financial Protection Bureau (CFPB) defines FL as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of Financial WellBeing."

The National Endowment for Financial Education (NEFE) defines FL as "the ability to make informed judgments and to take effective actions regarding the current and future use and management of money."

These definitions stressed the importance of FK, skills, and attitudes in managing personal finances effectively, making informed financial decisions, and achieving financial wellbeing. They also emphasize the role of FL in enabling persons to participate fully in economic life and make positive contributions to society.

There are many definitions of FL provided by different authors.

A Lusardi and O Mitchell (2014) define FL as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of Financial WellBeing."

Atkinson and Messy (2013) define FL as "the combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing."

Mandell (2006) defines FL as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial security."

Hira and Loibl (2008) define FL as "the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. FL enables individuals to make informed decisions regarding financial resources."

Cole and Shastry (2009) define FL as "the set of skills and knowledge that allows individuals to make informed and effective decisions with all of their financial resources."

These definitions emphasize the importance of FK, skills, and attitudes in managing personal finances effectively and achieving FWB. They also recognize the importance of FL in enabling individuals to make informed and effective decisions about financial resources and to engage in economic life.

### **1.3. Financial Literacy in Global Context**

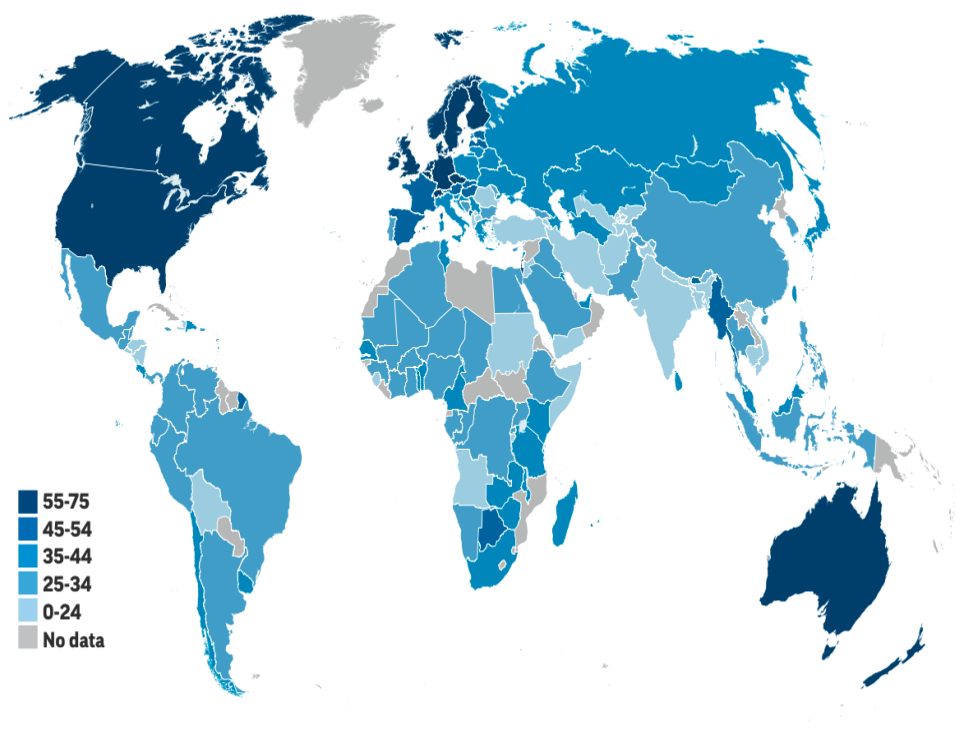
FL continues to be a critical issue globally, with ongoing efforts to improve knowledge and skills in personal finance. Here are some latest figures, facts, and citations that highlight the current state of FL:

- The Global FL Survey conducted by Standard & Poor's in 2021 reveals that the global FL rate has slightly increased to 35% (Standard & Poor's, 2021). While this represents a small improvement, it indicates that a significant portion of the global population still lacks essential FK.
- The Global FL Excellence Centre's report on FL and digitalization highlight the growing importance of digital technologies in FE. With the rise of digital platforms and mobile banking, there is a need to ensure that individuals have

the necessary skills to navigate and make informed decisions in this digital landscape (Global FL Excellence Centre, 2020).

- The COVID-19 pandemic has underscored the essence of FL. According to the OECD, the pandemic's economic impact has highlighted the vulnerability of individuals with low FL, making them more susceptible to financial shocks and difficulties (OECD/INFE Policy Handbook on “financial education” and Awareness, 2020). This emphasizes the urgency to improve FL as a means of building resilience in times of crisis.
- FL initiatives are gaining traction worldwide. Many countries have recognized the importance of FE and have implemented national strategies and programs. For example, in 2021, Canada launched its National Strategy for FL, focusing on improving the FWB of Canadians through education, collaboration, and innovation (National Strategy for FL, 2021).
- Gender disparities in FL persist, but there is a growing recognition of the need to address this issue. Studies have shown that improving FL among women can have a substantial positive impact on their economic empowerment and overall wellness (Global FL Excellence Centre, 2018). Efforts are being made to develop gender-specific “financial education” programs and initiatives to bridge this gap.

**GLOBAL VARIATIONS IN FINANCIAL LITERACY**  
(% OF ADULTS WHO ARE FINANCIALLY LITERATE)



Source: S&P Global FinLit Survey.

*Figure 1-1. S&P Global Variations in Financial Literacy*

The S&P Global Survey by the GFLEC, found that globally, only about one-third (33%) of adults understand basic financial concepts. This suggests that FL levels are low across the world, not just in India.

The survey also found that there are significant disparities in FL levels across different regions and income levels. For example, adults in high-income economies had an average FL score of 57%, compared to 28% in low-income economies. Similarly, FL levels were higher among men than women, and among those with higher levels of education and income.

These findings highlight the importance of improving FL levels globally, and targeting efforts to improve FE and resources in low-income economies and among women and



other marginalized groups. Improved FL can help individuals make better financial decisions, avoid falling into debt, and contribute to the overall development of society.

#### **1.4. Financial Literacy in Indian Context**

FL is a crucial aspect of India's economic development and individual Financial WellBeing. Here are some figures, facts, and citations that shed light on the state of FL in India:

- According to the National Institute of Securities Markets (NISM) survey, only about 24% of Indian adults possess basic FL skills (NISM Survey, 2019). This indicates a significant gap in FL and highlights the need for greater awareness and education.
- The RBI has been actively promoting FL initiatives across the country. As part of these efforts, the RBI has established FL Centres (FLCs) to provide “financial education” and counselling to individuals and promote informed financial decision-making (RBI FLCs, 2021).
- The Indian government launched the National Strategy for FE (NSFE) in 2020, aiming to enhance FL and FI among all segments of society. The NSFE focuses on key areas such as banking, insurance, pensions, and investments, with the goal of empowering individuals to make informed financial choices (NSFE, 2020).
- Gender disparities in FL persist in India. Studies have shown that women generally have less FL levels compared to men (NCAER, 2017). Recognizing this gap, various organizations and initiatives are working towards empowering women through targeted “financial education” programs.

- The COVID-19 pandemic has underscored the importance of FL in India. The economic impact of the pandemic has highlighted the need for individuals to have knowledge and skills to manage their finances effectively during times of crisis (Economic Survey of India, 2021-22).

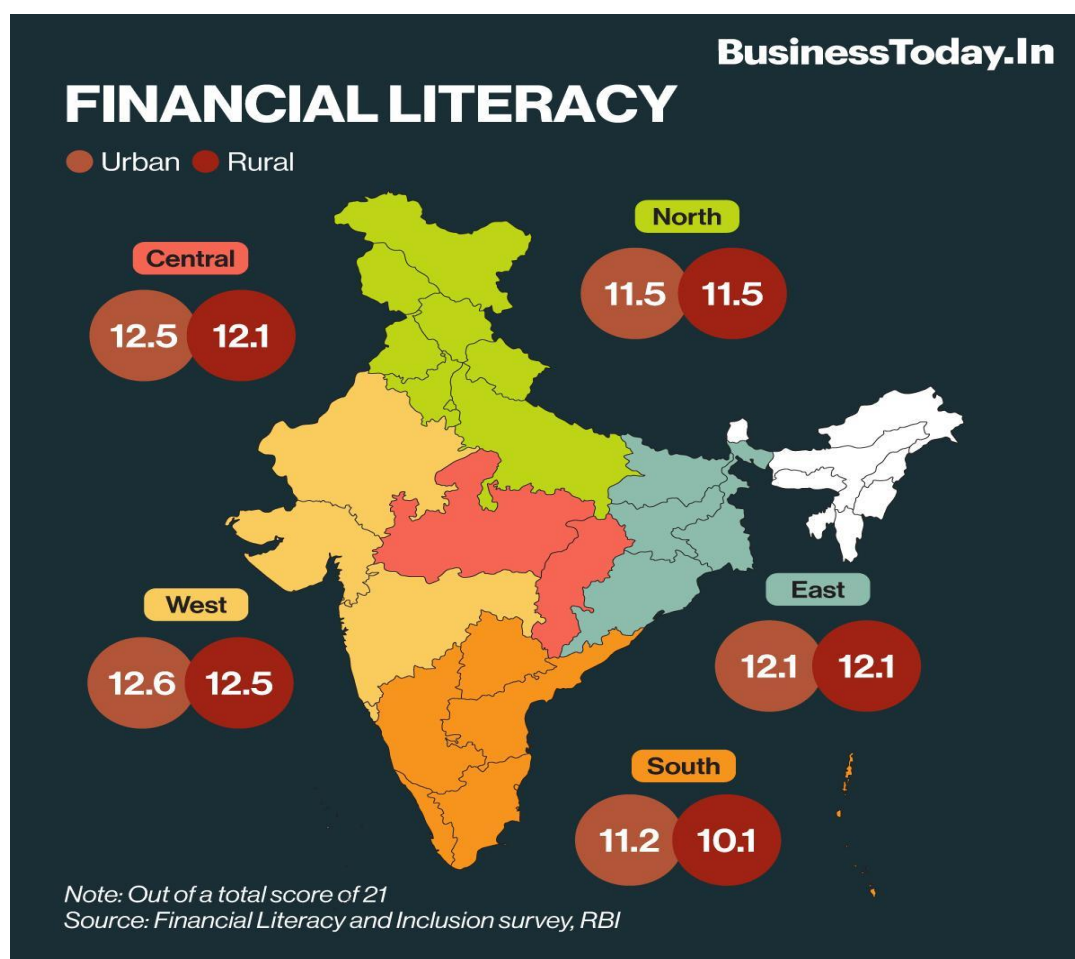


*Figure 1-2 Pan Indian Financial Literacy and Financial Inclusion survey*

According to the Reserve Bank of India (RBI), FL levels across different regions of India are considerably low. The RBI conducted a pan-India FL and inclusion survey based on FK, attitude, and behavior. The survey found that on a total score of 21, the average score in the North zone and East zone for both urban and rural areas was 11.5 and 12.1, respectively. In the Central zone, the urban score was 12.5, while the rural

score was 12.1. In the West zone, the urban score was 12.6, and the rural score was 12.5. Meanwhile, in the South zone, the urban and rural score was 11.2 and 10.3, respectively.

The scores highlight a significant gap in FL levels across different regions of India. Though there is a slight disparity between the average scores in urban and rural areas, the differences are not significant. The scores also indicate that FL levels are generally low across all regions, with the highest average score being 12.6 in the West zone's urban areas. This emphasizes the need for greater efforts to improve FL levels across India, particularly in rural areas and the South zone.

The RBI's FL and inclusion survey is a valuable tool for identifying areas where FL levels are low and targeting efforts to improve “financial education” and resources in those regions. Initiatives like the National Centre for FE's (NCFE) e-learning portal, "evidyarthi," launched in collaboration with RBI and several other financial institutions, can play a vital role in promoting FL across different regions of India.

In conclusion, improving FL levels across India is crucial for individuals to make informed financial decisions and attain FWB. Initiatives like the RBI's FL and inclusion survey and the NCFE's e-learning portal can help bridge the gap and increase FL levels across the country.

## **1.5. Importance of Financial Literacy**

FL is an essential skill that enables individuals to make informed decisions about their money and achieve FWB. According to a study by the National Financial Educators Council, FL can improve an individual's financial behaviour and increase their confidence in managing their finances (NCFE, 2021). Here are several reasons why FL is crucial:

- **Effective Financial Management:** FL enables persons to create budgets, track expenses, and make wise spending choices. By understanding concepts like compound interest, inflation, and investment strategies, individuals can optimize their financial resources and make their money work for them (OECD, 2021).
- **Avoiding Debt Traps:** One of the critical aspects of FL is understanding debt and credit. By comprehending interest rates, borrowing responsibly, and managing credit cards, individuals can avoid falling into debt traps. Financially literate individuals tend to make informed decisions regarding loans, mortgages, and credit card usage, preventing excessive debt accumulation (NFCC, 2021).
- **Building Wealth:** FL plays a crucial role in wealth accumulation. It educates individuals about the importance of saving, investing, and long-term financial planning. With knowledge of various investment vehicles, risk management strategies, and asset allocation, individuals can grow their wealth over time and secure their financial future (FINRA, 2021).
- **Making Informed Financial Decisions:** FL enables individuals to assess financial products and services effectively. It allows them to evaluate the pros and cons of different options, compare interest rates, fees, and terms, and choose the best fit for their financial goals. FL empowers individuals to make informed choices when selecting a bank, insurance policy, or investment opportunity (CFPB, 2021).
- **Preparing for Major Life Events:** FL helps individuals prepare for chief financial milestones such as buying a home, starting a family, or planning

for retirement. It allows them to understand the associated costs, develop saving strategies, and make prudent financial decisions. FL enables individuals to navigate these milestones with confidence and minimize potential financial stress (AARP, 2021).

- **Entrepreneurial Pursuits:** FL is crucial for aspiring entrepreneurs. It equips them with the knowledge of business finance, budgeting, cash flow management, and financial forecasting. With a strong foundation in FL, entrepreneurs can make informed decisions, secure financing, and increase the likelihood of business success (SBA, 2021).
- **Protection against Financial Fraud:** FL includes an awareness of common financial scams and frauds. It educates individuals on how to identify red flags, protect personal information, and avoid falling victim to fraudulent schemes. By being financially literate, individuals can safeguard their assets and maintain their financial security (FTC, 2021).
- **Improving Overall Well-being:** FL contributes to overall well-being by reducing FS and anxiety. It empowers individuals to take control of their financial lives, make confident decisions, and plan for a secure future. By achieving Financial WellBeing, individuals can improve their overall quality of life (NSFE, 2021).

In conclusion, FL is an essential skill that provides individuals with the tools for financial decision-making, planning for major life events, pursuing entrepreneurial pursuits, protecting against financial fraud, and improving overall well-being.

## 1.6. The main components of Financial Literacy

FL is a comprehensive understanding of personal finance that encompasses various components. Here are the main components of FL:

- **Budgeting and Money Management:** Budgeting is the foundation of FL. It comprises creating a plan for income and expenses, track spending habits, and ensuring that expenses align with financial goals. Effective budgeting helps individuals prioritize expenses, save money, and avoid overspending (NerdWallet, 2021).
- **Saving and Investing:** Saving and investing are essential components of FL. Saving involves setting aside a portion of income for short-term goals and emergencies, while investing focuses on long-term wealth accumulation. Understanding the basics of investing, such as asset allocation, risk tolerance, and diversification, enables individuals to make informed investment decisions (Investopedia, 2021).
- **Debt Management:** FL includes knowledge of managing debt responsibly. This involves understanding different types of debt, interest rates, repayment options, and strategies to pay off debt efficiently. By managing debt effectively, individuals can minimize interest payments and maintain a healthy credit score (Credit Karma, 2021).
- **Financial Goal Setting:** Setting clear financial goals is crucial for FL. It involves identifying short-term and long-term objectives, such as starting a business, or planning for retirement. Financially literate individuals can set realistic and achievable goals, create actionable plans, and monitor their progress (The Balance, 2021).

- **Understanding Financial Products:** FL entails knowledge of several financial products and services. This includes understanding various types of bank accounts, loans, insurance policies, investment instruments, and retirement plans. By understanding financial products, individuals can make informed decisions and choose the best fit for their financial goals (Consumer Financial Protection Bureau, 2021)
- **Risk Management and Insurance:** FL covers an understanding of risk management and insurance. This involves assessing potential risks, such as accidents, illnesses, or property damage, and determining appropriate insurance coverage. It also includes knowledge of insurance terms, policy types, deductibles, and premiums (The Balance, 2021).
- **Financial Decision-Making:** FL equips individuals with the skills to make sound financial decisions. It involves critical thinking, evaluating alternatives, and weighing the potential outcomes of financial choices. By considering factors such as costs, benefits, risks, and long-term implications, financially literate individuals can make informed decisions that align with their financial goals (Investopedia, 2021).
- **Economic and Financial Concepts:** FL includes an understanding of fundamental economic and financial concepts. This encompasses knowledge of inflation, interest rates, taxation, market trends, and their impact on personal finances. Understanding these concepts enables individuals to interpret economic news, make strategic financial decisions, and adapt to changing economic conditions (The Balance, 2021).

- **Consumer Rights and Responsibilities:** FL involves awareness of consumer rights and responsibilities when engaging with financial institutions and service providers. This includes understanding privacy and data protection, dispute resolution processes, and consumer rights linked to financial products and services (CFPB, 2021).
- **Financial Planning and Retirement:** FL encompasses the ability to develop comprehensive financial plans and prepare for retirement. This includes evaluating retirement savings options, understanding pension plans, estimating retirement income needs, and considering factors such as healthcare expenses and longevity (NerdWallet, 2021).

In conclusion, FL encompasses budgeting and money management, saving and investing, debt management, financial goal setting, understanding financial products, risk management and insurance, financial decision-making, economic and financial concepts, consumer rights and responsibilities, and financial planning and retirement. By mastering these components, individuals can achieve Financial WellBeing and make informed financial decisions.

### 1.7. The benefits of Financial Literacy

FL offers numerous benefits that positively impact individuals, families, and communities. Here are the key advantages of being financially literate:

- **Improved Financial Decision-Making:** FL equips individuals with the knowledge and skills to make informed financial decisions. It allows them to evaluate options, compare financial products, and choose the most suitable ones for their needs. By making wise decisions, individuals can optimize their



financial resources, minimize risks, and maximize opportunities for growth (Investopedia, 2021).

- **Increased Financial Confidence:** FL enhances individuals' confidence in managing their finances. With a solid understanding of financial concepts and strategies, individuals feel more comfortable to take control of their finance. This confidence leads to better financial choices, increased motivation to save, and a proactive approach to achieving financial goals (The Balance, 2021).
- **Financial Stability and Security:** FL is instrumental in establishing and maintaining financial stability and security. By learning how to budget effectively, save for emergencies, and manage debt, individuals can build a solid foundation for their Financial WellBeing. Financially literate individuals are better equipped to weather unexpected financial challenges and are less likely to fall into financial hardships (NerdWallet, 2021).
- **Wealth Accumulation and Asset Growth:** FL enables individuals to build wealth over time. By understanding investment strategies, risk management, and the power of compounding, individuals can make informed investment decisions. This knowledge helps them grow their assets, increase their net worth, and work towards achieving long-term financial goals, such as homeownership, retirement, or education funding (The Balance, 2021).
- **Debt Management and Avoidance:** FL has numerous benefits, including debt management and avoidance. According to a study by the National Endowment for “financial education”, financially literate individuals are have a tendency to maintain healthy credit scores, pay off debts efficiently, and avoid falling into debt traps (NEFE, 2017).

- **Improved Economic Well-being:** Moreover, FL has a broader impact on economic well-being at both the individual and societal levels. Financially literate individuals are more likely to experience upward mobility, achieve career goals, and contribute to economic growth (OECD, 2020). Societally, better FL paves the way to reduced income inequality, increased savings rates, and a more financially resilient population (OECD, 2020).
- **Better Retirement Planning:** FL also plays a crucial role in retirement planning. According to a survey by the Employee Benefit Research Institute, financially literate individuals have a clear understanding of retirement savings options, investment vehicles, and income sources. They can make informed decisions about contributions to retirement accounts, estimate future retirement needs, and develop strategies to ensure a comfortable retirement (EBRI, 2019).
- **Protection against Financial Fraud:** FL helps individuals recognize and protect themselves against financial fraud and scams. According to a report by the Federal Trade Commission, financially literate individuals are more cautious, vigilant, and equipped to safeguard their financial assets. They can identify red flags, protect their personal information, and avoid falling victim to scams (FTC, 2019).
- **Enhanced Entrepreneurial Skills:** FL offers many advantages, including enhanced entrepreneurial skills. Financially literate entrepreneurs have the knowledge of financial management, budgeting, cash flow analysis, and financial forecasting, which better positions them to start and manage successful businesses, secure financing, and make informed business decisions (OECD, 2020).

- **Positive Financial Habits Passed On:** FL has a generational impact.

When individuals are financially literate, they pass on positive financial habits to their children and future generations. By teaching FL at an early age, families can create a cycle of Financial WellBeing, empowering future generations to make informed financial decisions and build a financially secure future (NEFE, 2017).

Overall, FL has a generational impact. When individuals are financially literate, they pass on positive financial habits to their children and future generations. By teaching FL at an early age, families can create a cycle of Financial WellBeing, empowering future generations to make informed financial decisions and build a financially secure future (NEFE, 2017).

## 1.8. The resources of Financial Literacy

Access to quality resources is essential for individuals to enhance their FL. Here are some key resources that can help individuals improve their understanding of personal finance and develop sound financial habits:

- **Financial Literacy Websites:** Many websites offer comprehensive information and tools to improve FL. Websites like Investopedia, The Balance, and NerdWallet provide articles, guides, calculators, and interactive resources covering various financial topics. These platforms offer valuable insights and practical tips on budgeting, investing, debt management, and more (NEFE, 2017).
- **Government Initiatives:** Many governments recognize the importance of FL and have developed initiatives to promote it. Government websites often

provide educational resources, guides, and interactive tools for individuals to enhance their FK. Examples include the U.S. Federal Reserve's Federal Reserve Education website and the Australian Securities and Investments Commission's MoneySmart website (OECD, 2020).

- **Non-profit Organizations:** Non-profit organizations are dedicated to promoting FL and providing educational resources. They often offer free or low-cost “financial education” programs, workshops, and online resources. Organizations such as the National Endowment for “financial education” (NEFE), Jump\$tart Coalition, and Junior Achievement provide educational materials, curriculum resources, and interactive tools for individuals of all ages (OECD, 2020).
- **“Financial Education” Courses:** Many educational institutions, community centers, and online platforms offer “financial education” courses. These courses cover a wide range of topics, from basic FL to advanced investment strategies. Platforms like Coursera, Udemy, and Khan Academy provide online courses that individuals can access at their convenience to enhance their FK and skills (EBRI, 2019).
- **Books and Publications:** Books written by financial experts can be valuable resources for FL. Authors like Dave Ramsey, Suze Orman, and Robert Kiyosaki have written popular books on personal finance and wealth management. Additionally, financial publications such as The Wall Street Journal, Forbes, and Money magazine provide insightful articles, tips, and expert advice on various financial topics (NEFE, 2017).
- **Financial Podcasts and Videos:** Podcasts and videos offer an engaging and accessible way to learn about personal finance. Podcasts like "The Dave

Ramsey Show," "ChooseFI," and "The Money Guy Show" covers a wide range of financial topics and provide practical insights. YouTube channels like "The Financial Diet" and "Graham Stephan" offer informative videos on budgeting, investing, and financial independence (OECD, 2020).

- **Financial Apps and Tools:** Mobile apps and online tools can assist individuals in managing their finances effectively. Apps like Mint, Personal Capital, and YNAB (You Need a Budget) help track expenses, create budgets, and set financial goals. Online tools like retirement calculators, investment calculators, and debt payoff calculators can provide individuals with valuable insights and planning assistance (EBRI, 2019).
- **Community Workshops and Seminars:** Local community organizations, libraries, and financial institutions often organize workshops and seminars on FL. These events offer opportunities for individuals to learn from financial experts, ask questions, and gain practical knowledge in a supportive environment (OECD, 2020).
- **Financial Advisors and Counsellors:** Seeking guidance from certified financial planners or financial advisors can be beneficial for individuals who need personalized assistance with their finances. These professionals can provide tailored advice, financial planning services, and help individuals make informed decisions based on their specific circumstances and goals (NEFE, 2017).
- **Online Forums and Discussion Groups:** Engaging in online forums and discussion groups focused on personal finance can provide individuals with insights and support. Platforms like Reddit's personal finance subreddit, Bogleheads Forum, and MyFICO Forum allow individuals to ask questions,

share experiences, and learn from a community of like-minded individuals (OECD, 2020).

By utilizing these resources, individuals can access valuable information, tools, and support to improve their FL. It's important to explore multiple sources and find resources that resonate with one's learning style and preferences. Remember, the journey to FL is ongoing, so it's beneficial to explore various resources and continually expand one's knowledge.

Additionally, individuals can consider attending local FL events or workshops offered by community organizations, schools, or financial institutions. These events often feature expert speakers who provide valuable insights and practical tips on money management. Engaging with these events allows individuals to interact with professionals and fellow participants, fostering a supportive learning environment.

Moreover, individuals can take advantage of online communities and forums dedicated to personal finance. These platforms provide opportunities to ask questions, seek advice, and share experiences with a wide audience of individuals on similar financial journeys. Engaging in discussions, reading success stories, and learning from other's experiences can be highly motivating and informative.

It is worth noting that FL resources should be evaluated for credibility and reliability. When relying on online sources, it is important to verify the credentials of authors or experts and ensure that the information provided aligns with reputable financial practices. Recognizing that personal finance is a dynamic field, individuals should stay updated with current trends, regulations, and market conditions through trusted sources.

FL resources are abundant and easily accessible. Whether through websites, educational courses, books, podcasts, apps, or community events, individuals have numerous avenues to enhance their FK and skills. By proactively seeking and engaging with these resources, individuals can develop the necessary tools to make informed financial decisions, achieve Financial WellBeing, and work towards their long-term goals.

Remember, FL is a lifelong journey, so it's important to embrace continuous learning and adapt to ever-changing financial landscapes. By investing time and effort into improving FL, individuals can gain confidence, build a strong foundation for their Financial WellBeing, and navigate their financial futures with success.

### **1.9. Introduction to the concept of financial wellbeing**

Financial wellbeing encompasses more than just FL. While FL focuses on knowledge and understanding, financial wellbeing goes a step further by considering the holistic aspects of an individual's financial situation and overall quality life.

Financial wellbeing is achieved when individuals have a sense of security, freedom, and control over their financial lives. It involves having enough financial resources to meet current and future needs while also being able to enjoy a fulfilling lifestyle. Financial wellbeing is not solely determined by the amount of money one has but rather by the alignment of financial goals, values, and actions.

A key aspect of financial wellbeing is the ability to effectively manage financial challenges and uncertainties. This includes being prepared for emergencies, having a balanced approach to debt, and developing a sustainable budget that supports both temporary and permanent financial goals. Financial wellbeing is about finding a

healthy equilibrium between spending, saving, and investing, while also considering one's overall well-being and happiness.

Furthermore, financial wellbeing extends beyond individual circumstances and incorporates broader social and economic factors. It recognizes the importance of fair financial systems, access to affordable financial services, and the impact of socioeconomic inequalities on individuals' financial situations. A society that promotes financial wellbeing aims to create equal opportunities for financial success and fosters an environment where individuals can thrive financially.

Achieving financial wellbeing requires a combination of FL, sound financial habits, and a mind-set that prioritizes long-term financial goals. It involves making informed decisions, seeking appropriate financial advice when needed, and continuously adapting to changes in personal circumstances and the financial landscape.

In the following sections, we will explore the different dimensions of financial wellbeing and delve into strategies for cultivating financial wellbeing in our lives. By understanding and embracing the principles of financial wellbeing, individuals can strive towards a more fulfilling and financially secure future.

#### **1.10. Financial wellbeing: its significance for individuals and society**

Financial wellbeing holds great significance for both individuals and society. It encompasses various aspects that contribute to overall well-being and can have a profound impact on individuals' lives and the broader socioeconomic landscape. Here are the key reasons why financial wellbeing is significant:

- **Personal Fulfilment and Quality of Life:** Financial wellbeing plays a crucial role in enhancing individuals' overall quality of life. When individuals have control over their finances and can meet their needs and desires, they



experience a sense of fulfilment, security, and peace of mind. Financial wellbeing enables individuals to enjoy life's experiences, pursue their passions, and achieve personal goals, fostering a greater sense of happiness and contentment.

- **Reduced Stress and Improved Mental Health:** Financial concerns can be a significant source of stress and anxiety. Achieving financial wellbeing alleviates these burdens and reduces stress levels. Individuals with a strong financial foundation and effective money management skills are better equipped to handle financial challenges and unexpected expenses. By minimizing financial stress, individuals can focus on their overall well-being and mental health, leading to improved overall wellness.
- **Increased Resilience and Preparedness:** Financial wellbeing equips individuals with the resilience to navigate life's uncertainties. By establishing emergency funds, having appropriate insurance coverage, and practicing prudent financial habits, individuals can better cope with unexpected events such as job loss, medical emergencies, or natural disasters. Financially secure individuals are more prepared to weather financial storms and bounce back from setbacks, ensuring greater stability and resilience.
- **Empowerment and Autonomy:** Financial wellbeing empowers individuals to make informed decisions and exercise autonomy over their financial lives. It enables them to align their financial choices with their values and priorities. When individuals have a clear understanding of their financial situation and the tools to manage it effectively, they can shape their financial futures, make choices that align with their goals, and exert control over their financial destinies.

- **Reduced Inequality and Economic Disparities:** Financial wellbeing has implications for addressing socioeconomic inequalities. It promotes access to financial resources, tools, and education, levelling the playing field and reducing disparities. By empowering individuals with FK and skills, financial wellbeing helps bridge the gap between the financially literate and those at a disadvantage. This leads to a more inclusive society, where everyone has an opportunity to thrive economically.
- **Enhanced Economic Growth and Stability:** Financially well individuals contribute to economic growth and stability. When individuals have control over their finances, they are more likely to invest, save, and participate actively in the economy. Financially empowered individuals are better positioned to start businesses, invest in education, and make long-term financial commitments. Their financial decisions contribute to economic expansion, job creation, and overall economic stability.
- **Reduced Reliance on Social Support Programs:** Financial wellbeing reduces the reliance on social support programs and public assistance. When individuals can effectively manage their finances and achieve economic self-sufficiency, they require less assistance from government programs. This allows governments to allocate resources more efficiently, addressing the needs of those who genuinely require support.
- **Inter-generational Impact:** Financial wellbeing has a ripple effect across generations. When individuals prioritize financial wellbeing, they establish positive financial habits that can be passed down to their children and future generations. By instilling FL and responsibility, individuals contribute to the permanent financial security and prosperity of their families and peers.

Financial wellbeing is significant for individuals as it enhances personal fulfilment, reduces stress, and improves overall well-being. At the societal level, it promotes economic stability, reduces inequalities, and fosters inclusive growth. By prioritizing financial wellbeing, individuals and societies can create a positive cycle of financial empowerment, resilience, and prosperity.

### **1.11. Financial WellBeing Gaps: India and the Global Market**

Financial WellBeing is an area where disparities exist between India and the global market. While efforts are being made to improve Financial WellBeing in both contexts, there are distinct gaps that need to be addressed. Here are some key areas where gaps exist between India and the global market:

- **Financial Literacy Levels:** FL levels in India are relatively lower than those in the global market. A report by the National Institute of Securities Markets (NISM) shows that only about 24% of Indian adults possess basic Financial Literacy skills (Centre for Financial Inclusion, 2020). This highlights the need for more emphasis on “financial education” and awareness campaigns to bridge the literacy gap.
- **Access to Financial Services:** while progress has been made in financial inclusion, India still faces challenges in providing universal access to formal financial services. A major portion of the population, particularly in rural areas, lacks access to banking services, insurance, and investment opportunities (World Bank, 2020). In contrast, the global market generally exhibits better access to financial services.
- **Socioeconomic Disparities:** India has significant socioeconomic disparities, and these gaps impact Financial WellBeing. Income inequality,

poverty, and limited economic opportunities contribute to a lack of financial security and stability for many individuals (OECD, 2020). In the global market, while disparities also exist, they may vary in scale and magnitude across countries.

- **Digital Divide:** Bridging the digital divide is crucial for ensuring equitable access to financial resources and services in India. The country faces challenges related to internet connectivity, digital literacy, and accessibility, which are barriers to the adoption of digital technologies and online financial services (World Bank, 2020). In contrast, the global market has seen widespread adoption of digital technologies and online financial services.
- **Cultural and Social Factors:** Cultural and social factors play a significant role in shaping ATM, saving, and financial practices in India. The country's cultural diversity and social dynamics influence financial behaviors and preferences (Centre for Financial Inclusion, 2020). Therefore, understanding these cultural nuances is essential for designing tailored financial products, services, and educational programs that resonate with Indian consumers.

To address the gaps in Financial WellBeing between India and the global market, a multi-faceted approach is required involving government interventions, financial institutions, regulatory bodies, and civil society organizations. Efforts should focus on enhancing FL through targeted educational initiatives, expanding access to financial services in underserved areas, reducing socioeconomic disparities, and promoting digital literacy and connectivity (OECD, 2020).

By narrowing these gaps, individuals in India can benefit from increased FL, better access to financial services, and improved FS. It is crucial to foster an inclusive and supportive financial ecosystem that empowers individuals to achieve their financial goals (World Bank, 2020). This will require collaboration and coordination among stakeholders to ensure that Financial WellBeing is prioritized and promoted across different sectors and communities.

### **1.12. Introduction to Financial Experience**

Financial Experience refers to the collective encounters, interactions, and perceptions individuals have with financial products, services, institutions, and systems (Deloitte, 2019). It encompasses the various aspects of individuals' engagement with the financial world, including their interactions with banks, credit cards, investments, loans, and other financial instruments.

In today's complex financial landscape, individuals' Financial Experiences can greatly influence their relationship with money, their financial behaviours, and ultimately their overall FWB. A positive Financial Experience can foster confidence, trust, and empowerment, while a negative or challenging experience can lead to frustration, confusion, and distrust (PwC, 2020).

Financial Experience goes beyond the functional aspects of financial transactions. It encompasses emotional, cognitive, and behavioural dimensions that shape individuals' perceptions and attitudes towards money and the financial industry. It considers factors such as ease of use, transparency, customer service, convenience, and the overall value individuals derive from their financial interactions (Accenture, 2019).

Furthermore, Financial Experience is influenced by various factors, including technological advancements, regulatory frameworks, cultural norms, and societal

expectations (McKinsey & Company, 2019). As technology continues to transform the financial landscape, individuals' experiences with digital banking, mobile payment apps, online investment platforms, and virtual customer support become increasingly relevant.

The concept of Financial Experience is multidimensional and dynamic, as it evolves with changes in individual preferences, advancements in technology, and shifts in societal expectations. Financial institutions and service providers recognize the significance of delivering positive Financial Experiences to build customer loyalty, engagement, and satisfaction (Deloitte, 2019). They invest in innovative technologies, personalized services, and customer-centric approaches to enhance individuals' Financial Experiences and promote their FWB.

### **1.13. The role of Financial Experience and Attitude Towards Money in shaping financial behaviors and outcomes**

The way individuals perceive and engage with money is greatly influenced by their Financial Experiences and attitudes towards money. These factors play a vital role in shaping individuals' financial behaviors and ultimately impacting their financial outcomes (PwC, 2020). Let's explore how Financial Experience and ATM influence financial behaviors:

- **Financial Experience:** Financial Experiences, such as interactions with financial institutions, products, and services, have a noteworthy impact on individuals' financial behaviors (Deloitte, 2019). Positive experiences, such as seamless transactions, personalized customer service, and access to user-friendly financial tools, can foster trust, confidence, and satisfaction. These positive emotions are likely to encourage individuals to engage in responsible

financial behaviors such as saving, budgeting, and investing. On the other hand, negative experiences, such as complex processes, hidden fees, or poor customer service, can lead to frustration, distrust, and disengagement. Individuals who have had negative Financial Experiences may become reluctant to engage in financial activities or may exhibit risky financial behaviors such as overspending or avoiding long-term financial planning.

- **Attitude Towards Money:** Attitude Towards Money refers to an individual's beliefs, values, and emotions associated with money. It shapes individuals' financial decisions, behaviours, and overall Financial WellBeing (Journal of Financial Therapy, 2013). Attitudes towards money can vary widely, ranging from a scarcity mind-set (fearing financial insecurity) to an abundance mindset (believing in the potential for financial growth and abundance).
- Individuals with a scarcity mindset may exhibit behaviors such as hoarding money, avoiding financial risks, or being overly frugal. Those with an abundance mindset may be more inclined to take calculated risks, invest in their financial future, and seek out opportunities for financial growth (Psychology Today, 2020). Understanding individuals' attitudes towards money is essential for designing financial products, services, and educational programs that resonate with their values and beliefs, and promote responsible financial behaviors.

### **1.14. Interaction between Financial Experience and Attitude Towards Money:**

Financial Experience and Attitude Towards Money are interconnected and mutually influence each other (Journal of Financial Therapy, 2013). Positive Financial Experiences can reinforce positive attitudes towards money and vice versa. For example, individuals who have positive experiences with saving and investing may develop a positive Attitude Towards Money, seeing it as a means to build wealth and financial security. Conversely, negative Financial Experiences can shape negative attitudes towards money, leading to behaviours driven by fear, mistrust, or impulsivity. For instance, individuals who have experienced financial hardships or scams may develop a negative Attitude Towards Money, perceiving it as a source of stress or vulnerability.

### **1.15. Implications for Financial Behaviours and Outcomes:**

The interplay between Financial Experience and Attitude Towards Money significantly influences individuals' financial behaviors and outcomes (PwC, 2020). Positive Financial Experiences coupled with a positive Attitude Towards Money are lead to responsible financial behaviors. This, in turn, can result in improved FWB, increased financial resilience, and continuing financial success.

Conversely, negative Financial Experiences combined with a negative Attitude Towards Money can hinder individuals' financial progress. It may lead to impulsive spending, accumulating debt, or avoiding important financial decisions. This can contribute to financial stress, limited financial opportunities, and hindered progress towards financial goals.



Recognizing the role of Financial Experience and Attitude Towards Money, individuals can strive to cultivate positive Financial Experiences, seek out educational resources, and develop a healthy Attitude Towards Money (Psychology Today, 2020). By doing so, they can enhance their financial behaviours and outcomes and ultimately improve their overall Financial WellBeing.

By understanding the interplay between Financial Experiences, Attitude Towards Money, and financial behaviors, individuals can take proactive steps towards improving their Financial WellBeing and achieving their long-term financial goals.

### **1.16. Financial Experience Gap: India and the Global Context**

There exists a noticeable gap in Financial Experience between India and the global context, which can be attributed to various factors (The Economic Times, 2021).

- **Financial Infrastructure:** The financial infrastructure in developed countries is generally more advanced and comprehensive compared to India. Developed economies often have well-established banking systems, robust capital markets, and a wide range of financial products and services. In contrast, India's financial infrastructure is still evolving, with ongoing efforts to expand access and improve the depth and breadth of financial services.
- **Access to Credit:** Access to credit is a crucial aspect of Financial Experience. In developed countries, individuals often have greater access to credit facilities, including personal loans, credit cards, and mortgages. While India has witnessed significant growth in credit availability, certain segments of the population, particularly those in rural and underserved areas, still face challenges in accessing formal credit channels (World Bank, 2019).

- **Investment Opportunities:** The global market offers a diverse range of investment opportunities, including stocks, bonds, mutual funds, and real estate. Developed economies have well-developed capital markets that provide individuals with avenues for wealth creation and portfolio diversification. In India, while the investment landscape has expanded, the choices and accessibility to investment instruments are comparatively more limited (PwC, 2020).
- **Risk Appetite:** Risk appetite varies between India and the global market due to cultural factors and risk perceptions. In some instances, risk aversion may be higher in India due to factors like limited FL. Limited FL, combined with a preference for traditional financial instruments, may lead to a general reluctance to engage in risky financial activities such as investing in stocks or entrepreneurship (Harvard Business Review, 2020).

### **1.17. Digital Transformation:**

The global market has witnessed rapid digital transformation in financial services, with advancements in online banking, digital payments, and investment platforms. Developed countries often have widespread adoption of digital technologies, enabling seamless financial transactions and access to services. In India, while digital transformation is underway, certain segments of the population still face barriers related to digital literacy and connectivity.

Addressing the Financial Experience gap requires a comprehensive approach. Initiatives should focus on strengthening financial infrastructure, expanding access to credit and investment opportunities, promoting FL, and embracing digital innovations. Collaborative efforts between the government, financial institutions, and technology

providers are essential to bridge this gap and enhance the overall Financial Experience for individuals in India.

By narrowing the Financial Experience gap, individuals in India can benefit from improved access to financial services, increased investment opportunities, and enhanced financial security. It is crucial to foster an inclusive and supportive financial ecosystem that empowers individuals to make informed financial decisions and maximize their FWB.

### **1.18. How to improve Financial Literacy:**

Improving FL is essential for individuals to make informed financial decisions, manage their money effectively, and achieve long-term financial goals. Here are some strategies to enhance Financial Literacy:

- **Educate Yourself:** Take the initiative to educate yourself about personal finance. Read books, articles, and reputable websites that cover topics such as budgeting, saving, investing, and debt management. Attend workshops, webinars, or seminars on FL. By continuously learning about personal finance, you can expand your knowledge and stay informed with the latest financial trends and best practices.
- **Utilize Online Resources:** Take advantage of the wealth of online resources available for improving FL. Many reputable financial institutions, government agencies, and non-profit organizations offer free educational materials, interactive tools, and online courses. These resources cover a broad financial topic, from fundamental money management to complex investment strategies. Online platforms and mobile apps can also help you track expenses, create budgets, and monitor your financial progress.

- **Seek Professional Advice:** When facing complex financial decisions, it can be beneficial to seek advice from qualified professionals such as financial planners or certified financial advisors. They can provide personalized guidance tailored to your specific financial situation, goals, and risk tolerance. A financial professional can help you develop a comprehensive financial plan, offer investment advice, and provide clarity on complex financial concepts.
- **Start Budgeting:** Creating and sticking to a budget is a fundamental step towards improving FL. A budget helps you track your income and expenses, identify areas where you can save money, and prioritize your financial goals. Use budgeting tools or apps to make the process easier and more organized. Regularly reviewing and adjusting your budget allows you to stay in control of your finances and make informed decisions about spending and saving.
- **Practice Saving and Investing:** Cultivate a habit of saving money regularly, even if it is a small amount. Set aside a portion of your income for short-term and long-term goals. Consider opening a savings account or exploring investment options such as stocks, bonds, or mutual funds. Start with low-risk investments and gradually increase your knowledge and comfort level as you gain experience. Saving and investing not only grow your wealth but also expose you to different financial instruments and concepts.
- **Manage Debt Wisely:** Understanding debt and managing it responsibly is crucial for FL. Educate yourself on the different types of debt, interest rates, and repayment options. Avoid excessive borrowing and high-interest debt whenever possible. If you have existing debt, develop a plan to pay it off systematically. Consider strategies such as debt consolidation, negotiating

lower interest rates, or seeking professional advice to manage and reduce your debt effectively.

- **Teach Children about Money:** Start teaching FL from an early age. Introduce basic financial concepts to children, such as saving, budgeting, and the value of money. Encourage them to manage their own money by giving them an allowance and helping them set savings goals. As they grow older, involve them in discussions about family finances, budgeting decisions, and the importance of financial responsibility. Instilling FL in children sets them on a path towards a lifetime of smart financial choices.
- **Stay Informed:** Stay informed about economic trends, changes in tax policies, and financial regulations that may affect your financial situation. Read financial news, follow reputable financial experts or bloggers, and subscribe to newsletters or podcasts that provide insights into personal finance. By staying informed, you can adapt to changes, make proactive financial decisions, and protect your financial interests.

Improving FL is an ongoing journey. By implementing these strategies and actively engaging with your finances, you can enhance your understanding of personal finance, make informed decisions, and build a solid foundation for your Financial WellBeing

### **1.19. Need for the study**

The study of FL, FWB, FE, and ATM is of paramount importance in today's multifaceted and dynamic financial landscape. Understanding these concepts and their interrelationships can have significant implications for individuals, society, and the overall economy. Here are some key reasons highlighting the need for studying these subjects:

- **Empowering Individuals:** FL empowers individuals to navigate the complexities of personal finance, such as managing budgets, saving for retirement, making informed investment choices, and effectively managing debt. By enhancing FL, individuals can take control of their financial lives, reduce financial stress, and work towards achieving their financial goals.
- **Promoting Financial WellBeing:** Financial WellBeing refers to the state of being financially secure and content. It encompasses having a sense of FS, the ability to meet financial obligations, and the freedom to make choices that align with one's values and goals. By studying Financial WellBeing, researchers and practitioners can identify the factors that contribute to FWB and develop strategies to improve it. This, in turn, can enhance individuals' overall quality of life and promote societal well-being.
- **Enhancing Consumer Protection:** Understanding individuals' Financial Experiences and their attitudes towards money can help policymakers, regulators, and financial institutions develop consumer-centric approaches and products. By studying Financial Experience, researchers can identify areas for improvement, such as transparency, accessibility, and customer support, to enhance individuals' Financial Experiences and protect their interests. This can contribute to building trust and fostering a more sustainable and inclusive financial system.
- **Addressing Economic Inequality:** FL and access to financial resources play a crucial role in addressing economic inequality. By studying these topics, researchers can identify the barriers that prevent certain populations from accessing “financial education”, products, and services. This knowledge can inform the development of targeted interventions and policies to bridge the FL

gap and promote financial inclusion. By empowering all individuals, regardless of their socioeconomic background, to make informed financial decisions, we can work towards reducing economic disparities.

- **Informing Policy and Education:** The study of FL, FWB, FE, and ATM provides valuable insights for policymakers and educators. Research findings can inform the design of FL programs, curricula, and policy initiatives aimed at improving FL rates, promoting responsible financial behaviors, and strengthening individuals' financial resilience. By understanding the factors that influence individuals' Financial Experiences and attitudes, policymakers and educators can develop tailored strategies to address specific challenges and promote positive financial outcomes.

In conclusion, studying FL, FWB, FE, and ATM is essential for empowering individuals, promoting FWB, enhancing consumer protection, addressing economic inequality, and informing policy and education. By deepening our understanding of these concepts and their impacts, we can foster a more financially literate and inclusive society, where individuals have the knowledge, tools, and confidence to make informed financial decisions and achieve their financial aspirations.

## **CHAPTER – 2**

### **Literature Review**

#### **2.1. Outline of the Literature Review:**

The fields of FL, FWB, FE, and ATM are interconnected and crucial for individuals' financial success and overall well-being. Extensive research has been conducted in these areas to understand the causes that effect individuals' FK, behaviour, and outcomes.

FL denotes the knowledge and comprehension of financial concepts, instruments, and products. It entails the capacity to effectively manage personal finances, make informed financial decisions, and attain long-term financial objectives. Numerous studies have investigated the influence of FL on individuals' financial behaviours, including budgeting, saving, investing, and debt management. Literature shows that people with better FL tend to make better decisions about their money, handle their money better, and feel more financially secure.

FWB goes beyond FL and focuses on individuals' overall financial health and satisfaction. It encompasses factors such as financial stability, financial security, financial independence, and the ability to meet financial goals. Research has shown that individuals with a significance level of financial wellbeing are more likely to experience reduced stress, improved overall well-being, and a greater sense of control over their financial lives. Understanding the determinants and outcomes of financial wellbeing is essential for developing strategies to enhance individuals' financial resilience and overall quality of life.



Financial Experience refers to individuals' past interactions, behaviours, and exposure to financial products, services, and institutions. It plays a significant role in shaping individuals' financial attitudes, beliefs, and decision-making processes. Studies have explored how different Financial Experiences, such as early FE, access to financial services, and exposure to financial shocks, influence individuals' financial behaviours and outcomes. Understanding the impact of Financial Experience can help in designing effective interventions and policies that enhance individuals' financial capabilities and promote positive financial outcomes.

Attitude Towards Money refers to individuals' beliefs, feelings, and values regarding money and its role in their lives. It encompasses attitudes towards saving, spending, investing, and financial risk-taking. Research has indicated that individuals' attitudes towards money can significantly impact their financial behaviours and outcomes. For example, individuals are more likely to practise appropriate financial activity if they have a favourable attitude towards investing and saving, whereas those with a negative attitude towards debt may exhibit more conservative borrowing patterns. Exploring the factors that shape individuals' attitudes towards money provides insights into their financial decision-making processes and can inform interventions aimed at fostering healthy financial attitudes.

The purpose of this literature review is to provide a complete knowledge of the links between FL, FWB, FE, and ATM. By synthesizing existing research, identifying gaps, and discussing key findings, this review contributes to the knowledge base in these

areas and offers insights for policymakers, educators, and practitioners to promote financial empowerment and improve individuals' financial outcomes.

## **2.2. Role of Financial Literacy for individual and sustainable economic development**

This section discusses the significance of FL for both personal and economic development. Numerous studies found a positive correlation between FL and individual and economic development. FL improves personal and economic development, as shown in the following compilation of empirical evidence.

**Andriamahery & Qamruzzaman (2022)** did research to look at the relationship between certain FWB and FL. Finding out how people's FL impacts their overall life happiness and financial health was the study's main objective.

The study employed a quantitative research design and collected data from a sample of participants through surveys and questionnaires. Using standardized measures, the researchers looked at participants' knowledge of financial concepts, comprehension of financial products and services, and ability to use financial skills in real-world situations. FWB was measured by considering various indicators, such as individuals' financial security, FS levels, and their perception of financial control and satisfaction.

The study found that FL and FWB were positively correlated. Higher levels of FL were associated with a greater sense of financial control, lower levels of FS, and greater financial security. In addition, the study revealed that individuals' overall life satisfaction was significantly impacted by FL, highlighting the broader effects of FK and skills on individuals' well-being beyond their financial situation.

The research conducted by Andriamahery and Qamruzzaman adds to the growing body of knowledge regarding the connection between FL and well-being in the

financial realm. It emphasizes the significance of enhancing individuals' FWB and overall quality of life by promoting FL. The findings underscore the need for educational initiatives, interventions, and policies that aim to improve FL among individuals across different socioeconomic backgrounds.

**Gautam.et.al, (2022)** conducted a study that examined the relationship between FE and individuals' attitudes towards money. The researchers aimed to explore how individuals' past FEs shape their attitudes and beliefs regarding money, and how these attitudes influence their financial behaviors.

The study employed a mixed-methods research design, combining quantitative surveys and qualitative interviews. The quantitative component involved collecting data from a sample of participants using standardized measures to assess their FE and attitudes towards money. In order to better comprehend the perspectives and experiences of the participants, in-depth interviews were used in the qualitative part of the study.

The study found that people's attitudes toward money were significantly influenced by their FEs. Positive FEs, such as early exposure to “financial education”, successful investments, and access to financial resources, were linked to more positive attitudes regarding money. On the other hand, negative FEs, such as financial setbacks, high levels of debt, or lack of financial stability, were associated with more negative attitudes and beliefs regarding money.

Moreover, the study found that individuals' attitudes towards money influenced their financial behaviors and decision-making processes. Positive attitudes increased the likelihood of practising prudent financial habits including saving, investing, and

financial planning, while those with negative attitudes were more inclined towards impulsive spending, excessive debt, and a lack of financial preparedness.

By bringing attention to the intricate connection between FE, attitudes toward money, and financial behaviors, the study by Gautam, Rastogi, and Rawal adds to the existing body of research. The findings emphasize the significance of considering individuals' prior FEs when developing “financial education” programs, interventions, and policies. These initiatives have the potential to effectively promote positive financial behaviors and enhance individuals' economic well-being by addressing the underlying attitudes and beliefs.

**Madinga. Et.al, (2022)** conducted a study examining the connection between FL and individual FWB in a particular setting. Taking into account the distinct socioeconomic factors and cultural dynamics of the study population, the researchers set out to investigate the extent to which individuals' FL levels influence their FWB.

The study employed a quantitative research approach and collected data through surveys administered to a representative sample of participants. The researchers assessed participants' FL using validated measurement scales, which encompassed various aspects of FK, skills, and attitudes. FWB was evaluated through multiple indicators, including individuals' financial satisfaction, financial security, and FS levels.

The study found that FL and FWB were positively correlated. Financial contentment and perceptions of financial security were higher among participants with higher levels of FL. Additionally, they stated that they were better able to manage their financial resources effectively and had lower levels of FS. These findings suggest that

individuals' overall economic well-being can be improved by having a solid FK and skills foundation.

In addition, the study emphasized the significance of socioeconomic and cultural factors in determining the connection between FL and FWB. The researchers discovered that the impact of FL on financial outcomes may be moderated by certain contextual factors, such as income levels, educational attainment, and cultural norms regarding money. This underscores the importance of considering the specific context when developing FL initiatives and interventions.

The study by Madinga, Chuchu, Magoda, and Maziriri sheds light on the connection between FL and well-being financially in a particular setting. The findings emphasize emergence of individualized “financial education” programs that take into account the particular socioeconomic and cultural factors that influence people's financial decisions and actions. By recognizing and addressing these contextual influences, policymakers and educators can design more effective strategies to enhance FL and improve FWB.

**Alberto Burchi et al. (2021)** conducted a comprehensive investigation into the relationship between individuals' attitudes toward money, financial health, and FL. The goal of the research was to find out how much people's financial decision-making processes and attitudes about money affect their overall FWB.

Using a mixed-methods approach, the study collected quantitative data through surveys administered to a diverse sample of participants. The surveys measured participants' levels of FL, including their understanding of financial concepts, their ability to manage money, and their familiarity with financial products and services.

Additionally, participants' attitudes towards money were assessed, considering their beliefs, values, and emotional connections related to financial matters.

FWB, attitude toward money, and FL were significantly correlated in the study. Economic well-being, including increased levels of financial contentment and decreased FS, was demonstrated by participants with higher levels of FL. Additionally, improved FWB was more likely experienced by those with positive attitudes toward money, such as a proactive mindset and a belief in one's ability to achieve financial goals.

In addition, the study emphasized the interaction between attitudes toward money and FL in influencing individuals' financial decision-making. More responsible financial behaviors, such as effective budgeting, saving, and investment practices, were demonstrated by participants who had positive attitudes toward money and high levels of FL. Additionally, these people were more likely to look for financial information and make well-informed choices to improve their FWB.

Alberto Burchi et al.'s research provides useful insights into the intricate connection that exists between FL, attitudes toward money, and FWB. The findings underscore the importance of both knowledge and attitudes in shaping individuals' financial outcomes. Policymakers, educators, and financial institutions can utilize these findings to develop comprehensive FL programs that address not only the acquisition of FK but also the cultivation of positive attitudes and beliefs towards money.

**Matey. J (2021)** conducted research to look at the relationship between a person's FE and FWB. The research aimed to investigate how individuals' past FEs, such as their financial history, previous financial decisions, and exposure to financial challenges, influence their current FWB and overall financial outcomes.

Using a quantitative research approach, the study collected data through surveys administered to a diverse sample of participants. Participants' FK, abilities, and previous financial behaviors were evaluated in the surveys. Additionally, participants' FWB was assessed in terms of their ability to meet financial goals, financial security, and satisfaction.

The study's conclusions showed a significant link between FE and FWB. Participants who had a positive FE, characterized by sound financial decision-making, successful financial outcomes, and effective financial management, exhibited higher levels of FWB. These individuals reported greater financial satisfaction, reduced FS, and a sense of financial security.

On the other hand, participants with negative FEs, including financial mistakes, poor financial decision-making, and financial hardships, demonstrated lower levels of FWB. These individuals experienced higher FS, lower financial satisfaction, and challenges in achieving their financial goals.

The research also emphasized the significance of studying FEs and using them to enhance FWB. Better levels of financial resilience and a better likelihood of making wise financial choices were shown by participants who actively sought FK and guidance, thought back on their prior FEs, learned from their errors, and reflected on previous FEs.

The research by Juabin Matey provides valuable insights into the significance of FE in shaping individuals' FWB. It emphasizes the importance of learning from past FEs and utilizing them as a foundation for financial growth and improved financial outcomes.

**Hoque. A (2021)** conducted a comprehensive investigation into the connection between individuals' attitudes toward money and their FWB. The research aimed to explore how individuals' attitudes and beliefs about money influence their financial behaviors, financial decision-making, and overall FWB.

The researchers used a mixed-methods approach to gather quantitative and qualitative data to comprehend the subject further. A broad sample of individuals was given quantitative questionnaires to gauge their financial behaviors, attitudes, and results. Qualitative interviews were also performed to get deep insights into participants' individual experiences, viewpoints, and narratives linked to money and FWB.

The study's conclusions showed a strong relationship between FWB and financial mindset. Participants who demonstrated positive attitudes towards money, such as valuing financial responsibility, practicing financial discipline, and adopting a proactive approach to financial planning, exhibited higher levels of FWB. These individuals reported greater financial satisfaction, higher savings rates, and a greater sense of financial security.

Conversely, participants with negative attitudes towards money, including a lack of financial discipline, a materialistic mindset, and a tendency to overspend or engage in impulsive financial behaviors, experienced lower levels of FWB. These individuals reported higher levels of FS, financial instability, and difficulties in achieving their financial goals.

The study also highlighted the importance of cultivating a positive Attitude Towards Money through “financial education”, awareness, and personal reflection. Participants who actively sought FK, engaged in self-reflection about their financial attitudes and



behaviors, and made efforts to align their financial values with their long-term goals exhibited improved financial outcomes and enhanced FWB.

The research conducted by Ariful Hoque sheds light on the significant role of Attitude Towards Money in shaping individuals' FWB. It emphasizes the need for individuals to cultivate positive attitudes, beliefs, and behaviors towards money to enhance their overall financial health and achieve long-term financial goals.

**Grohmann. A et al. (2020)** did research to investigate the relationship between individual FWB and FL. Finding out how people's levels of FL impact their financial behaviours, financial choices, and total FWB was the study's main objective. The study took a quantitative approach by collecting data from diverse participants through surveys and assessments. The members were approached to finish surveys that evaluated their financial information, comprehension of monetary ideas, and their ways of behaving and results. The concentrate additionally inspected factors like pay, training, and segment data to more readily grasp the connection between “financial education” and monetary prosperity.

The discoveries of the review uncovered areas of strength for a connection between's monetary proficiency and monetary prosperity. Better money management skills, higher levels of FL, and greater self-assurance in dealing with financial matters were all demonstrated by participants. These people said they were happier with their finances, had less FS, and were better off financially overall.

Additionally, the study emphasized the significance of FL and education programs in enhancing one's FWB. Higher levels of FL and improved economic outcomes were observed in participants who had received “financial education” or access to FL resources.

The study that was carried out by Antonia Grohmann et al. emphasizes how critical FL is to improving people's economic well-being. People must learn and develop FK and skills to correctly manage their money, make educated financial choices, and ultimately enhance their overall economic well-being.

**Swiecka.B et al. (2020)** conducted a research that looked into the connection between people's attitudes toward money and their level of FL. The study aimed to examine how FL influences individuals' attitudes, beliefs, and behaviors related to money management.

Using a mixed-methods approach, the researchers collected data through surveys and interviews from a diverse sample of participants. The surveys included questions about FK, financial decision-making, and attitudes towards money. The interviews provided more in-depth insights into participants' experiences and perspectives regarding their financial attitudes and behaviors.

According to the research, more financially aware persons tend to favor money more favorably. They were more inclined to practice proactive money management, exhibited healthier financial behaviors like budgeting, saving, and investing, and demonstrated a greater understanding of financial concepts.

The study also identified several factors that influenced individuals' attitudes towards money, including cultural and social norms, personal experiences, and “financial education”. Participants who had received “financial education” or had access to FL resources reported more positive attitudes towards money and demonstrated greater financial confidence.

The study that Beata Swiecka et al. carried out emphasizes the significance of FL in influencing people's financial attitudes and actions. It suggests that increasing a

person's level of FL can have a positive effect on the way they view money and ultimately improve their financial outcomes and overall FWB.

**Utomo. M. N et al. (2020)** undertook research to examine the relationship between FL and personal financial behavior. The study aimed to explore how an individual's FL level influences their financial decision-making, saving, and investing behaviors.

Using a quantitative research approach, the researchers collected data through surveys administered to a diverse sample of participants. The participants' FK, and comprehension of financial concepts, as well as their financial actions and outcomes, were all evaluated through the surveys. To gain a deeper awareness of the connection between economic behavior and FL, the study also considered demographic variables like age, income, and level of education.

A positive correlation between FL and desirable financial behaviors was found in the study. Participants with higher levels of FL demonstrated better financial decision-making abilities, a higher likelihood of regular savings, and a greater propensity to make well-informed investment decisions.

Besides, the review featured the significance of monetary schooling in working on “financial education” and advancing positive economic ways of behaving. Participants who had received “financial education” or access to FL programs demonstrated higher levels of FL and more financially responsible behavior.

Mohamad Nur Utomo and colleagues' research emphasizes FL's role in influencing people's financial decisions. It highlights the importance of enhancing one's financial skills to make well-informed financial decisions, develop healthy saving habits, and engage in responsible investment strategies.

**Abad-Segura et al. (2019)** conducted research to look at the relationship between certain FWB and FL. The purpose of the study was to examine how a person's level of FL affects their overall economic well-being, such as their level of financial contentment, FS, and perceptions of financial security.

The researchers gathered data from a diverse group of participants through a survey-based method. Questions in the survey asked participants about their subjective perceptions of their FWB and their level of FL. The study considered additional factors like income, education, and employment status to better comprehend the impact of FL on economic well-being.

The research discovered a favourable correlation between FL and FWB. Participants with higher levels of FL reported more financial security, higher levels of financial happiness, and lower levels of FS. They had a higher propensity to employ prudent financial planning, make wise financial decisions, and act appropriately with money.

Emilio Abad-Segura and colleagues' research emphasizes the significance of FL in fostering individuals' financial security. Individuals' overall financial satisfaction and FS can be improved by increasing their FL. For better economic outcomes and general well-being, the findings emphasize the need for individuals to develop and improve their FK and skills.

**Schaner & Bilal Zia (2018)** conducted a study to find out how FL programs affect people's spending habits and outcomes. The goal of the study was to find out how well different approaches helped people become more financially literate and make better financial decisions.

The study employed a randomized controlled trial (RCT) methodology, where participants were randomly assigned to different treatment groups. The interventions

included various forms of “financial education”, such as classroom-based training, interactive workshops, and digital learning platforms. The researchers collected data on participants' FK, attitudes, and behaviors both before and after the interventions.

conducted a study to find out how FL programs affect people's spending habits and outcomes. The goal of the study was to find out how well different approaches helped people become more financially literate and make better financial decisions.

The study also highlighted the importance of the delivery format and customization of “financial education” interventions. The researchers found that interactive and personalized approaches, such as workshops and individual coaching, were more effective in engaging participants and facilitating behavioral change.

The findings of the research that Bilal Zia and Simone Schaner carried out emphasize that FL interventions can potentially promote positive financial behaviors and outcomes. It emphasizes the need for tailored and interactive approaches that address the specific needs and circumstances of individuals. By equipping individuals with the necessary FK and skills, these interventions can contribute to improving overall FWB.

**Prokopowicz. D (2018)** Conducted a study investigating the connection between individual financial behavior and FL. The study aimed to examine how FL influences economic outcomes and decision-making.

Prokopowicz examined the participants' FL levels and associated financial behaviors, including debt, investment choices, and saving patterns, using survey data from a broad sample of people. Management. The research also considered variables including education level, income level, and demographic features to understand the relationship between financial behavior and FL in more detail.

According to the study's findings, FL is strongly associated with positive financial behaviors. Effective budgeting, prudent saving, and well-informed investment decisions were more common among participants with a higher FL level. They were also better able to control their debts and make well-informed decisions about financial services and products.

Dariusz Prokopowicz's research emphasizes the significance of FL in influencing individuals' financial decisions. It highlights the importance of providing people with the knowledge and abilities to improve their economic well-being and make educated financial decisions.

**Karakurum-Ozdemir et.al (2018)** conducted a thorough investigation into the effects of FL on individuals' economic well-being. The study investigated the connection between individuals' FL, attitudes toward money, economic behavior, and overall FWB.

The researchers used various methods to get survey data from multiple participants. Questions about FK, financial attitudes, financial behaviors, and subjective measures of FWB were included in the survey. In addition, participants' experiences and perceptions regarding FL and its effects on their economic well-being were uncovered through in-depth interviews.

According to the study's findings, people tend to have more positive financial attitudes and engage in responsible economic behavior when they have a higher level of FL. These individuals demonstrated better financial management abilities, such as budgeting, saving, and investing. Also, they detailed more elevated levels of monetary fulfilment and saw themselves to be in a safer monetary position.

The research findings that Karakurum-Ozdemir, Kokkizil, and Uysa carried out emphasize the significance of FL in fostering individuals' economic well-being. It underscores the necessity for effective “financial education” programs and initiatives to empower individuals to make informed financial decisions and raise FL levels.

**Cavicchioli, M, et al. (2018)** conducted a research to look at the relationship between financial security for young individuals and FL—the study aimed to investigate how degrees of FL influence people's financial behaviors and total FWB.

The researchers surveyed to collect information from young people between 18 and 30. The poll asked questions regarding FK, financial attitudes, financial behaviors, and arbitrary measurements of FWB. Based on their responses to the questions about their FK, the participants' levels of FL were evaluated.

The research results showed that persons with greater levels of FL were more likely to budget, save, and manage their debt. They were also more inclined to invest money and have long-term financial plans. The research also discovered a favorable association between people's opinions of FWB and FL.

The findings of the study carried out by Cavicchioli, Kalliopuska, Kankaanranta, and Lassila emphasize the significance of FL for young adults and the impact it has on the FWB of these individuals. It highlights the significance of targeted “financial education” efforts and programmes that provide young people the information and skills they need to make wise financial choices.

**Muwonge, P. N., & Muhwezi, M. (2015)** conducted a study to examine the relationship between FL and financial inclusion among Ugandans. The study aimed to determine how much FL affects people's access to and usage of financial services.

Information was gathered from a sample of Ugandans from diverse areas using a standardized questionnaire. Questions about the participants' demographics, FL, and financial inclusion were included in the questionnaire. The knowledge of budgeting, saving, borrowing, and comprehending financial products and services was used to assess FL.

The investigation results showed that the subjects' FL levels were comparatively low. Many people need help understanding financial terms and goods. The research also discovered that those with greater FL levels were more likely to be financially involved, which means they had better access to formal financial services, including insurance, loans, and bank accounts.

Muwonge and Muhwezi's study emphasizes the significance of raising people's FL in Uganda in order to increase financial inclusion and enable them to make educated financial decisions. It features the requirement for instructive projects and drives that advance monetary information and abilities among the populace.

**Mitchell, O. S., & Lusardi, A. (2014)** conducted a comprehensive study on retirement planning and FL was carried out in 2014 by Mitchell, O. S., and Lusardi, A. The study's goal was to look at the relationship between Americans' FL and preparedness for retirement. Surveys that assessed various aspects of FL, such as knowledge of financial concepts, comprehension of financial risks, and familiarity with financial products and services, were used to collect data for the study, which included a large sample of participants. Evaluations of participant retirement savings, investment strategies, and retirement planning behaviors were used to assess retirement preparedness.

The study found that people were more likely to be better prepared for retirement with better FL. They were more likely to save for retirement, participate in retirement



planning activities, and make well-informed investments choices. On the other hand, it was harder for people who needed to learn more about money to adequately prepare for retirement.

The findings of Mitchell and Lusardi's study emphasize the significance of FL in retirement planning. It highlights the necessity of “financial education” programs and initiatives, particularly in the context of retirement. People can make better decisions, secure their financial future, and have a comfortable retirement by increasing their FL.

**Justine, S., et al. (2013)** conducted a study on the connection between household FWB and FL was carried out in 2013). The goal of the study was to find out how people's financial behaviors and overall FWB are affected by FL.

Surveys that assessed participants' levels of FL and their financial behaviors, such as budgeting, saving, and debt management, were used to collect data for the study, which included a diverse sample of households. The researchers also examined the participants' subjective perceptions of their FWB.

The study found a strong positive correlation between household FWB and FL. Positive financial behaviors like effective budgeting, prudent investment decisions, and responsible borrowing were more likely to occur among participants with higher FL levels. Additionally, they perceived themselves as being more financially secure and reported higher levels of financial contentment.

The investigation was conducted by Justine et al. on the importance of “financial education” in promoting the well-being of families. The capacity to make wise financial choices may be enhanced by increasing FL, which will ultimately improve one's feeling of overall financial stability and happiness.

**Jiyane. G and Britta Zawada (2013)** did a study on FL and its impact on individuals' FWB was carried out by G and Britta Zawada (2013). The study's goal was to look at the relationship between FL and financial results, financial behaviours, and FL.

Surveys and interviews were used to gather information for the study, including a diverse participant group. The degrees of FL that the participants displayed were examined by the researchers, including their acquaintance with financial services and goods, their ability to make wise financial choices, and their understanding of basic financial concepts.

The finding of the study shows that those with greater levels of FL were more likely to participate in healthy financial behaviours including budgeting, saving, and investing. They were also more likely to have favourable financial outcomes, such as more savings, lower debt, and higher financial security.

The findings of Jiyane and Zawada's study emphasize the significance of FL in fostering financial security. It suggests that raising people's FL can give them the ability to make better financial decisions, alter their spending habits, and, in the end, get better financial results.

**Hastings (2013)** conducted research to investigate the connection between individuals' FWB and FL. The goal of the study was to find out how FL affected factors like financial security, FS, and financial contentment.

The review included a huge example of members from various segment foundations. Surveys were used by the researchers to gather information about participants' financial behaviors, levels of FL, and subjective measures of FWB.

The research discovered a clear correlation between FL and FWB. Higher FL levels were linked to better financial security, lower FS levels, and increased financial

happiness. Furthermore, they were more likely to follow responsible financial habits like setting aside money for savings and investment.

Hastings' study emphasizes the importance of FL in developing total FWB. It implies that persons with the knowledge and abilities to handle their money are likelier to experience favorable financial results and a feeling of FWB.

A comprehensive investigation into the connection between consumer decision-making and FL was carried out by **Lauren E. Willis (2012)**. The exploration planned to investigate what monetary education means for people's capacity to pursue informed decisions with regards to monetary items and administrations.

Surveys and experiments were used in the study to get information from a wide range of participants. The experiments involved presenting participants with a variety of financial scenarios to gauge their decision-making abilities, while the surveys assessed participants' levels of FL.

According to the study's findings, people who had better FL were more likely to make wise financial decisions. They showed a deeper comprehension of financial concepts like interest rates, fees, and the dangers of financial products. As a result, they were better able to compare various options, steer clear of potential pitfalls, and select products that met their financial objectives and preferences.

In addition, the study emphasized the significance of regulatory interventions and consumer protection measures in enhancing consumer decision-making and FL. In order to empower customers and enhance their capacity to make financial decisions, it emphasized the significance of clear and transparent information, disclosure requirements, and efficient “financial education” programs.

Lauren E. Willis's writings add to the growing body of research that demonstrates how important FL is to consumer decision-making. It demonstrates how important it is for policymakers, financial institutions, and educational institutions to place a high priority on efforts to improve people's FL, which will enable them to better navigate the complex landscape of financial products and services.

**Lusardi. A & Olivia S. Mitchell (2011)** conducted a significant study on the current state of FL and the effects it has on individual financial behavior and outcomes. The aim of the study was to investigate the connection between various financial decisions and overall FWB and the population's level of FL.

Lusardi and Mitchell examined the financial habits of individuals, including saving, borrowing, and retirement planning, with the help of data from a nationally representative survey. The research examined the connection between important financial outcomes including wealth accumulation and preparation for retirement.

The study's findings revealed a significant disparity in individuals' FL levels. Fundamental financial concepts like interest rates, inflation, and risk diversification were poorly understood by many participants. In addition, the study demonstrated that people with lower FL were more likely to make poor financial decisions, accumulate more debt, and have trouble achieving long-term financial objectives.

According to the study's conclusions, comprehensive “financial education” programs must be provided from infancy through maturity. It emphasized the need to give people the skills and information to manage their money wisely, make educated financial choices, and prepare for the future.

Additionally, the study emphasized the significance of policymakers, employers, and financial institutions in the promotion of FL and the provision of readily available resources and tools to enhance FWB.

Crafted by Lusardi and Mitchell added to the developing group of proof featuring the meaning of monetary education in forming monetary ways of behaving and results. It was a call to action for policymakers, educators, and providers of financial services to prioritize efforts to improve people's FL and give them the ability to make wise financial decisions.

**Behrman et al. (2010)** conducted a study on the connection between various economic outcomes and FL. The review intended to inspect what monetary education means for people's saving way of behaving, speculation choices, and by and large abundance collection.

Behrman et al., utilizing data from a large-scale survey, analyzed the levels of FL of people from various age groups and socioeconomic backgrounds. The study investigated the connection between FL and significant economic outcomes like net worth, asset allocation, and savings for retirement.

The study found that people with better FL were tend to achieve greater economic well-being and to make better financial decisions. Proactive savings, diversified portfolio investments, and greater wealth accumulation were more likely for those with higher FL scores.

The research also strongly emphasized the long-term consequences of early “financial education” on people's economic prospects. The research highlighted the essence of efficient “financial education” programs that begin at a young age and provide people with the information and abilities they need to make challenging financial choices.

Behrman et al.'s work contributed to our comprehension of the positive connection between economic outcomes and FL. It discussed the potential advantages of raising individuals' levels of FL and emphasized the significance of “financial education” in fostering FWB.

**Kefela (2010)** researched FL and how it affects people's financial behavior and decision-making. The study aimed to learn more about how different economic outcomes and people's FL levels relate.

Kefela used interviews and surveys to gather information about participants' FL levels. Key financial concepts like budgeting, saving, investing, and managing debt were examined in the study by participants.

The research results demonstrated that those with greater FL levels were more likely to behave responsibly and make wise financial judgments. They were more adept at managing their money, better at comprehending economic goods and services, and less likely to have financial difficulties.

Additionally, the study found that a person's ability to make sound financial decisions and improve their overall FWB was significantly influenced by their level of FL. In order to raise people's FL levels, it emphasized the significance of “financial education” initiatives and interventions.

By shedding light on its significance in influencing financial behavior and outcomes, Kefela's research added to the existing body of knowledge on FL. The study emphasized the importance of promoting FL as a means of empowering individuals and enhancing their capacity for financial decision-making.

**Abreu & Mendes (2010)** conducted a Portugal-based study on the connection between individuals' financial behavior and FL. The goal of the study was to find out

how much people knew about money and how it affected how they made financial decisions.

Abreu and Mendes used interviews and surveys to gather information about participants' FL levels. The participants' knowledge of fundamental financial concepts like budgeting, saving, borrowing, and investing was the focus of the study. It also looked at their financial habits, like how they save money, manage their debt, and choose investments.

According to the study's findings, responsible financial behavior was demonstrated by those with better FL. They were tending to use money wisely by sticking to a budget, saving frequently, and choosing wise investments. Additionally, these individuals demonstrated a deeper comprehension of financial services and products, enabling them to effectively manage their money.

The study emphasized the significance of FL initiatives in raising individual levels of FL. It emphasized the need for specialized interventions as well as educational programs to improve people's FL and give them the ability to make sound financial decisions.

The research done by Abreu and Mendes added to the growing body of knowledge about FL and how it affects how people spend money. The findings emphasized the significance of promoting “financial education” for individuals' FWB and the positive relationship between FL and responsible financial practices.

**Bayer et, al (2009)** researched to find out how FL affects retirement savings and planning behaviors. The study aimed to determine if those with more excellent FL were more likely to engage in retirement planning activities and accumulate sufficient retirement saving

Bayer et al. collected data from a large sample of individuals through surveys and interviews. The study assessed participants' FL by testing their knowledge of financial concepts related to retirement planning, such as compound interest, investment strategies, and retirement savings options. The researchers also examined participants' retirement planning behaviors, including their engagement in retirement savings accounts, investment choices, and overall preparedness for retirement.

The study found that retirement planning behavior was positively correlated with FL. Financially literate individuals were more likely to actively plan for retirement, make well-informed investment decisions, and adequately save for their needs in the future. These people demonstrated a deeper comprehension of retirement savings vehicles and the significance of financial planning for the long term.

The study emphasized the significance of FL in promoting retirement security and the need for FL education programs to improve individuals' decision-making and FK. It emphasized the significance of early “financial education” interventions for providing people with the knowledge and tools they need to successfully plan for retirement.

This research added to the existing body of knowledge regarding the connection between retirement planning and FL. The findings emphasized the major advantages of “financial education” programs and policies to enhance retirement readiness, highlighting the role that FL plays in shaping individuals' retirement savings behaviors.

**Hung et al., (2009)** conducted a study to determine how individual financial behaviors and outcomes are affected by FL. The researchers looked into the connection between various financial indicators like savings rates, investment choices, and managing debt.



They discovered that those with greater FL levels are more likely to make wiser financial choices, follow healthier financial habits, and have better financial results, regular savings, investment diversification, and effective debt management were more common among these people.

The report also emphasized the importance of “financial education” programs in promoting FL and empowering people to make wise financial choices. “financial education” can increase FWB and long-term financial security by giving people the skills and information they need to manage the complicated economic environment.

In general, the findings of the study that was carried out by Hung, Parker, and Yoong (2009) provide insight into the significance of FL in influencing the financial actions and outcomes of an individual. Their findings emphasize the importance of maintaining efforts to increase FL and make resources for “financial education” accessible to people of all backgrounds.

**Mandell, L., & Klein, L. S. (2009)** conducted a comprehensive investigation into the role that FL plays in various aspects of people's lives. Financial decision-making, wealth accumulation, retirement planning, and overall FWB were all examined by the researchers.

According to the findings of their study, people who have good at FL are effectively manage their money, make well-informed financial decisions, and build wealth over time. Additionally, these people were more financially resilient in the face of economic difficulties and were more likely to participate in retirement planning activities.

In addition, Mandell and Klein emphasized the significance of “financial education” in raising people's FL. They suggested that community initiatives, workplace training,

and “financial education” programs can significantly improve individuals' FK and skills.

The research by Mandell and Klein (2009) found that FL is a crucial life skill. It emphasizes the need to have a basic grasp of economic principles to make smart financial choices and attain long-term financial stability. The results also highlight the value of “financial education” programs in equipping people with the information and instruments they need to effectively negotiate the complexity of personal finance.

**Summary:** In conclusion, the research demonstrates how important FL is to individual and long-term economic growth. Concentrates reliably show that people with more elevated levels of monetary proficiency are bound to settle on informed monetary choices, take part in capable monetary ways of behaving, and accomplish worked on monetary results.

FL not only benefits individuals but also has broader implications for societal and economic well-being. It contributes to economic resilience, reduces income inequality, and enhances financial inclusion. By equipping individuals with the necessary knowledge and skills, FL empowers them to actively participate in economic activities, contribute to economic growth, and foster financial stability within their communities.

However, challenges remain in promoting FL, particularly in addressing disparities across different demographic groups. Efforts should focus on developing targeted educational initiatives, policy interventions, and supportive environments that cater to the specific needs of vulnerable populations.

Overall, the literature underscores the importance of promoting FL as a strategic tool for individual empowerment and sustainable economic development. By fostering FK,

skills, and behaviours, societies can build a foundation for economic growth, reduce poverty, and create more inclusive and resilient economies.

### **2.3. Relationship of Financial Literacy and Financial Wellbeing.**

The connection between FWB and FL is discussed in this section. The connection between these two variables has been the subject of numerous studies. The vast majority of research shows a clear connection between FL and well-being. Few investigations conclude that FL and FWB are not at all associated.

**Hyesun Hwang, James H, et.al**, Undertook research in 2022 to examine the relationship between FL and Financial WellBeing. The study's primary objective was to determine how FL influences several FWB characteristics, including financial behaviors, financial happiness.

Their findings indicated that FL was positively associated with FWB. Positive financial habits like budgeting, saving, and investing were more common among those with higher FL. Additionally, they reported lower levels of FS and higher levels of financial satisfaction.

The research also emphasized “financial education” has a role in improving FL and well-being. According to one suggestion, effective “financial education” programs should also emphasize teaching students valuable skills and money-saving behaviors.

**Hyesun Hwang et al.**'s research (2022) contributes to our comprehension of the significant contribution that FL makes to the development of favorable financial outcomes and overall well-being. It demonstrates how essential it is for individuals to acquire FK and skills in order to achieve financial security and make well-informed financial decisions. The results also emphasize the need for comprehensive “financial

education” programs that give people the tools they need to become more financially literate and have better financial health.

**Kavita Karan Ingale, Kavita Karan Ingale (2022)** conducted on financial behaviour and literacy in the fields of economics, finance, business, and management. However, this region has yet to be a thorough scientific mapping. By combining existing knowledge frameworks and identifying current research trends, this study seeks to close this knowledge gap.

A bibliometric analysis utilizing the Web of Science database was done on a sample of 1,138 papers from 1985 to 2020. The investigation comprised citation, co-citation, social network analysis, and identifying significant journals, authors, nations, articles, and topics.

The research shows that the study of FL and financial behavior has become more multidisciplinary. Researchers first concentrated on socioeconomic and demographic characteristics but eventually switched their attention to behavioral and psychological influences on economic behavior. The study highlights areas needing more research and offers insights into the intellectual and social structure.

It is critical to recognize the limits of this bibliometric study, and it may be advantageous for future researchers to assess the literature to create a sound conceptual framework thoroughly. The capacity of this research to influence policy formation in FL and education is where its practical applications lie. This research adds to our knowledge of the connection between FL and economic behavior by combining disparate material and finding key sources and records.

In conclusion, this comprehensive science mapping study provides valuable insights into FL and behavior. It identifies trends, highlights research gaps, and offers guidance

for future investigations and policy-making in the area of “financial education” and literacy.

**Zhu, T., & Xiao, J. J. (2022).** according to research, owning hazardous financial assets is a wise economic practice that generally improves FWB. However, the current research on the relationship between consumer “financial education” and ownership of dangerous holdings in China has a narrow focus. This research filled this information gap by analyzing the connection between “financial education” and ownership of hazardous financial assets and possible mediators using data from the 2015 China Household Finance Survey.

According to probit regressions, there is a link between “financial education” and the possession of hazardous financial assets by Chinese households. This shows that families with FL are likelier to own risky investments. To glean more insights, other investigations used a mediating model. These findings demonstrated that characteristics including risk tolerance, how people look for economic and financial information, and FL all mediate the association between “financial education” and owning hazardous financial assets. In other words, these mediating elements can explain how “financial education” affects a person's inclination to keep risky financial investments.

These results can inform policy-making initiatives that enhance consumer FL and promote broader market participation. By acknowledging the beneficial impact of “financial education” on the possession of risky financial assets and being aware of the mediating factors, policymakers can develop strategies to enhance FL, facilitate access to economic and financial information, and foster an environment that encourages higher risk tolerance among consumers. These approaches may lead to higher FWB and improved financial decision-making for people and families.

In summary, this research contributes to the literature by emphasizing the link between “financial education” and China's ownership of hazardous financial assets. The study sheds light on the mechanisms by which “financial education” influences individuals' participation in risky financial asset holding by examining mediating factors like FL, information search behavior, and risk tolerance. Policy interventions aimed at improving consumer “financial education” and encouraging active participation in the financial market can benefit greatly from these findings.

**Struckell, E. M., et, al. (2022)** It is believed that holding hazardous financial assets benefits consumers' total FWB and is a wise financial decision. However, the current research on the relationship between consumer “financial education” and ownership of dangerous holdings in China has a narrow focus. This research filled this information gap by analyzing the association between “financial education” and ownership of hazardous financial assets and possible mediators using data from the 2015 China Household Finance Survey.

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**Iramani, R & Lutfi, L. (2021).** The pursuit of financial security is an essential objective for households and individuals. Past examination has shown that different elements assume a huge part in molding monetary prosperity. The purpose of this study is to create an integrated model that takes into account the many factors that affect FWB in order to improve our comprehension of this idea. The study aims to shed light on their interconnectedness and collective impact on individuals' and households' FWB by examining these factors.

Through an online survey, the study gathered information from 1,158 households to accomplish this. We were able to investigate the relationships between the variables of interest and their impact on FWB by analyzing the data using a structural equation model.

Several significant findings are revealed by our analysis's outcomes. First and foremost, marital status, financial status, and knowledge all have a direct impact on

one's FWB. This suggests that people tend to have better FWB when they have more FE, better FK, favorable financial status, and certain marital statuses.

In addition, our research reveals that financial behavior plays a significant mediatory role in the connection between FK, locus of control, and FWB. This suggests that a person's overall FWB is influenced by their FK and locus of control through their financial behavior. Individuals can improve their FWB by adopting positive financial practices.

Furthermore, our findings suggest that marital status acts as a moderator in the relationship between FL and well-being. Particularly, the positive impact of FK on FWB is bolstered when married. However, marital status has no effect on how much experience with money affects FWB.

The findings of our study suggest that financial authorities and government agencies should focus on further enhancing the efficiency of FL and financial inclusion programs. The study empowers individuals to make informed financial decisions, ultimately leading to improved FWB, by promoting FL and providing individuals with the necessary tools and information.

Additionally, the study emphasizes the significance of household budget-consciousness campaigns. People and households can benefit from avoiding financial difficulties and contributing to their long-term FWB by encouraging responsible spending habits and prudent financial practices.

In conclusion, this research contributes to our comprehension of FWB by creating a comprehensive model that considers a variety of influential factors. The study provides valuable insights into the mechanisms underlying individuals' and households' financial welfare by examining the relationships between FE, FK, financial status,



marital status, financial behavior, and FWB. Our findings highlight the need for government intervention and financial authorities to enhance FL programs, foster financial inclusion, and promote prudent financial behaviors to enhance individuals' and households' FWB and mitigate financial challenges.

**Warmath, D. (2021),** Studied the FWB subjective measure that goes beyond an individual's objective financial situation or their level of financial satisfaction. It represents a personal evaluation of one's financial state and is a significant outcome of FL. Studying FWB directly provides valuable insights into FL and uncovers new dimensions of being financially literate.

The study investigates the development of FWB, its connection to objective financial situations and financial contentment, and its implications for FL research, policy, and practice.

Recognizing the subjective nature of FWB, which encompasses factors other than monetary wealth, is necessary for understanding it. It includes having control over one's finances, financial security, and the capacity to meet one's financial obligations and goals. A deeper understanding of the requirements for FL can be gained by directly studying FWB.

FWB, objective financial situations, and financial contentment are also examined in the study. Monetary prosperity is impacted by genuine monetary conditions but on the other hand is molded by abstract factors like mentalities, ways of behaving, and convictions. FWB and its relationship to FL are better understood when these intricate relationships are understood.

The direct study of FWB has repercussions for practice, policy, and research. It aids practitioners in tailoring “financial education” programs to address a variety of needs

and objectives, provides information on effective strategies to promote FL, and enhances understanding of the impact of FL interventions.

In conclusion, our understanding of FL grows as a result of a closer look at FWB. Efforts to promote FL and improve individuals' well-being are aided by an understanding of the subjective assessment of FWB, which sheds light on various aspects of being financially literate.

**Sabri, M. F. et, al. (2021).** studied how a person's FWB affects their overall success and psychological well-being, particularly among young adults, and how satisfied they are with their financial situation overall. However, there is insufficient and dispersed research in a variety of fields on FWB. By experimentally investigating a model of FWB among young Malaysian people, taking into consideration FK, financial socialization, financial behavior, and financial hardship, this research sought to address this gap.

A representative sample of Malaysian young people was chosen using a multi-stage random selection approach, and 651 completed questionnaires were obtained. The model was found to account for 16.1% of the total variance in FWB by multiple regression analysis. FWB was found to be significantly influenced by each of the four examined factors—FK, financial socialization, financial behavior, and financial strain. Particularly noteworthy was the negative correlation between FS and well-being.

By providing insights that can be put into practice into the factors that impact the FWB of young adults, this study makes a theoretical and practical contribution. The results can help experts and policymakers come up with effective strategies and policies to improve young adults' FWB over time.

In conclusion, promoting young adults' overall success and mental health requires an understanding of the factors that affect their FWB. This study reveals the factors that influence young Malaysian adults' FWB, highlighting the significance of FL, socialization, behavior, and FS relief. Policymakers and experts can work to improve the FWB of young adults and create a more prosperous future for them by addressing these factors.

**Philippas, N. D., & Avdoulas, C. (2020).** Examine the influencing elements for FWB, financial fragility, and FL and the connections between these categories. A questionnaire was distributed to 456 Generation Z university students from Greece who were randomly chosen and had undergone a severe financial crisis. Numerous statistical analyses, “including cross-tabulations, chi-square tests, logistic regressions, and marginal effect analyses”, were performed on the acquired data. The results show that students with greater levels of FL are often male, document their finances, and have dads who typically have postgraduate degrees. Moreover, monetarily proficient understudies show better flexibility in adapting to surprising monetary shocks. With regard to behavioral aspects and technological advancements, these findings highlight the significance of FL in promoting FWB among Greek university students and provide policymakers with valuable insights. To increase students' FL and enable them to make educated financial decisions, efficient policies and educational programs can be developed.

**Utkarsh, et, al (2020).** There have been numerous studies on individuals' FWB, but there are few that focus on young adults in developing economies. We developed a conceptual framework based on the existing consumer research and FWB literature to fill this research gap. Our goal was to investigate how young adults' FWB is affected by their socialization, FL, and attitude toward money. 446 young adults in India

participated in two cross-sectional surveys (preliminary study, n = 156; 290 in the main study; average age is 22.

By emphasizing the advantages for young people's FWB, this research paper donates to the corpus of knowledge on financial conversations with parents throughout childhood. We were astonished to find no significant association between FL and FWB. Our results highlight the fact that young individuals' attitudes about money have a substantial impact on their FWB. These results, which have consequences for politicians, financial institutions, and educational institutions, underscore the need to enhance young people's FWB.

When educational programs consider the importance of early financial socialization and the impact of attitudes toward money, they may be customized to provide young people with the information and skills they need in finance. Financial institutions may also be significant by offering resources and services by the specific needs and goals of young people. Policymakers need to consider measures that promote an atmosphere conducive to FWB among young people. These regulations require to support education and FL.

In conclusion, this research provides insight into the financial circumstances of young adults in emerging economies, particularly India. It emphasizes the significance of discussing finances with parents as children and the role that attitudes about money play in shaping FWB. The results can be used by a variety of stakeholders to improve young adults' FWB and contribute to their overall financial success and resilience.

**Sumani, S., & Roziq, A. (2020),** Look at the FL, FK, financial views, and Batik SMEs in East Java were studied for their economic activity to ascertain their FWB. Using a multistage sampling technique, the Batik SME experts in East Java were chosen for

the research population. After selecting a study topic, 125 Batik SME respondents were located using a census approach. The data were examined by using structural equation modeling-partial least squares (SEM-PLS).

Since the findings demonstrated that FK substantially influences financial behavior, a greater FK is associated with more favorable financial behavior among Batik SMEs. However, no meaningful relationship between economic attitudes and knowledge was discovered. It was also shown that economic behavior is unaffected by financial views. Notably, the research showed that a combination of FK, financial attitudes, and financial behavior affects the FWB of Batik SMEs.

To better understand this problem, future research could consider employing proxies or other indicators to quantify financial attitudes. Insightful information comes from subgroup studies depending on specific characteristics of Batik SMEs, such as educational attainment, professional experience, familial background, and availability of training possibilities.

Overall, this study advances our knowledge of the FWB of SMEs producing batik in East Java. The results highlight the importance of FK and behavior in affecting the financial health of small organizations. These findings can be used by policymakers and practitioners to create specialized support programs and interventions aimed at enhancing the FWB of Batik SMEs. Policymakers in the region have the ability to facilitate the expansion and sustainability of Batik SMEs by increasing FL and encouraging responsible financial behavior.

**Riitsalu, L., & Murakas, R. (2019),** Analyze the connection between personal finances, socioeconomic level, managerial style, and subjective and objective financial understanding. The research made use of quantitative information from an Estonian

survey on FL. The FWB score is determined by averaging the replies to four statements on a five-point scale. With the use of multiple regression analysis, four hypotheses are examined.

The findings indicate that subjective knowledge is more linked with FWB than objective information. Scores on financial behavior and income levels are also associated with FWB. While the work contributes to the body of knowledge already available on FL, subjective FK, and FWB, more research into the relationship between future-oriented FWB and emotional well-being should be considered.

The study's practical ramifications highlight the value of subjective knowledge and prudent financial behavior in boosting FWB. Financial service providers should take these factors into account when designing their services and communication strategies.

From a societal perspective, policymakers focusing on national “financial education” strategies should prioritize the development of subjective FK to promote overall FWB.

This paper adds value by simultaneously examining the influence of knowledge, behavior, and subjective knowledge on FWB, a unique approach that has not been extensively explored in European studies.

**Younas, W. et, al. (2019).** analyzed the role of empowerment in the 21st century, particularly in the age of transformative marketing. It lets people set up long-term financial plans that are well thought out. But it's important to look at how different people handle their budgets on different scales. For a successful life, it is essential to comprehend the influence of self-control, FL, and financial behavior.

According to existing research, financial behavior tends to be better for those with good self-control and FL than for those with poor self-control and FL. This research aims to look at the relationship between FWB, FL, self-control, and FWB. A survey

was given to 416 persons in Pakistan who worked in business settings, educational institutions, and food courts to experimentally evaluate the effect of self-control and FL on financial behavior and FWB.

According to the findings, greater FWB is correlated with higher levels of self-control and FL. The study comes to the conclusion that FL and self-control have an effect on financial behavior, which in turn influences FWB. Self-control has a negligible direct effect on FWB, whereas FL has a significant direct effect. In addition, financial behavior has a greater impact on FWB than self-control and FL.

Economists and businesses in Pakistan can benefit from the insights provided in this research paper to better comprehend the consumer market and make informed decisions. Policymakers and organizations can help individuals achieve greater FWB by recognizing the significance of self-control, FL, and financial behavior.

**Mahdzan, N. et, al. (2019).** Malaysia has examined social and economic variables. Demonstrate the differences between consumers' subjective and objective assessments of the state of the economy. While quantitative measurements provide good signals, personal consumer opinions reflect economic despair. Subjective FWB (SFWB) data were collected from 1867 Malaysian families to investigate this discrepancy. The two objectives of this inquiry are as follows: First, to look at how Malaysians in three different income brackets relate to SFWB, FS, financial behavior, FK, and locus of control (LOC). Secondly, to look at the connection between SFWB, FS, monetary behavior, and FK.

The households in the sample fell into one of three income brackets: low income (B40), middle income (M40), or high income (T20). The results show that the overall SFWB level is ordinary, scoring 5.2 out of 10. The SFWB ratings for the B40, M40,

and T20 groups were 4.3, 5.1, and 6.2, respectively, and these differences were statistically significant. SFWB and financial behavior and LOC had a substantial positive link across all households, but SFWB, FS, and FK had a meaningful negative relationship. However, within the B40 group, there was no significant association between FL and SFWB.

The findings emphasize the negative effects of FS and limited FK on subjective well-being, as well as the significance of financial behavior and LOC in influencing SFWB. In order to help policymakers, address the identified issues, policy recommendations based on these findings are discussed.

**Osman, Z., Madzlan, E. M., & Ing, P. (2018)**, aimed to find out how respondents' FWB was affected by FL and behavior, as well as how FS mediated these relationships. The information was gathered through convenience sampling. Two hundred thirteen public and private sector workers in the Federal Territory of Labuan participated through a web-based online survey. The collected data was examined using Partial Least Squares (PLS) 3.0.

The study's findings showed that FWB, FS, and FL are all significantly related. However, neither financial behavior nor FWB were found to have a significant correlation. In addition, the study found that employees' FWB in the Federal Territory of Labuan was not influenced by FS.

Based on these findings, it could be beneficial to employees' FWB to increase their FL. Having said that, it's essential to keep in mind that financial behavior on its own may not always directly contribute to FWB. In addition, the study demonstrates that employees' FWB in the Federal Territory of Labuan may not be mediated by FS.



**Netemeyer, R. et, al. (2018).** Uses large-scale consumer financial storytelling. To conceptualize perceived FWB as two distinct but connected concepts, surveys and tests were conducted: 1) Confidence in one's financial future; 2) tension resulting from present money management. The research creates and evaluates measures for these constructs, explores their relationship to total wellbeing, and considers other life domains and objective financial indicators.

The results show that subjective FWB is a strong predictor of overall wellbeing, on par with other life domains, including work happiness, evaluation of physical health, and relationship support satisfaction. Additionally, causes of present financial stress management and expectations for future financial stability affect how current stress affects overall well-being across various socioeconomic levels. The results have consequences for financial security and educational activities.

These results shed light on the significance of individuals' perceptions of FWB and its effect on their overall well-being. The study emphasizes that improving overall well-being necessitates addressing existing money management stress and cultivating a sense of anticipated future financial security. The study also emphasizes the importance of tailoring FWB interventions to specific income groups and taking into account the various factors that influence both FS and security. These insights provide valuable implications for FWB initiatives and educational efforts.

**Ergün, K. (2018).** examine the degree to which university students in eight nations are financially literate: the relationship between the students' demographics and FK was investigated. 409 completed questionnaires were analyzed as part of a survey conducted online to gather data. The use of logistic regression was used to investigate the connection between demographic factors and FL. The survey's overall mean

number of correct responses was 72.2%, indicating a moderate level of personal finance knowledge.

The findings revealed several significant associations between demographic characteristics and FK. Male students, business majors, PhD students, those living in rental houses, individuals with parents having a high-income level, those seeking financial advice from friends, students who had taken financial courses before, those acquiring financial information through university education, and students from Poland demonstrated higher levels of knowledge about personal finance.

The study suggests the inclusion of more financial courses in university education programs to enhance FL among students. This would ultimately improve their FWB and contribute to improved financial management abilities. In addition, it is essential to acknowledge that environmental and technological influences on FL may now outweigh parental influence. These insights provide valuable implications for educational institutions and policymakers in promoting FL among university students.

**Losada-Otalora, et, al. (2018).** focuses on the role of banks in promoting consumer knowledge to enhance customers' FWB. The study conducted two quantitative surveys involving bank customers in a Latin American country. The objective was to understand how bank information transparency influences subjective FWB through consumer FK.

The findings reveal that when banks prioritize transparency, it can positively impact the FWB of their customers. Specifically, the study demonstrates that consumer FK acts as a mediator between bank information transparency and individuals' subjective FWB. In other words, when customers have access to transparent and clear information from banks, it can contribute to their overall FWB.

Importantly, the research emphasizes that this mediating effect is more pronounced for subjective FK rather than objective FK. Subjective FK refers to individuals' perception and understanding of financial concepts and their personal financial situation.

While the study sheds light on the relationship between bank information transparency, consumer FK, and FWB, it acknowledges certain limitations. These include the lack of consideration for individual factors and potential moderating variables, as well as the exclusion of cultural aspects in the analysis.

Overall, the paper underscores the significance of enhancing customers' subjective FK as a strategy for improving their overall well-being. It highlights the importance of transparency in providing relevant financial information to empower customers and enable them to make informed financial decisions. The findings have implications for banks and companies, emphasizing the need to prioritize transparency and knowledge dissemination to promote customers' FWB.

**Adam, A. M., Frimpong, S., & Boadu, M. O. (2017),** examines how retirement planning, financial behavior, family support, the number of dependents, and FL affect retirees' FWB in the Cape Coast Metropolis of Ghana. From a total of 1500 association members, 400 randomly selected respondents participated in a cross-sectional survey. The proposed connections between these elements were investigated using the PLS-SEM method.

The findings indicate that retirees' FWB is significantly influenced by FL, retirement planning, and family support. Notably, FL has a smaller impact on FWB than family support and retirement planning. These results suggest that retirement planning and FL should be promoted to retirees. To ensure that retirees have the best possible

financial future, policies that promote family values and social cohesion should also be taken into consideration.

By demonstrating how FL affects the FWB of retirees in a developing nation, this study adds to the existing body of research on the topic. The study also emphasizes the importance of social cohesion to the FWB of retirees. Overall, the findings provide policymakers and practitioners in the field with insight into the significance of FL and planning for improving retirees' FWB.

**Kamakia, M. G et.al. (2017)**, According to academics, the ability of consumers, families, students, and workers to manage their money is causing growing worry among governments and professional organisations. In both developed and developing nations, financial illiteracy is widespread. Employees still face difficulties in making sound financial decisions despite having access to workplace FL programs, particularly as a result of shifts in the financial markets and social security pension schemes. This raises the question of whether an employee with greater FL enjoys greater FWB than an employee with less FL.

This study aims to critically evaluate the Identifying possible intervening and moderating factors and the established association between FL and FWB in the body of extant studies. The evaluation finds gaps in the corpus of available information and advises further study. According to the assessment of the relevant research, there are many different definitions and measurements of FL and well-being. However, evidence supports a clear correlation between FL and FWB.

This relationship is affected by monetary navigation and is additionally directed by segment factors.

In general, the study emphasizes the need to fill in the gaps in FL and investigate the intricate connections that exist between FL, FWB, financial decision-making, and demographic factors. Individuals and organizations can improve overall financial outcomes and promote better FWB by increasing FL and comprehending the nuances of its relationship with FWB.

**Chu, Z. et, al. (2017).** investigated the potential effects of FL on the selection of household portfolios and investment returns, both of which are indicators of FWB. Using information from the 2014 Chinese Survey of Consumer Finance, FL was quantified and divided into basic FL and advanced FL. The question of whether FL influences the choice between stocks and mutual funds in household portfolios was the hypotheses that were investigated.

The findings showed that households with higher FL, particularly advanced FL, were more likely to invest in mutual funds and delegate a portion of their portfolio to experts. On the other hand, households with excessive confidence in their FL were more likely to invest on their own and to only hold stocks in their portfolios. Additionally, the findings showed that households with a higher level of FL were more likely to experience positive investment returns, indicating that FL can improve financial outcomes.

In general, the study emphasizes the impact of FL on FWB and household investment decisions. It emphasizes that having a higher level of FL, especially advanced FL, can have an effect on how investments are distributed in a portfolio, which could lead to better investment returns.

**Bilal, M., & Zulfiqar, M. (2016),** analysed that the FL is crucial for individuals to effectively manage their financial resources and achieve long-term FWB. FL is an

individual responsibility as financial instruments become increasingly complex. Working women's FWB is the primary focus of this study, which also investigates the relationship between FL and financial attitude.

300 working women from the non-financial sector were carefully selected for the study's survey-based sample. According to the findings, FL is an essential component of financial security. The analysis shows a clear correlation between FWB and FL. Higher FL levels have been connected to FWB. Similarly, a good and substantial link exists between FWB and financial attitude. The results show that the respondents' FWB is influenced by age, marital status, education, career, income level, savings habits, and investment choices.

Overall, the findings emphasize the significance of FL and a positive attitude toward money for working women's FWB. The study emphasizes the importance of having a positive financial mindset and FL skills for achieving FWB.

**Haque, A., & Zulfiqar, M. (2016),** The study looked at economic empowerment as an individual's confidence in managing their finances as well as their knowledge, skills, and abilities. Individuals encounter intricately integrated financial instruments as they become increasingly responsible for their own FL. This study aims to draw attention to important concepts like economic empowerment, FL, and financial attitude. It further investigates the connection between economic empowerment and FL, financial attitude, and FWB.

A survey with a sample size of 300 employed non-financial women serves as the foundation for the study. Economic empowerment is significantly and positively associated with FL, financial attitude, and FWB, according to the findings. Women

with higher levels of FL and favorable financial attitudes have better FWB, which ultimately leads to greater empowerment.

The study also reveals that age, education, income level, marital status, profession, and saving and investing behavior all have an impact on economic empowerment. Based on respondents' age and marital status, there were significant variations in economic empowerment.

The study concludes that FL, positive financial attitudes, and FWB are crucial to working women's economic empowerment. It emphasizes the importance of FL, FWB, and positive financial attitudes in promoting women's economic empowerment.

**Drever, A. I. et, al. (2015),** People build the foundations for their financial future in later life, according to research on the differences between childhood and adolescence. This entails acquiring the knowledge, abilities, mentalities, and personality traits necessary for effective adult financial management. This article evaluates research in consumer science, developmental psychology, and allied domains to determine whether interventions may significantly affect financial outcomes.

The review identifies promising strategies for influencing financial decision-making at various life stages. Innovative approaches to improving “financial education” are provided by these methods. For instance, even if there is no explicit financial content, interventions may concentrate on improving executive function in young children. Through dual-generational financial modelling, which involves elementary and middle school students as well as their parents, another strategy is to encourage the development of financial attitudes. Teaching older adolescents and young adults heuristics and practical financial skills can also be beneficial.

In conclusion, this article suggests a number of novel approaches to enhancing “financial education” from childhood to young adulthood. By targeting specific developmental stages and employing novel approaches, these strategies aim to enhance FL and well-being, equipping individuals with the necessary tools to navigate their financial lives successfully.

**Falahati, L., & Sabri, M. F. (2015),** Studied the financial educators have recognized the importance of studying the factors that contribute to FWB for several decades. Numerous factors have been shown to impact FWB—criteria, such as work situation, education level, income level, and health. However, there is a shortage of research, particularly in the Asian setting, focusing on the perceptions of gender inequalities in FWB. This research seeks to close this gap by investigating the moderating role of gender on the factors of FWB among Malaysian college students.

A sample of Malaysian university students was used in the research to collect data using a multi-stage stratified random sampling technique. Self-administered questionnaires were utilized to collect the required data. The researchers investigated the effect of gender on FWB using a multi-group analysis using the AMOS program. This research shows that gender significantly modifies the variables linked to FWB among college students.

However, no specific information about these findings was provided. In general, this study contributes to our comprehension of the intricate connection between gender and FWB, particularly among Malaysian college students.

**Gerrans, P. et, al (2014)** examined the relationship between personal well-being and the concept of financial wellness, with a particular focus on the significance of FL. They directed a primary condition displaying examination to look at distinctions in



sexual orientation in private prosperity, monetary fulfillment, monetary status, monetary way of behaving, monetary mentality, and monetary information.

The results showed that, in comparison to females, males typically have higher levels of FK and satisfaction. Females, on the other hand, exhibited higher levels of personal happiness. Although the study found that the results were improved when a causal model of sub-components was estimated, these findings lend credence to Joo's (2008) idea of financial wellness as a multidimensional construct.

In addition, the researchers discovered that financial contentment mediated the relationship between all variables and personal wellbeing. However, the primary sources of financial contentment varied depending on the gender. FK was the primary source of satisfaction for men, whereas financial status was the primary source of satisfaction for women.

The significance of FL and the influence of gender are highlighted in these findings, which shed light on the connection between personal wellbeing and financial wellness. It suggests that addressing gender-specific factors and encouraging FL and contentment can improve personal and FWB.

**M. K. Taft et al., (2014)** Financial choices have become more complex due to the world economy's unpredictability and the twenty-first century's widening range of financial products. Consequently, consumers have challenges while engaging in economic and financial activity. More study has been done in this field due to more and more individuals realizing how crucial having solid money management abilities are in both personal and professional life.

This research explores the relationship between FL, Financial WellBeing, and financial anxieties. A questionnaire was prepared and disseminated using random

sampling techniques to get data from people. The assembled information was examined utilizing relationship tests, free two-example tests in light of the T dissemination, and relapse examination.

The discoveries demonstrate a positive relationship among's age and schooling with monetary proficiency and monetary prosperity. Additionally, the study reveals that men and married people typically have higher levels of FL. Additionally, better financial health and fewer financial worries are linked to higher levels of FL. Last but not least, the findings suggest that increased FWB decreases financial worries.

In general, these results emphasize the significance of FL in reducing financial worries and promoting FWB. FL levels are also influenced by gender, age, education level, and marital status. Individuals can improve their overall FWB and reduce financial worries by improving their FL and financial management skills.

**Summary:** In conclusion, the research has consistently demonstrated a significant connection between FL and well-being. Numerous studies show that people tend to have better financial outcomes and overall well-being when they have a higher level of FL.

Monetary proficiency assumes a vital part in empowering people to settle on informed monetary choices, deal with their individual accounting records successfully, and explore complex monetary frameworks. It gives people the skills and knowledge they need to budget, save, invest, and protect themselves from financial dangers. Consequently, people who are financially literate are more likely to achieve long-term financial goals, experience less FS, and have greater control over their finances.

There are multiple facets to the relationship between FL and well-being. It encompasses financial-related attitudes, behaviors, and confidence. It goes beyond the

mere acquisition of FK. Financially responsible behaviors like regular savings, prudent debt management, and retirement planning are demonstrated by people with higher levels of FL.

Additionally, FL has a positive effect not only on an individual's FWB but also on the stability and expansion of the economy as a whole. It promotes sustainable economic development, reduces the likelihood of financial crises, and contributes to overall financial resilience.

However, the literature also highlights the existence of FL gaps and disparities across different populations, including age, gender, education, and income groups. Efforts to enhance FL should address these disparities and adopt tailored approaches to reach vulnerable and underserved populations.

In general, the literature emphasizes the significance of promoting FL as a means of enhancing overall quality of life and FWB. Societies have the ability to empower individuals to make informed financial decisions, achieve financial security, and ultimately improve their well-being by investing in “financial education” programs, policies, and initiatives.

#### **2.4. Relationship between Financial Literacy, money attitude, Financial Experience, and financial wellbeing**

**Munisamy, A. et.al. (2022), ).** Investigates the impact of FL on low-income people—the socioeconomic standing of families. A random sample of 282 individuals from low-income Malaysian families responded to a self-administered survey questionnaire. The method of structural equation modeling using IBM-SPSS-AMOS 26.0 was used to assess the causal implications of the gathered data.

The findings showed that low-income households' socioeconomic status is positively and significantly impacted by FL, which includes FK, financial behavior, and financial attitudes. Additionally, FWB was found to act as a mediator between socioeconomic status and FL. New perspectives and insights for enhancing financial mechanisms and ensuring the socioeconomic sustainability of low-income households are provided by these research findings.

Overall, this study emphasizes the importance of promoting FL among low-income households. By improving FK, behavior, and attitudes, these households can enhance their socioeconomic status and navigate challenging economic environments more effectively.

**Carton, F. L. et.al (2022)**, examines the subjective experience of FWB among social housing tenants in Ireland by analyzing both qualitative and quantitative data. The study investigates the impact that this encounter has on environmental and behavioral variables. The results show that inhabitants exercise self-discipline in managing their money within their means despite having a limited budget. When companies run out of money, they prioritize making savings for unanticipated costs and concessions.

The report also showed that people mostly use mobile phones for banking and shopping. Traditional payment methods, such as Direct Debits for fixed bills, are accessed via online banking to get revenue and save money. However, there is less evidence to support the notion that residents benefit from tools for managing their finances.

Based on these results, the research concludes that FWB is characterized by specific behaviors that call for restraint and self-control to prevent unmanageable debt.

sFurthermore, the research emphasizes the importance of considering the lived experiences of citizens when designing financial services. Specifically, it suggests that financial services should prioritize promoting resilience through savings rather than relying on credit. By understanding the financial behaviors and needs of social housing tenants, financial service providers can better cater to their unique circumstances and support their overall FWB.

**Kumar, P et, al. (2023).** investigates how financial factors may act as mediators. Decision-making and perceived FWB on impulsivity, financial competence, financial autonomy, and digital FL. There are 512 individuals in India's National Capital, Delhi. Region) reacted to the research's snowball sampling strategy. The partial least squares structural equation modeling implemented in SmartPLS 3.3 investigated 13 structural hypotheses. Partial least squares (PLS) prediction was also used to assess the proposed model's out-of-sample predictive ability.

FWB attitudes and financial decision-making have a clear relationship with skills, the study's results show. Financial decision-making is directly predicted by digital FL and is mediated by it. Additionally, whereas financial capacity and autonomy play mediation roles in financial decision-making and FWB, impulsivity does not show mediating effects on financial decision-making.

Academic, regulatory, and managerial implications result from these findings. They emphasize the significance of understanding how skills, financial decision-making, and perceived FWB interact. These skills can make it easier to deal with pressures from the economy and the environment in a sustainable way. In addition, these results emphasize the necessity of gender-specific policy decisions and practices that translate the advantages of financial decision-making and perceived FWB into prudent outcomes.

Overall, the study provides insight for academics, regulators, and practitioners into the complex relationships between digital FL, financial decision-making, and perceived FWB.

**Nanda, A. P., & Banerjee, R. (2021).** focuses on the self-evaluation of the customer's attitude, beliefs, and actions regarding saving, investing, spending, and money management. The authors used a systematic literature review (SLR) method with a methodical step-by-step approach to investigate this topic. They looked at 128 studies on marketing and consumer behavior that were published between 1978 and 2020.

The article offers a framework for organizing information to identify. Critically analyzing the published findings may identify critical research gaps and recommend future research topics. The main elements that the existing studies have identified as being related to the consumer's FWB include macro-level determinants, bank information transparency, ethical selling, consumer co-production behavior, FL and its relationship to FWB, financial inclusion, materialism, personality, spending self-control, and the results or consequences of FWB. The study also emphasizes the value of cross-national research.

In addition, the paper emphasizes the need for additional research in particular areas, such as gaining an understanding of the FWB of young consumers and examining the role that marketers play in maintaining consumers' FWB. Banks, financial institutions, businesses, providers of FL services, and policymakers can all benefit from the insights provided by the proposed organizing framework, which can be put into action. These insights may assist these organizations in improving the subjective FWB of their customers and contributing to their overall FWB.

In conclusion, this paper provides a comprehensive literature review of consumer FWB and offers a framework for organizing research. In terms of enhancing consumers' FWB, the findings and recommendations have practical implications for various stakeholders.

**Mavlutova, I. et, al. (2021).** Look at how the COVID-19 epidemic has affected people's readiness to invest in securities that meet environmental, social, and governance (ESG) standards. Additionally, it investigates the elements affecting investors' decisions on sustainable investments depending on their FL. The study examines several points of view on socially conscious investments, environmentally friendly investments, and the usefulness of ESG criteria from the standpoint of private investors. The goal is to find the elements that impact investment choices in favor of sustainable investments.

Quantitative analysis was carried out to find correlations between FL, the population of Latvia's education, income, and experience with saving and investing. Statistical techniques were used to analyze the findings, including descriptive statistics and hypothesis testing.

The study's conclusions emphasize the value of sustainable investment for Latvian society. During the COVID-19 crisis, several groups of private investors' views towards ESG investment changed, and these changes impacted the FWB of the population. The research concludes that characteristics like income level, education level, and experience with savings and investments all affect people's propensity to invest in assets that align with environmental, social, and governance standards.

In conclusion, this study explores the influence of the COVID-19 epidemic on investment choices and emphasizes the significance of sustainable investing in the

Latvian setting. Taking FL, education, income, and savings/investment experience into account offers insights into the characteristics that influence investing choices in favor of ESG criteria. These results help us comprehend sustainable investing behavior and its effects on the FWB of the Latvian population.

**Riyazahmed, D. K. (2021).** examine the Indian context's influence of financial behavior on FWB. A sample of 150 respondents were asked to fill out a structured questionnaire. The financial behavior of participants was assessed using the Dew and Xiao (2012) created the Financial Management Behaviour Scale (FMBS). Multiple regression and factor analysis were used to evaluate the association between financial behavior and FWB.

The results show that all other behavioral determinants outside credit commitment, such as future security, savings and investments, credit indiscipline, and financial awareness, significantly affect a person's FWB in the Indian setting. More precisely, the regression coefficients of FWB are significantly impacted by financial understanding.

By identifying the factors that influence FWB in the Indian context, this study adds to the behavioral studies literature. It sheds light on the connection that exists between financial behavior and well-being. It is essential to keep in mind that the study was carried out in 2020, and the outcomes may have been influenced by the state of the economy at the time.

Financial advisors can benefit from this study's findings in understanding Indian FWB. Financial advisors can better assist individuals in achieving FWB by taking into account the study's identified factors.



In conclusion, this study reveals how financial behavior affects India's FWB. The results emphasize the significance of factors like savings and investments, credit discipline, financial awareness, and future security in determining FWB.

**Thomas, A., & Gupta, V. (2021).** Analysed Social capital theory, social exchange theory (SET), and social cognitive theory (SCT) are frameworks that help us understand the social and cognitive factors that influence individuals' behaviors and outcomes. These theories have been widely applied in various fields, including psychology, sociology, and economics. However, there is limited research exploring their connection to FWB (FWB) and its impact on employees' overall well-being.

It is acknowledged that one of the most important aspects of achieving FWB is FL, which is defined as an individual's capacity to make informed financial decisions and their knowledge and understanding of financial concepts. It gives people the ability to effectively manage their money, make wise investments, and plan for the future. However, further research is required to comprehend how FL influences FWB because the relationship between FWB and FL is complex and multifaceted.

Moreover, employees' FK sharing can play a significant role in expanding overall FWB. When employees share their FK and experiences with others, it creates a collaborative learning environment that benefits all participants. By promoting FK sharing among employees, organizations can foster a culture of FWB and enhance employees' overall FWB.

The combined effects of social capital theory, social exchange theory, social cognitive theory, FL, and employees' FK sharing on FWB have not been extensively examined in the existing literature. Therefore, there is a need for research that examines these

factors comprehensively and identifies their interrelationships to provide a holistic understanding of how they contribute to employees' FWB.

In conclusion, examining the connections between FL, FWB, social cognitive theory, social exchange theory, and employees' sharing of FK can provide valuable insights into the factors that influence employees' overall well-being. It can help organizations and policymakers develop strategies and interventions to enhance employees' FWB and create a financially empowered workforce. Further research in this area will contribute to the existing knowledge and promote a comprehensive understanding of FWB and its determinants.

**Utkarsh, Pandey, A. et. al. (2020).** They are concentrated chiefly on individual FWB, with less on teenagers in developing nations' economies. We have created a conceptual framework to address this gap to examine how FL, socialization, and money attitudes affect young people's FWB. This approach is based on FWB literature as well as current consumer research. Four hundred forty-six young individuals in India with a mean age of 22 were the subjects of two cross-sectional studies (preliminary research, n = 156; preliminary study, n = 290).

The results of our research considerably add to the body of knowledge by demonstrating the beneficial effects of financial conversations with parents throughout childhood on the FWB of young people. This suggests that individuals' FWB as they enter adulthood is significantly influenced by early exposure to financial conversations and parental guidance.

Interestingly, our research did not find a significant link between young adults' FWB and FL. This challenges the widespread belief that improved FWB is inevitably

correlated with higher levels of FL. These results suggest that, in addition to focusing on FL, additional research is required into the intricate factors that influence FWB.

Additionally, our research demonstrates that one of the strongest predictors of FWB is one's attitude toward money. Positive financial attitudes are associated with higher levels of FWB among young adults. This demonstrates how a person's mental and emotional relationship with money influences their overall FWB.

Our research has important repercussions for policymakers, financial institutions, and educational establishments. They emphasize the significance of having financial talks and counseling from childhood to enhance young people's FWB. Young individuals should also be encouraged to develop good financial habits and positive attitudes. The development of specialized interventions and educational programs aimed at enhancing the FWB of young adults in developing economies may benefit from these insights.

**Philippas, N. D., & Avdoulas, C. (2020).** identify the factors that influence the relationship between FL, financial fragility, and FWB. This is the first study of its kind to simultaneously examine these dimensions. A random sample of 456 Greek university students from Generation Z who have experienced the unique and long-lasting effects of a financial crisis is the focus of the study.

The results of the investigation show several fascinating trends. First, it has been noted that male students, who keep track of their costs, and whose dads have advanced degrees, often have greater levels of FL. This shows that various demographic and behavioral variables affect the FL of Greek university students.

In addition, the study investigates the concept and its various manifestations of financial fragility. According to the findings, students who are more financially literate

are better able to deal with unexpected financial shocks than students who are less financially literate. This emphasizes the significance of FL as a means of preventing financial instability and vulnerability.

Based on these findings, the study emphasizes the role of FL as a main determinant of FWB among Greek university students. It suggests that improving FL levels can have positive implications for students' overall FWB and resilience.

Additionally, the study discusses potential policy recommendations in light of the findings, taking into account relevant behavioral aspects and technological advancements. It recognizes the need to consider individual behaviors, preferences, and the changing landscape of financial technologies when designing interventions and policies aimed at enhancing FL and promoting FWB among university students.

In conclusion, this study contributes to our understanding of the connection between Greek university students' FL, financial fragility, and FWB. It provides policymakers and practitioners with insight into how to design effective strategies to improve FL and promote financial resilience among young people and emphasizes the significance of FL in fostering FWB.

**Pijoh, L. et, al. (2020).** examine how top-level management employees' FWB is affected by FL, financial behavior, and financial anxiety. A cross-sectional survey with 256 respondents chosen at random from a manufacturing company's upper management was carried out. A PLS-SEM technique known was used to test the relationships of variables.

Employees' FWB is significantly impacted by both financial behavior and financial anxiety, according to the study's findings. Financial anxiety, financial behavior, and FWB are all influenced by FL. Individuals' levels of FWB are also determined by their

financial behavior. Higher levels of FWB are correlated with financial behavior that is both healthy and positive. Additionally, the study demonstrates a positive and significant impact of FL on employees in high-level management positions' financial decisions.

These results shed light on the factors that influence top management employees' FWB. Organizations can develop strategies to improve the FWB of their employees at this level by comprehending the roles that FL, financial behavior, and financial anxiety play. Top management employees' overall FWB can be improved by promoting FL programs, encouraging responsible financial behavior, and addressing financial anxiety.

FWB can have an impact on top-level management employees' performance, job satisfaction, and the success of the company as a whole, so it's critical that businesses acknowledge its significance. Companies can help their employees improve their FWB and empower them to make well-informed financial decisions by creating a positive financial environment and providing resources for “financial education” and support.

In general, this study emphasizes the significance of FL, financial behavior, and financial anxiety in determining top management employees' FWB. It emphasizes the importance of prioritizing these aspects and implementing FS-relieving interventions for employees at this level.

**Sabri, M. et, al. (2020).** Analysed The Financial Stability and Payment Systems Report highlighted a concerning trend of household debt growth, reaching RM1.09 trillion, representing a 5.4% increase from the previous year. This indicates that households in Malaysia are increasingly relying on borrowing and credit to support their consumption needs. However, this high level of household debt poses a risk to

the financial security and well-being of public employees, particularly during their current and retirement stages.

Encouraging improved money management is crucial in light of the complexity of financial goods and the increasing importance of personal financial planning and management techniques among employed people. This study aims to understand the variables affecting workers' FWB (FWB) in Malaysia. A sample of 590 public sector workers from four states was recruited for the research using a multi-stage selection approach.

The findings revealed that the model's variables accounted for 32.3% of the variation in FWB. Among these factors, self-efficacy, emotional coping, money attitudes, and financial practices all substantially impacted FWB. Financial practices become a significant factor in FWB. These results must be considered by the government and non-governmental organizations (NGOs) when formulating a detailed plan for increasing the FWB and upgrading the living standards of workers with lower earnings.

For employees to be supported in acquiring financial responsibility and minimizing long-term financial troubles, a fuller knowledge of the factors influencing FWB is crucial. By addressing key factors such as money attitude, promoting positive financial practices, building self-efficacy, and enhancing emotion coping mechanisms, policymakers and organizations can empower employees to achieve greater FWB. This research provides valuable insights that can guide the development of targeted interventions and initiatives to improve the financial outlook of Malaysian workers.

**Castro-González, S. et, al. (2020).** It is essential to encourage better financial management practices among working employees in light of the complexity of

financial products and the growing significance of personal financial planning. This research aims to understand the elements that affect workers' foreign wages in Malaysia (FWB). A sample of 590 public sector workers from four states was recruited for the research using a multi-stage selection approach.

Regression analysis findings revealed that the model's variables accounted for 32.3% of the variation in FWB. Among these factors, self-efficacy, emotional coping, money attitudes, and financial practices all substantially impacted FWB. Financial practices, in particular, become a significant factor in FWB. These results must be considered by the government and NGOs when formulating a comprehensive plan for increasing the FWB and upgrading the living standards of workers with lower earnings.

**Riitsalu, L., & Murakas, R. (2019).** Look at how subjective and objective FL, personal money management style, and socioeconomic standing on FWB. The research uses quantitative FL survey data from Estonia to create an FWB score. This rating is determined by averaging the ratings of four statements on a five-point scale. Using multiple regression analysis, four hypotheses are tested.

The results show that compared to objective information, subjective knowledge has a greater connection with FWB. Additionally, it has been shown that the financial behavior score and income level are associated with FWB.

This study adds to the body of knowledge on FL, subjective FK, and FWB. Future studies should consider including psychological variables and FWB focused on the future and further exploring how these variables relate to emotional well-being.

The findings highlight the importance of subjective knowledge and prudent financial conduct in improving FWB. Financial service providers should consider these factors when developing their offerings and communication plans.

Subjective FK should be addressed by policymakers charged with creating national policies for “financial education” to raise FWB in society.

This study is unique in its simultaneous analysis of knowledge, behavior, and subjective knowledge in relation to FWB in Europe. By considering these factors together, it offers a comprehensive understanding of the topic.

**Aydin, A. E., & Akben Selcuk, E. (2019).** investigate the connection between Turkish university students' time preferences, attitudes toward money, and FL. Because college students are in a crucial stage of developing their financial habits, the study focuses on them.

Data were collected from 1,443 university students in Turkey across 14 campuses, students. The hypotheses were tested by using the SEM approach.

The results show that students who do better on FK have more favorable financial attitudes and engage in more favorable financial behaviors. The research also offers a good relationship between economic behavior and attitude. It's interesting to note that although the emotional component of the money ethic construct is adversely connected with economic conduct, the behavioral part is favorable correlated. Additionally, a present perspective is linked to more unfavorable economic views.

This research examines the relationships between FL, money ethics, and time preferences in a developing country with little experience with formal financial institutions and unpredictable macroeconomic situations.



Overall, the findings emphasize the significance of FL in influencing university students' financial attitudes and actions. It also emphasizes how time preferences and money ethics influence financial decisions. By providing insights specific to an emerging economy context with distinctive socioeconomic factors, the findings add to the existing literature.

**Setiyani, R., & Solichatun, I. (2019).** Look at the relationship between FWB and financial behaviour, including FL, financial socialisation, attitude, and confidence. The study's population consists of 536 students who enrolled in the Economics Faculty at Semarang State University in 2015. Using the Slovin formula and proportional random sampling, a sample of 230 students was chosen.

A questionnaire was used to collect data, and a quantitative approach was taken. The Sobel test, descriptive analysis, and path analysis were utilized for data analysis.

FL's financial effect on FWB is favorable. The results are related to socialization, financial attitude, financial confidence, and financial behavior. FL, economic socialization, financial perspective, and financial confidence all favorably impact economic behavior. Additionally, FL, economic socialization, financial perspective, and financial confidence indirectly impact economic behavior.

Students' FWB can be improved through FL, socialization, attitude, and confidence, according to this study. FWB can be improved by increasing financial confidence, cultivating positive financial attitudes, and increasing FL, according to the positive correlation between these factors and financial behavior. The design of interventions and programs aimed at enhancing students' FL and well-being can be influenced by these findings for educational establishments as well as policymakers.

**Tanoto, S., & Evelyn, E. (2019).** investigate the connection between online shopping addiction and FL and well-being. The Bergen Online Shopping Addiction Scale was used to assess. The Australian Unity FK and FWB measures, the Shopping Addiction Scale (BSAS), and the other two factors were all assessed using these scales. The data was compiled through an online poll of 230 young Indonesians. The acquired data were analyzed using multiple regression and Pearson correlation techniques.

The majority of respondents, according to the study's findings, had FK and well-being levels ranging from medium to high. Surprisingly, respondents who were addicted exhibited high levels of FL and well-being. Addiction to online shopping was found to be positively correlated with FL and well-being. However, a stronger predictor was found to be FWB. This suggests that people may be more likely to spend more online when they are satisfied with their financial situation.

The findings of this study have repercussions for owners of e-commerce businesses as well as valuable insights for future research in this field. Strategies for promoting responsible online shopping behavior and enhancing consumers' FWB can benefit from an understanding of the relationship between FK, FWB, and addiction to online shopping.

**Wahab, N. N., & Yaacob, Z. (2018).** investigate the determinant factors of FWB among public servants in Malaysia. The study focused on three independent variables that are widely discussed in the literature: FL, financial management, and attitude toward savings. Responders filled out one hundred thirty-nine surveys and were chosen by a straightforward random sample technique. Data analysis was done using regression analysis.

According to the regression study, all three determinant factors—FL, financial management, and attitude toward saving—substantially impacted FWB. These results are consistent with earlier studies in this field. This research covers a knowledge gap in the FWB of public employees in an emerging economy. The implications of the study's results have also been covered.

This study's findings shed light on the factors that influence public servants in Malaysia's FWB. The findings suggest that increasing one's level of FL, enhancing one's capacity for effective financial management, and cultivating a positive attitude toward savings can all contribute to improved FWB. Because they highlight the significance of promoting “financial education” and providing support for employees to improve their FWB, these findings have implications for policymakers and organizations that are involved in public service.

**Garg, N., & Singh, S. (2018).** examine the degree to which young people around the world are financially literate, concentrating on the ways in which socioeconomic and demographic factors like age, gender, marital status, and income affect their FL. The study also looks at how FK, financial attitude, and financial behavior are linked to one another. FL plays a crucial role in enabling youth to make informed financial decisions in light of the growing emphasis on improving individuals' FWB.

There are seven sections to the literature review. A summary of the research on FL follows a conceptual definition of youth in the first section. The literature on FL, including FK, financial attitude, and financial behavior, is reviewed in the following sections. The empirical studies on how socioeconomic and demographic factors affect FL are then examined in the review. Finally, a summary of the research on the connection between FK, attitude, and behavior is provided.

The studies indicate that young FL is global; it is usually low. The research also shows that factors like age, gender, wealth, marital status, and degree of education significantly impact how much FL young individuals have. Additionally, there is a link between FK and financial attitude, behavior, and behavior.

The originality and value of this paper lie in recognizing that youth have a longer lifespan ahead of them, and the decisions they make regarding finance will have long-term implications. Therefore, it is crucial for them to develop a strong understanding of financial matters to avoid making poor financial choices. Enhancing FL among youth is of utmost importance. By understanding the factors influencing FL, policymakers can design targeted interventions to improve the FWB of youth.

Overall, this paper contributes to the existing literature by shedding light on the FL levels among youth and highlighting the factors that influence their FL.

**Hampson, D. et, al. (2018).** Look at the psychological influences that attenuate the association between domestic product purchases and decreased perceived FWB (PFWB).

This study adds to the literature on international marketing by illuminating how decreased PFWB affects consumers' choice of local goods. By examining the underlying psychological mechanisms, the study enhances our understanding of consumer behavior in emerging markets and offers practical implications for marketers targeting these markets.

**Chikezie, O. C., & Sabri, M. F. (2017).** examine the factors that affect Nigerian students studying in Malaysia's financial situation. 420 Nigerian undergraduate and postgraduate students from Universiti Putra Malaysia made up the sample. Stratified

sampling was used to choose the sample. The data was gathered using a standardized questionnaire and a procedure.

According to the study's results, males between the ages of 18 and 29 made up the majority of respondents. The results show a significant association between FWB and financial socialization, behavior, and attitude, except FL. The results of a multiple regression analysis indicated that the variance in FWB was significantly influenced by six variables, including financial behavior, financial socialization, and the three dimensions of money attitude (effort, obsession, and retention).

According to the findings, the majority of Nigerian students at Universiti Putra Malaysia reported moderate to low levels of FWB, with only a small number reporting high levels. Since these factors were identified as predictors of FWB, this suggests that the respondents need to improve their money attitudes, financial socialization, and financial behavior.

In general, this study emphasizes the significance of improving Nigerian students' financial attitudes, socialization, and behavior.

**Kamakia, M. et, al. (2017).** examine the documented relationship between FL and FWB as well as potential intervening and moderating variables by conducting a critical review of the literature. The review makes suggestions for additional research and identifies holes in the existing body of literature.

The review of the relevant literature revealed a variety of definitions and measures of FL and well-being. In addition, FL appears to be positively correlated with FWB. Financial decisions, on the other hand, serve as an intervening and moderating variable in this relationship, respectively.

The literature review concludes by emphasizing the significance of comprehending the connection between FL and FWB. It also demonstrates the need for additional research to fill in the gaps in the existing body of knowledge. The relationship between FL and FWB is mediated and moderated by factors such as financial decisions and demographic characteristics.

**Sorgente, A., & Lanz, M. (2017).** Research on the FWB of young adults has increased significantly since the 2008 financial crisis. The purpose of this review is to systematically summarize and organize the existing research in Economics, Sociology, and Psychology on the FWB of young adults. The objective is to determine this construct's definition, components, predictors, and outcomes. English-language studies focusing on emerging adults between the ages of 18 and 29 that investigated the variable of FWB (or its synonyms) were found through a comprehensive search of electronic databases. A total of 44 records were found to be eligible.

The five sections of the selected studies' coded data were as follows: 1) the details of the publication, 2) the goals of the research, 3) the concept of FWB, 4) the methods used to collect the data, and 5) the connections between the variables. The definition and components of FWB demonstrate that FWB is a multifaceted and complex construct, as revealed by analysis of the collected data. Financial wellness, financial health, financial contentment, and income contentment were all found to have a hierarchical relationship with FWB.

In addition, the predictors of FWB were mapped onto a quadrant created by two axes and divided into ten distinct categories: domain (financial versus non-financial) and level (individual versus contextual). Last but not least, the identified and outlined gaps in existing research as well as potential new areas of investigation.

In conclusion, this review emphasizes the multifaceted complexity of FWB. It provides a comprehensive overview of the existing literature and sheds light on the elements, predictors, and outcomes of emerging adult FWB. In addition, the results indicate areas in which additional research is required and potential research directions for the future.

**Shusha, A. (2016).** examine the demographic and personal FK factors influencing Egyptians' FWB. The relationships are analyzed using multiple regression analysis on a sample of 386 respondents in the study. Gender, age, education level, income, and marital status are demographic factors that have a significant impact on FWB, according to the findings. The study also demonstrates that rational buying behavior and FL are knowledge and behavior factors that contribute to FWB.

In addition, the study employs the Baron and Kenny method to investigate the mediatory function of rational purchasing behavior. The findings suggest that the link between FL and FWB is partially mediated by rational buying behavior. In the light of motivation theory and the theory of planned behavior, the implications of these findings are discussed.

Taking into account both demographic and personal FK factors, this study provides an overall understanding of the factors that influence Egyptians' FWB. Policymakers and individuals looking to improve their financial situation can gain insight from the findings, which contribute to a better understanding of how these factors affect FWB.

**Zemtsov, A. A., & Osipova, T. Y. (2016).** examines the concept of "wellbeing" and explores its different definitions and approaches, both theoretical and statistical. The focus is particularly on FWB, including its factors and determinants. The authors introduce quantitative indicators that provide a framework for assessing the FWB of

typical households. These metrics are based on suggested minimum budgets for consumers, making it possible for people to live, grow, and accomplish their objectives.

The idea of subjective well-being and the notion of various types of capital are two viewpoints used in the study to create a model of personal welfare. Physical, psychological, social, economic, and emotional aspects contribute to one's overall well-being. Each element of well-being is linked to certain types of capital that people have, such as good physical health, strong social ties, and enough financial resources.

Financial behavior and the income derived from fundamental assets are the main criteria for defining FWB. Factors like FL, FK, economic attitudes, and financial management affect how people behave financially. By examining the interplay between different components of wellbeing and forms of capital, this research provides insights into the concept of FWB and its relationship to overall personal wellbeing.

**Postmus, J. et, al. (2015).** adopted the reasoned action approach to evaluate the effectiveness of a curriculum designed to improve FK, intentions, behavior, and reduce financial strain among a group of domestic violence survivors. The study utilized a longitudinal randomized control design, collecting data over four time periods spanning 14 months.

The results of the analysis indicated that the treatment group, which received the curriculum, exhibited significant improvements in self-reported FK, financial intentions, and financial behavior. Additionally, they experienced a decrease in financial strain compared to the control group.

One noteworthy finding was that the impact of the curriculum persisted over time, suggesting that the improvements observed were not short-lived but had a lasting effect



on the participants' FWB. This is a positive outcome, as it indicates that the curriculum had a sustained and meaningful impact on the participants' financial outcomes.

The findings of this study have critical implications for other agencies and programs aimed at supporting domestic violence survivors and improving the FWB of their clients. The effectiveness of the curriculum in improving FK, intentions, behavior, and reducing financial strain demonstrates its potential value in similar settings.

By implementing similar programs, agencies serving domestic violence survivors and other organizations working to enhance FWB can potentially make a significant positive impact on their clients' lives. The study highlights the importance of providing targeted “financial education” and support to vulnerable populations, with the potential to empower individuals and improve their financial outcomes.

**Moein Addin, M. et, al. (2014).** investigate the connection between professors at Yazd Islamic Azad University's FL, well-being, and financial anxiety. In order to collect data, a questionnaire was created and sent to selected people through random sampling. The data were analyzed using statistical techniques like correlation and binomial tests.

Except for the group characterized by having both FL and FWB, the majority of the groups agreed on the strategy of "reducing expenses and the cost of living." It is interesting to note that none of the groups utilized specialized financial consulting services. The participants' most common strategy was to buy real estate. Importantly, lower levels of financial anxiety were linked to higher levels of FWB.

These findings shed light on the financial behavior and attitudes of professors at Yazd Islamic Azad University. The fact that the majority of participants agreed on cost reduction strategies suggests a shared concern about managing expenses and

maintaining financial stability. The absence of engagement with specialized financial consulting services indicates a potential gap in accessing professional financial advice among the participants.

The prevalence of real estate purchases as a financial strategy suggests an inclination towards investing in tangible assets. This finding may reflect the participants' preferences and beliefs regarding long-term financial security.

The inverse relationship between FWB and financial worry highlights the importance of achieving a certain level of FWB to mitigate financial concerns and anxieties.

In the context of Yazd Islamic Azad University, these findings aid in comprehending the financial dynamics among university professors. Based on these findings, additional studies and interventions can be developed to improve FL, promote FWB, and address financial concerns among this particular professional group.

**Narges, D., & Laily, H. P. (2013).** aimed at understanding the factors that affect financial health. Selective sampling at many stages was carried out. Samples of workers in the public and private sectors were used in the research. One thousand completed surveys were gathered through path analysis to examine the direct and indirect influences on Financial WellBeing.

The findings of this research contribute to a deeper comprehension of the connections that exist between the factors that influence FWB—such as financial issues, financial actions, FS, and FWB itself. The findings provide valuable insights into the factors that influence financial wellness by highlighting these connections.

The results indicate that financial behaviors, FS levels, and financial problems have both direct and indirect effects on financial wellness. These factors collectively contribute to individuals' overall FWB. Understanding the complex relationships

among these determinants can aid in developing strategies and interventions to enhance financial wellness.

By identifying the significant factors impacting financial wellness, this study provides valuable knowledge that can inform policies and practices aimed at promoting FWB among employees in both public and private sectors.

**Agarwalla, S. K. (2013).** examines how different aspects of FL among young working people in urban India are affected by socio-demographic factors. It is discovered that some India-specific characteristics, such as living in a mixed family and using consultative decision-making, significantly influence FL, even if results from other research are congruent with other factors, such as gender, income, and education. In addition, the study investigates the connections between various aspects of FL.

This study adds to the existing empirical knowledge of FL across nations by shedding light on the specific socio-demographic factors that shape FL in India. Additionally, it provides a useful analytical foundation for the development of FL policies for Indian youth.

This study's findings emphasize the significance of taking into account cultural contexts and country-specific factors when developing FL interventions. Policymakers and organizations can tailor programs and strategies to meet the specific needs of India's youth by understanding how socio-demographic factors affect FL.

**Summary:** In conclusion, the existing body of research emphasizes the significant connection that exists between FE, attitude toward money, FL, and FWB. According to the findings, these factors are connected to one another and play a significant role in determining individuals' financial outcomes and overall well-being.

Positive financial behaviors and enhanced FWB have consistently been linked to FL, which encompasses knowledge, skills, and understanding of financial concepts. Better FL typically lead to better financial decision-making, efficient financial management, and overall well-being. Money attitude, referring to individuals' beliefs, values, and emotions towards money, also influences FWB. Positive money attitudes, such as being proactive, responsible, and goal-oriented, are aligned with better financial management practices and improved financial outcomes.

FE, including past financial decisions and exposure to financial products and services, is another important factor influencing FWB. Positive FEs, such as successful investments or effective debt management, can enhance individuals' confidence and FWB.

The literature emphasizes the interplay between these factors, suggesting that FL, money attitude, and FE collectively contribute to individuals' FWB. Improving FL alone may not be sufficient; cultivating positive money attitudes and providing opportunities for meaningful FEs are also crucial.

Furthermore, the literature underscores the need to address disparities in FL, money attitudes, and FEs across different populations. Socioeconomic factors, cultural beliefs, and educational backgrounds can shape individuals' financial behaviors and outcomes. Efforts should be made to promote inclusive “financial education” initiatives and tailor interventions to meet the specific needs of diverse groups.

Overall, the literature supports the importance of enhancing FL, cultivating positive money attitudes, and providing practical FEs to promote individuals' FWB. By addressing these interconnected factors, policymakers, educators, and financial

institutions can empower individuals to make sound financial decisions, achieve financial security, and improve their overall well-being

## **CHAPTER – 3**

### **OBJECTIVES AND THEORETICAL FRAMEWORK**

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#### **3.1. Outline of the Chapter**

In this chapter, we delve into various key aspects of the research study. We begin by identifying the research gap, which highlights the existing knowledge or understanding that is lacking in the field. This gap serves as the motivation for conducting the research and sets the stage for the study.

Next, we present the problem statement, which succinctly describes the specific issue or problem that the study aims to investigate. This problem statement provides a clear rationale for the research and explains why it is important to address the problem.

Following the problem statement, we outline the study objectives, which are the specific goals or aims of the research. These objectives serve as the guiding principles for the study, helping to shape the research methodology and analysis.

The significance of the study is then discussed, emphasizing the potential contributions and benefits that the research can bring to the field. We explain why the study is important and how it can advance knowledge or address practical issues.

Moving forward, we introduce the theoretical framework, which provides a conceptual foundation for the study. This framework includes relevant theories, concepts, and models that are applicable to the research topic. We discuss the theoretical framework

to establish a theoretical basis for the study and to guide the research design and analysis.

Additionally, we explore popular theoretical models of Information systems, which are well-established theories or models that have been widely used in the field. These models are discussed to provide a theoretical background for the study and to explain their relevance to the research objectives.

Furthermore, we present the research model, a visual representation or diagram that illustrates the relationships between variables or concepts in the study. This model serves as a framework for data collection and analysis, guiding the researcher in testing the research hypotheses.

Speaking of research hypotheses, we outline the specific statements or predictions made about the relationships between variables in the study. These hypotheses are based on the existing literature and the researcher's theoretical framework. They serve as a guide for data analysis and testing the research objectives.

Overall, this chapter sets the stage for the research study, providing a comprehensive overview of the research gap, problem statement, study objectives, significance of the study, theoretical framework, popular theoretical models of Information systems, research model, and research hypotheses.

### **3.2. Research Gap:**

The research gap refers to the existing knowledge or understanding that is lacking in a particular field or topic. In this chapter, the researcher identifies the research gap that the study aims to address. This could be a lack of empirical evidence, contradictory findings, or unanswered questions within the field, two research gaps were observed.

- **Research Gap 1**

Previous research on FL usually focuses on its potential effects on economic well-being. Little research is done on composite research using mediating constructs like Financial Experience and money attitude and the moderating effect of income level.

- **Research Gap 2**

Further, existing studies on determinants of Financial WellBeing have been largely identified in the context of investing and retirement planning context, but scant research has been undertaken from the context of borrowers' point of view.

Therefore, this study is undertaken to fill the research gap

### **3.3. Statement of the Problem**

- This study aims to examine the relationship between urban home loan borrowers' FWB and FL, as well as the mediation effect of FE and attitude. As a means of enhancing individuals' FWB and reducing financial difficulties, there has been a growing emphasis on FL in recent years. However, there is still a dearth of research examining the specific effects of FL on individuals' FWB, particularly in the context of urban home loan borrowers, despite the increasing availability of “financial education” programs.
- Urban home loan borrowers represent a unique demographic group with specific financial considerations and challenges. These individuals often face complex financial decisions related to mortgage payments, interest rates, and long-term financial planning. Therefore, understanding the impact of FL on their FWB is of significant importance.



- Financial concepts like budgeting, saving, investing, and debt management are all included in the term "FL." It includes the capacity to make well-informed decisions regarding one's finances that have the potential to improve one's financial situation. This study aims to shed light on the effectiveness of “financial education” programs in improving financial outcomes within this particular population by examining the impact of FL on the FWB of urban home loan borrowers.
- Moreover, the study considers the mediating role of FE and ATM. FE refers to the level of exposure individuals have had to various financial situations, such as managing loans, investments, or budgeting. ATM refers to an individual's beliefs, values, and emotions regarding financial matters. These two factors may play a crucial role in shaping how FL translates into FWB.
- By investigating the mediating role of FE and Attitude Towards Money, the study aims to uncover the mechanisms through which FL influences FWB among urban home loan borrowers. It seeks to understand how individuals' prior FEs and their mindset towards money may impact the relationship between FL and financial outcomes.
- The study's conclusions may have significant ramifications for those interested in promoting FL, such as governments, financial institutions, and schools. By identifying the specific pathways through which FL influences FWB, policymakers can design targeted interventions and policies to enhance the FL skills of urban home loan borrowers. Financial institutions can develop tailored products, services, and resources that align with the specific needs of this demographic group. Educators can refine “financial education” curricula to address the unique challenges and circumstances urban home loan borrowers face.

- The study aims to fill the research gap; hence, in conclusion, discrepancy about FL's effects on urban house loan borrowers' Financial WellBeing. The research offers essential insights into the variables of FWB in this demographic by studying the mediation roles of FE and Attitude Towards Money. Ultimately, the study results may help to create efficient “financial education” initiatives, regulations, and interventions for urban house loan borrowers. The results may give the knowledge and tools they need to make wise financial choices and improve their economic situation.

### **3.4. Objectives of the Study**

The vital focus of this study is to investigate the impact of FL on the FWB of urban home loan borrowers, while also exploring the mediating role of Financial Experience and Attitude Towards Money. As FL gains recognition as a vital factor in promoting individuals' economic well-being, it becomes imperative to understand its specific implications within the context of urban home loan borrowers. This group faces unique financial challenges and decisions related to their mortgage payments, interest rates, and long-term financial planning. By examining the association between FL and Financial WellBeing in this specific population, this study aims to contribute valuable insights to the field. To study the impact of *FL* on *FWB*.

- To study the relationship between/among *FL*, *FE*, and *Attitude Towards Money*.
- To study the role of *FE* and *Attitude Towards Money* on *FWB*.
- To study the mediating effect of *FE* and *Attitude Towards Money* in determining the association between *FL* and *FWB*.
- To study the moderating effect of income level between *FL* and *FE*.

### **3.5. Significance of the Study**

The significance of the study explains the importance and relevance of the research. It highlights how the study contributes to the field, whether it fills a research gap, advances existing knowledge, or has practical implications. The significance can be measured by the potential impact of the findings on theory, practice, policy, or society as a whole. Understanding the significance of the study helps stakeholders, such as researchers, practitioners, and policymakers, recognize its value and potential benefits.

- FWB in personal finance plays a vital role nowadays.
- FL is an indicator to make reasonable decision-making. Well-equipped financial decision triggers FWB. So, FL studies evaluate the level of knowledge involves in economic well-being.
- According to PwC's 2019 Employee Financial Wellness Survey, workers in the US mentioned FWB as a cause of stress more often than they did for all other life concerns combined.
- "In a country like India, we have close to 80% literacy," remarked GP Garg, executive director of the Securities and Exchange Board of India (SEBI), during the NSE event that kicked off global investor week. Still, we could be more fortunate in FL.
- The National Centre for "financial education" polled in 2020 to determine how financially knowledgeable Indians are. It thus had an impact on their FWB.

- As a result, all institutions, including exchanges and SEBI, are under tremendous pressure to figure out the best way to spread the FL message across the nation (FE Bureau, November 24, 2020).
- Owing to the dearth of prior literature studies, the factors affecting FL and FWB have rarely been explored. Subsequently, it has shown an adverse effect on the FWB of the borrowers.
- This study analyzes the role of prominent factors like FE and attitude toward money in determining the effect of FL on FWB.
- Precisely this study examined the mediating role of FE and Attitude Towards Money in the association between FL and FWB. Thus, this study emphasizes the need for education and counseling programs to enhance FL.

### **3.6. Theoretical Framework**

A research model is developed based on the literature survey to achieve the study's research objectives. Numerous determinant factors and well-developed theoretical models were observed from the literature survey.

#### **3.6.1. Social Capital Theory**

Social Capital Theory is a sociological concept that examines the significance of social relationships, networks, and resources in fostering social cohesion, cooperation, and individual and collective well-being. It posits that social connections and the resources embedded within them, collectively known as social capital, play a crucial role in various aspects of individuals' lives.

According to Social Capital Theory, social capital encompasses the trust, reciprocity, social norms, social support, information, and opportunities that individuals acquire

through their social networks. It recognizes that individuals not only benefit from their personal characteristics but also from the social structures and networks in which they are embedded. By leveraging their social capital, individuals can access resources, opportunities, and support that contribute to their overall well-being and success.

There are three main dimensions of social capital within the theory: bonding, bridging, and linking social capital. Bonding social capital refers to the connections and social capital that exist within close-knit groups or communities of individuals who share similar characteristics, such as family members, close friends, or members of a particular cultural or ethnic group. This form of social capital is characterized by strong ties, trust, and mutual support within these groups.

Bridging social capital, on the other hand, refers to the connections and social capital that exist across diverse social groups or communities. It involves building connections with individuals who have different backgrounds, perspectives, and resources. Bridging social capital is vital for facilitating information sharing, access to diverse resources, and creating opportunities for social and economic mobility.

Lastly, linking social capital refers to the connections and social capital that individuals have with people or institutions in positions of power or authority. It involves establishing relationships with individuals or organizations that have access to resources, information, and decision-making processes. Linking social capital is crucial for gaining access to opportunities, resources, and support from influential individuals or institutions.

The theory suggests that social capital has far-reaching implications across different domains. In the realm of health, social capital can contribute to better health outcomes by providing social support, access to healthcare information, and healthy norms and

behaviours. In education, social capital can facilitate knowledge sharing, access to educational resources, and support networks that enhance academic success. In the workforce, social capital can provide job opportunities, career guidance, and access to professional networks. Additionally, social capital plays a crucial role in community development, collective action, and social cohesion.

Social Capital Theory has been widely applied in various fields, including sociology, economics, public health, and community development. It offers a framework for understanding how social networks and relationships shape individual and community outcomes. By recognizing the importance of social capital, policymakers, organizations, and communities can develop strategies to foster the accumulation and utilization of social capital.

Efforts to enhance social capital may include initiatives that promote community engagement, encourage social participation, and strengthen social networks. Building social capital can involve creating opportunities for individuals from diverse backgrounds to interact and connect, fostering trust and cooperation among community members, and supporting organizations and institutions that facilitate social capital formation.

In conclusion, Social Capital Theory highlights the significance of social relationships, networks, and resources in individuals' lives. It emphasizes the role of social capital in promoting social cohesion, cooperation, and well-being. By understanding the dynamics of social capital and its various dimensions, individuals, communities, and policymakers can work toward creating environments that facilitate the development and utilization of social capital. This can lead to improved individual and collective outcomes, greater social integration, and increased resilience in facing challenges.

### **3.6.2. Social Learning Theory**

Social Learning Theory is a psychological concept that explores how individuals learn and acquire new behaviours, attitudes, and skills through observation, imitation, and interaction with others in a social context. Developed by psychologist Albert Bandura, this theory emphasizes the importance of social factors in shaping human behaviour and highlights the role of modelling and reinforcement in the learning process.

Social Learning Theory suggests that learning occurs through a process of observation and imitation. Individuals observe the behaviours, attitudes, and outcomes of others, and they use this information to guide their own behaviour. Through this observational learning, individuals acquire new knowledge, skills, and behaviours without necessarily experiencing the consequences firsthand.

The theory emphasizes that learning is not solely driven by direct reinforcement or punishment, but also by observing the behaviour of others and the consequences they experience. Individuals are more likely to imitate behaviours that they perceive as being rewarded or leading to positive outcomes, while they are less likely to imitate behaviours that are punished or result in negative outcomes.

Key components of Social Learning Theory include observation, modelling, reinforcement, and self-efficacy. Observation refers to individuals learning by observing the behaviour of others, while modelling involves individuals imitating the behaviours they have observed. Reinforcement plays a crucial role, as positive consequences increase the likelihood of imitation, while negative consequences decrease it. Self-efficacy is individuals' belief in their own ability to successfully execute a behaviour, which influences their likelihood of imitating certain behaviours.

Social Learning Theory has significant implications across various domains. In education, it highlights the importance of providing positive role models and creating an environment that promotes prosocial behaviour. In the workplace, it emphasizes the role of mentoring, observational learning, and modelling in skill acquisition and professional development.

The theory also applies to aggression and violence, suggesting that individuals may imitate aggressive behaviours they have observed if they are reinforced or seen as effective. Thus, promoting nonviolent models and providing alternatives to aggressive behaviour is crucial.

In the context of media influence, Social Learning Theory suggests that media can serve as a powerful source of observational learning, with exposure to media violence or negative behaviours potentially increasing the likelihood of imitation.

In conclusion, Social Learning Theory emphasizes the role of observation, imitation, and reinforcement in the learning process. It underscores the significance of social factors in shaping human behaviour and suggests that individuals learn by observing and imitating the behaviours and outcomes of others. Understanding the principles of Social Learning Theory can inform educators, parents, policymakers, and society at large in promoting positive behaviour, providing appropriate models, and creating environments that foster learning and development.

### **3.6.3. Behavioural Economics Theory**

Behavioural Economics Theory is an interdisciplinary field that combines insights from psychology and economics to understand and explain how individuals make economic decisions. It recognizes that human behaviour is not always rational and



predictable, and that various cognitive biases and social factors influence our choices and actions.

Traditional economic theory assumes that individuals are rational and always make decisions that maximize their own self-interest. However, Behavioural Economics Theory challenges this assumption and explores the ways in which our decision-making deviates from rationality.

One key concept in Behavioural Economics Theory is bounded rationality, which suggests that individuals have limited cognitive abilities and information-processing capacities. As a result, they often rely on mental shortcuts or heuristics to make decisions, which can lead to systematic biases and errors.

Another important idea is that of loss aversion, which suggests that individuals tend to weigh potential losses more heavily than potential gains. This asymmetry in decision-making can lead to risk-averse behaviour and suboptimal choices.

Behavioural Economics Theory also highlights the impact of social norms, social preferences, and social influences on decision-making. It recognizes that our choices are influenced not only by our own preferences and beliefs but also by the behaviour and expectations of others.

The theory identifies several cognitive biases that affect our decision-making. For example, confirmation bias leads us to seek out information that confirms our pre-existing beliefs and ignore contradictory evidence. Anchoring bias occurs when we rely too heavily on initial information when making decisions, even if that information is irrelevant or arbitrary.

Behavioural Economics Theory has practical applications in various domains. In public policy, it suggests that policymakers can use behavioural insights to design

interventions that nudge individuals towards making better choices. For example, by changing the default option in organ donation from opt-in to opt-out, countries have seen a significant increase in organ donors.

In the field of finance, Behavioural Economics Theory helps explain phenomena such as stock market bubbles and irrational investor behaviour. It recognizes that investors may be prone to herd mentality, following the actions of others rather than conducting thorough analysis.

Behavioural Economics Theory also provides insights into consumer behaviour and marketing strategies. It suggests that individuals are influenced by framing effects, where the presentation of choices can significantly impact decision-making. For example, presenting a product as "90% fat-free" rather than "10% fat" can lead to different consumer responses.

Critics of Behavioural Economics Theory argue that it can be overly focused on deviations from rationality and that traditional economic models still provide valuable insights. They also contend that the theory may not offer clear predictions or solutions to real-world problems.

In conclusion, Behavioural Economics Theory integrates psychology and economics to study the decision-making processes of individuals. It recognizes that humans do not always act rationally and are influenced by cognitive biases, social factors, and limited information-processing capacities. By understanding these deviations from traditional economic assumptions, policymakers, businesses, and individuals can make better-informed decisions and design interventions that align with human behaviour.

### **3.6.4. Financial Capability Theory**

Financial Capability Theory assesses a person's FK, abilities, attitudes, and behaviors. Its primary purpose is to understand better people's financial decision-making processes, money management skills, and capacity to reach their financial objectives.

At its core, Financial Capability Theory recognizes that FWB is not solely determined by income or wealth, but also by individuals' FK and skills. It emphasizes the importance of equipping individuals with the necessary tools and resources to navigate the complex world of personal finance.

The theory identifies several key dimensions of financial capability. These dimensions include FK, financial skills, financial attitudes and behaviors, and access to financial services.

FK is a term used to describe how well someone understands financial principles including budgeting, saving, investing, and debt management. It includes information about financial institutions, financial institutions' goods and services, and financial legislation.

Financial skills involve the ability to apply FK effectively in real-life situations. This includes skills in budgeting, goal-setting, financial planning, evaluating financial products, and making informed financial decisions.

Financial attitudes and behaviors significantly impact individuals' financial capability. Positive attitudes towards saving, responsible borrowing, and long-term financial planning are essential for achieving FWB.

Additionally, it is essential to have access to financial services in terms of capacity to pay. People must have access to suitable and reasonably priced financial services and products, such as banking, credit, insurance, and investment possibilities.

Enhancing individuals' financial capability can have significant positive impacts. It helps individuals make sound financial decisions, avoid financial pitfalls, build savings, and achieve their long-term financial goals. It also equips individuals to respond to financial shocks and emergencies.

To promote financial capability, various strategies and interventions can be implemented. These include providing “financial education” programs, improving access to financial services, designing behavioral interventions to encourage positive financial behaviors, and implementing policies and regulations to protect consumers and promote FL.

As policymakers, the Financial Capability Theory has gained popularity, and organizations understand how crucial it is to provide people with the tools they need to make wise financial choices. People may increase their FWB, lower FS, and gain higher economic resilience by improving their capacity.

In conclusion, Financial Capability Theory focuses on individuals' knowledge, skills, attitudes, and behaviors related to personal finance. It highlights the importance of equipping individuals with the tools and resources to navigate the complex world of personal finance effectively. By enhancing financial capability through education, access to financial services, behavioral interventions, and policy measures, individuals can make informed financial decisions, achieve their financial goals, and improve their overall FWB.

### **3.6.5. Money Attitude Theory**

Money Attitude Theory is a psychological framework that explores individuals' attitudes, beliefs, and emotions towards money. It seeks to understand how these attitudes influence financial behaviours, decision-making, and overall Financial WellBeing.

According to Money Attitude Theory, individuals develop specific attitudes and beliefs about money through various social and cultural factors, as well as personal experiences. These attitudes shape their financial behaviours, including saving, spending, investing, and managing debt.

One key concept in Money Attitude Theory is the notion that individuals have different money attitudes or orientations. These orientations can range from positive attitudes, such as seeing money as a tool for security and achieving goals, to negative attitudes, such as associating money with greed or feeling anxious about financial matters.

Money Attitude Theory proposes several dimensions that capture individuals' money attitudes. These dimensions include money as power, money as security, money as enjoyment, money as evil, and money as achievement.

Money as power reflects the belief that money represents power and control. Individuals with a strong money-as-power orientation may view money as a means to influence others, gain social status, or assert their independence.

Money as security focuses on the belief that money provides a sense of security and protection against future uncertainties. Individuals with a money-as-security orientation may prioritize saving and risk aversion, seeking financial stability and a sense of peace of mind.

Money as enjoyment highlights the belief that money should be used for immediate gratification and enjoyment. Individuals with a money-as-enjoyment orientation may prioritize spending on experiences, luxury goods, and entertainment.

Money as evil represents negative beliefs about money, such as associating wealth with greed, corruption, or negative social consequences. Individuals with a money-as-evil orientation may feel guilty about having money or engaging in financial success.

Money as achievement relates to the belief that money is a symbol of personal achievement and success. Individuals with a money-as-achievement orientation may strive for financial accomplishments, such as earning high salaries or accumulating wealth.

Money Attitude Theory suggests that these different orientations can influence individuals' financial behaviours and decision-making. For example, individuals with a strong money-as-security orientation may prioritize saving and be more risk-averse, while those with a money-as-enjoyment orientation may be more prone to impulse spending and less focused on long-term financial goals.

Understanding individuals' money attitudes can have implications for “financial education”, counselling, and interventions. By recognizing the different dimensions of money attitudes, educators and practitioners can tailor interventions to address specific attitudes and promote healthier financial behaviours.

Moreover, Money Attitude Theory acknowledges that money attitudes are not fixed and can change over time. Experiences, life events, and external factors can influence individuals' attitudes towards money. For instance, a negative Financial Experience or a sudden windfall may shift someone's money attitudes and subsequently impact their financial decisions.

In conclusion, Money Attitude Theory examines individuals' attitudes, beliefs, and emotions towards money and how these attitudes shape their financial behaviours. It identifies various dimensions of money attitudes, including money as power, security, enjoyment, evil, and achievement. Understanding individuals' money attitudes can help inform “financial education” and interventions to promote healthier financial behaviours and improve overall Financial WellBeing. Recognizing that money attitudes can change over time allows for a dynamic approach to understanding and addressing individuals' relationship with money.

### **3.6.6. Experiential Learning Theory**

Experiential Learning Theory is a framework that emphasizes the importance of learning through personal experience. It suggests that individuals learn best when they actively engage in hands-on experiences, reflect on those experiences, and apply their new knowledge and insights to future situations.

According to Experiential Learning Theory, learning is a continuous cycle consisting of four stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation.

The first stage, concrete experience, involves direct involvement and participation in an experience. It could be a practical task, an interactive activity, or a real-life situation. This hands-on experience provides individuals with a foundation for learning and forms the basis for reflection.

The second stage, reflective observation, encourages individuals to reflect on their concrete experiences. During this stage, individuals analyse their actions, thoughts, and emotions related to the experience. They may identify patterns, evaluate outcomes, and gain insights into their own strengths and weaknesses.

The third stage, abstract conceptualization, involves the formation of new ideas, theories, or generalizations based on the reflective observations. Individuals draw connections between their experiences and existing knowledge or concepts. They analyse and synthesize information to develop a deeper understanding of the subject matter.

The fourth stage, active experimentation, focuses on applying the newly acquired knowledge and insights to real-world situations. Individuals test their theories, ideas, or concepts through practical experimentation. They make adjustments, learn from their mistakes, and refine their understanding through further hands-on experience.

Experiential Learning Theory suggests that learning is most effective when individuals actively engage in all four stages of the learning cycle. By combining concrete experiences, reflective observation, abstract conceptualization, and active experimentation, individuals can develop a holistic understanding of a subject and enhance their problem-solving and decision-making skills.

The theory also emphasizes the role of the educator or facilitator in the learning process. Educators should create opportunities for experiential learning by designing activities, projects, and simulations that promote active engagement and reflection. They should encourage learners to think critically, ask questions, and connect their experiences to broader concepts or theories.

Experiential Learning Theory has been applied in various educational settings, including classrooms, training programmes, and professional development initiatives. It promotes learner-centred approaches that prioritize active participation, reflection, and application of knowledge.



One of the key advantages of Experiential Learning Theory is its focus on the practical application of knowledge. By engaging in hands-on experiences and reflecting on those experiences, learners can develop practical skills and competencies that are transferable to real-world situations.

Moreover, Experiential Learning Theory recognizes the individuality of learners. It acknowledges that individuals have different learning styles, preferences, and backgrounds. By allowing learners to actively participate in their own learning process, the theory accommodates diverse learning needs and promotes a personalized learning experience.

In conclusion, Experiential Learning Theory highlights the importance of learning through personal experience. It suggests that individuals learn best when they actively engage in hands-on experiences, reflect on those experiences, make connections to existing knowledge, and apply their insights to future situations. By promoting active participation, reflection, and application, this theory enhances learners' understanding, problem-solving skills, and overall learning outcomes. Educators play a crucial role in facilitating experiential learning by designing meaningful activities and providing opportunities for reflection and application.

### **3.6.7. Theory of Planned Behaviour**

TPB is an acronym for the Theory of Planned Behaviour psychological model intended to explain and forecast behavior in people. It asserts that attitudes, subjective standards, and perceived behavioral control significantly impact people's behavioral intentions. "attitudes" refers to people's assessments or ideas towards a specific behavior. In the Theory of Planned Behaviour framework, attitudes represent people's opinions on participating in a particular behavior, whether favorable or unfavorable.

For instance, someone is more likely to want to participate in physical activity if they have a good attitude towards regular exercise.

Subjective norms, the second factor in the TPB, refer to individuals' perceptions of social pressure or expectations regarding the behavior in question. It accounts for the significant influence of others, whether family, friends, or society, on a person's behavioral goals. Someone is more likely to intend to comply with expectations if they believe that their significant others want them to act in a certain way.

An individual's perception of behavioral control reflects confidence in their capacity to carry out a behavior. It considers both internal and external elements that might affect one's control over the behavior and the perceived ease or difficulty of participating in the behavior.

For instance, someone is more likely to have a greater intention to participate in a behavior if they have the required tools, opportunities, and resources.

According to the Theory of Planned Behaviour, these three variables influence a person's behavioral intentions, forecasting their actual behavior. The greater the purpose, the more probable the behavior will be carried out since behavioral purposes are considered direct predecessors to behavior.

The TPB has been extensively used to comprehend and forecast various behaviors, including consumer, environmental, and health-related behaviors. It has shed important light on the variables that affect people's decision-making and behavior in various situations.

The Theory of Planned Behaviour captures the intricate interactions between people's attitudes, social norms, and perceived control. It acknowledges that a person's perception of control over their behavior influences behavior, personal attitudes, and

subjective standards. This all-encompassing strategy enables a more subtle knowledge of behavior and is the foundation for focused interventions.

The Theory of Planned Behaviour also strongly emphasizes the significance of subjective standards, noting that people are social creatures who are impacted by the expectations and viewpoints of others. This social component gives the theory an essential new dimension and emphasizes how social influence shapes behavior.

The Theory of Planned Behavior has practical implications for behavior change interventions and public policy. By identifying the factors that influence behavioral intentions, interventions can be designed to target specific beliefs, norms, or control factors that may hinder or facilitate the desired behavior. Understanding the underlying determinants of behavior can inform the development of effective strategies to promote behavior change and improve outcomes.

The Theory of Planned Behaviour offers a comprehensive framework for comprehending and forecasting human behavior, to sum it up. It emphasizes how attitudes, arbitrary standards, and perceived behavioral control influence people's behavioral intentions. By taking this into account, the theory offers valuable insights into the decision-making processes that drive behavior. Its applications span various domains, making it a valuable tool for researchers, practitioners, and policymakers seeking to understand and influence behavior.

### **3.6.8. Financial Socialization Theory**

Financial Socialization Theory is a framework that explores how individuals develop their FK, attitudes, and behaviours through social interactions and experiences within their families, peer groups, and broader social contexts. It recognizes that financial

behaviours and beliefs are shaped by socialization processes that occur throughout a person's life.

According to Financial Socialization Theory, individuals acquire FK, values, and skills through three primary sources: family, peers, and institutions. These sources play a crucial role in shaping individuals' financial behaviours and attitudes.

Family is often the first and most influential source of financial socialization. Children observe and learn from their parents' financial behaviours, discussions about money, and money management practises. They internalize values and attitudes towards money, such as saving, spending, and investing, based on the financial behaviours they witness within their families. Family financial socialization can influence individuals' FL, financial attitudes, and financial decision-making throughout their lives.

Peers also play a significant role in financial socialization. As individuals grow older, their interactions with peers and friends contribute to their FK and behaviours. Peer influence can shape attitudes towards money, spending habits, and financial goals. For example, individuals may be motivated to adopt certain financial behaviours or attitudes to fit in with their peer group or to conform to social norms.

Institutions, such as schools, financial institutions, and media, also contribute to financial socialization. Formal education programmes, FL initiatives, and media messages about money can influence individuals' FK and behaviours. Institutions provide information, guidance, and exposure to financial concepts that shape individuals' understanding and decision-making regarding money matters.

Financial Socialization Theory suggests that the socialization process is dynamic and ongoing. It recognizes that individuals' financial behaviours and attitudes can change over time as they are exposed to new social influences and experiences. For example,

transitioning to adulthood, starting a new job, or experiencing major life events can prompt individuals to reevaluate their financial beliefs and behaviours.

Understanding Financial Socialization Theory has practical implications for “financial education” and intervention programmes. By recognizing the role of family, peers, and institutions in shaping financial behaviours, educators and practitioners can develop targeted interventions to promote healthy financial habits and attitudes. They can design educational programmes that involve parents, encourage positive peer influences, and leverage institutional channels to enhance FL and well-being.

Furthermore, Financial Socialization Theory highlights the importance of early interventions and education. It suggests that financial socialization begins in childhood, emphasizing the significance of introducing financial concepts and skills at a young age. By providing children with opportunities to learn about money, saving, budgeting, and responsible financial behaviours, educators and parents can lay a foundation for lifelong Financial WellBeing.

In conclusion, Financial Socialization Theory emphasizes the influence of social interactions and experiences on individuals' FK, attitudes, and behaviours. It recognizes the importance of family, peers, and institutions in shaping financial socialization processes. Understanding the dynamics of financial socialization can inform the design of effective “financial education” programmes and interventions that promote healthy financial behaviours and improve individuals' Financial WellBeing throughout their lives.

### **3.6.9. Maslow's Hierarchy of Needs**

Maslow's Hierarchy of Needs is a psychological theory proposed by Abraham Maslow that seeks to explain human motivation and the factors that drive human behaviour.

The theory suggests that individuals have a hierarchy of needs that must be fulfilled in a specific order to achieve self-actualization and personal growth.

At the base of Maslow's Hierarchy are physiological needs, which include the basic necessities required for survival, such as food, water, shelter, and sleep. These needs are considered the most fundamental and must be satisfied before individuals can progress to higher levels of the hierarchy. When physiological needs are unmet, individuals are primarily driven to fulfil these basic requirements.

The second level of the hierarchy is safety needs. Once physiological needs are reasonably met, individuals seek security, stability, and protection from physical harm or danger. Safety needs encompass personal safety, financial security, employment, health, and a stable living environment. When individuals feel safe and secure, they can focus on higher levels of growth and self-fulfilment.

The third level of the hierarchy is the need for love and belonging. This level encompasses the desire for social connections, relationships, and a sense of belonging within a community or social group. It includes the need for love, friendship, intimacy, and support from family, friends, and romantic partners. Fulfilling these needs provides individuals with a sense of acceptance, affection, and social connection.

The fourth level of Maslow's Hierarchy is the esteem needs. Once individuals have satisfied their physiological, safety, and belongingness needs, they seek recognition, self-esteem, and a positive sense of self-worth. Esteem needs involve the desire for achievement, respect from others, recognition of one's capabilities, and a feeling of competence and mastery in one's endeavours.

At the top of the hierarchy is the need for self-actualization. Self-actualization represents the highest level of growth and fulfilment. It involves the realization of one's

full potential, the pursuit of personal growth, and the desire to become the best version of oneself. Self-actualization includes fulfilling creative, intellectual, and spiritual needs, seeking personal fulfilment, and finding meaning and purpose in life.

Maslow's Hierarchy of Needs suggests that individuals progress through the levels of the hierarchy sequentially. As each level is fulfilled, individuals are motivated to move up the hierarchy towards self-actualization. However, it is important to note that individuals may not strictly follow a linear progression, and the hierarchy can be influenced by individual differences and cultural factors.

Maslow's theory has significant implications for understanding human motivation and behaviour. It suggests that individuals' actions and decisions are driven by their unmet needs. Organizations, educators, and policymakers can apply this theory to motivate and engage individuals by addressing their specific needs within the hierarchy. For example, employers can provide a safe and supportive work environment, opportunities for growth and recognition, and foster a sense of belonging among employees.

Additionally, Maslow's Hierarchy of Needs highlights the importance of holistic well-being. It emphasizes that individuals' psychological and emotional needs are interconnected with their physical and social needs. To achieve overall well-being, individuals must have their needs met at each level of the hierarchy.

In conclusion, Maslow's Hierarchy of Needs provides a framework for understanding human motivation and the factors that drive behaviour. The theory suggests that individuals have a hierarchy of needs that must be fulfilled in a specific order, ranging from basic physiological needs to the pursuit of self-actualization. By addressing

individuals' needs at each level, organizations and individuals can promote motivation, well-being, and personal growth.

### **3.6.10. Asset Accumulation Theory**

Asset Accumulation Theory is a framework that seeks to explain the process by which individuals accumulate and build wealth over time. It explores the various factors and mechanisms that contribute to the acquisition and growth of assets, such as income, savings, investments, and financial decisions.

At the core of Asset Accumulation Theory is the belief that wealth accumulation is influenced by a combination of individual-level factors and external circumstances. Individual factors include income, education, FK, attitudes, and behaviours, while external circumstances encompass social, economic, and policy-related factors.

One key element of Asset Accumulation Theory is income. Higher incomes provide individuals with more resources to save and invest, which in turn facilitates asset accumulation. Income stability and growth over time contribute to the ability to build wealth and achieve financial goals. However, it is important to note that income alone is not sufficient for asset accumulation, as financial decisions and behaviours also play a significant role.

Savings behaviour is another critical aspect of Asset Accumulation Theory. Saving involves setting aside a portion of income for future use, emergencies, and long-term financial goals. Individuals who prioritize saving and engage in disciplined saving behaviours are more likely to accumulate assets over time. Factors that influence saving behaviour include FL, financial goals, access to savings vehicles, and the ability to withstand financial shocks.



Investment decisions are also integral to asset accumulation. Investing refers to allocating funds to different financial instruments, such as stocks, bonds, real estate, or retirement accounts, with the expectation of generating returns and growing wealth. Asset allocation, risk tolerance, investment knowledge, and access to investment opportunities impact an individual's ability to accumulate assets through investment.

Financial decisions and behaviours, such as budgeting, debt management, and financial planning, are critical components of Asset Accumulation Theory. Effective financial decision-making involves making informed choices about spending, borrowing, and managing financial resources. Responsible use of credit, minimizing debt, and adhering to financial plans contribute to long-term asset accumulation.

Asset Accumulation Theory recognizes the influence of social, economic, and policy-related factors on wealth accumulation. Social factors include family background, cultural norms, and social networks. For instance, individuals from families with a history of wealth accumulation may have greater access to financial resources, knowledge, and opportunities.

Economic factors such as economic growth, labour market conditions, and wealth distribution patterns also influence asset accumulation. Economic conditions can affect income levels, employment opportunities, and asset valuations, which impact individuals' ability to accumulate assets.

Policy-related factors encompass government policies, regulations, and programmes that shape the financial landscape. Policies related to taxation, social welfare, homeownership, retirement savings, and education can either facilitate or hinder asset accumulation for individuals and households.

Understanding Asset Accumulation Theory has implications for individuals, policymakers, and organizations. Individuals can use this framework to assess their own financial behaviours, make informed decisions, and develop strategies to enhance asset accumulation. Policymakers can utilize the theory to design policies and programmes that promote equitable asset accumulation, such as “financial education” initiatives, homeownership incentives, and retirement savings programmes. Organizations can also apply the theory to support employees' Financial WellBeing, encourage savings and investment, and provide resources for “financial education”.

In conclusion, Asset Accumulation Theory provides insights into the factors and mechanisms that contribute to individuals' wealth accumulation. It recognizes the importance of income, savings, investments, financial decisions, and external circumstances in shaping asset growth over time. By understanding and addressing these factors, individuals, policymakers, and organizations can foster asset accumulation, promote Financial WellBeing, and work towards building a more financially inclusive society.

### **3.6.11. Cognitive-Experiential Theory**

Cognitive-Experiential Theory is a psychological framework that seeks to explain human decision-making and behaviour by integrating cognitive and experiential processes. Developed by Seymour Epstein, this theory suggests that individuals possess two distinct cognitive systems: the rational and analytical system (the cognitive system) and the intuitive and experiential system (the experiential system). These two systems interact and influence individuals' perceptions, attitudes, and behaviours.

The cognitive system is characterized by logical reasoning, analysis, and conscious thought processes. It relies on information processing, deliberation, and systematic evaluation of alternatives. The cognitive system is responsible for making decisions based on rationality, considering facts, and weighing pros and cons. It seeks to maximize outcomes and minimize risks by relying on objective information and logical deductions.

On the other hand, the experiential system operates on intuitive, automatic, and emotionally-driven processes. It involves feelings, emotions, and gut instincts. The experiential system is responsible for quick judgments, snap decisions, and implicit knowledge. It draws on past experiences, emotions, and sensory cues to guide decision-making. The experiential system often operates outside of conscious awareness, leading to implicit biases and subjective perceptions.

According to Cognitive-Experiential Theory, both the cognitive and experiential systems contribute to decision-making and behaviour, and they may lead to different outcomes. The cognitive system is more deliberate, conscious, and effortful, while the experiential system is spontaneous, automatic, and emotionally-driven.

The theory suggests that individuals' decision-making processes are influenced by the interplay between these two systems. In some situations, individuals rely heavily on the cognitive system, conducting thorough analyses and making calculated decisions. In other situations, they rely more on the experiential system, trusting their intuitions and emotions.

Furthermore, Cognitive-Experiential Theory recognizes the impact of individual differences in the balance between the cognitive and experiential systems. Some individuals tend to rely more on the cognitive system, emphasizing logic, reasoning,

and objective information. They may exhibit a more systematic and analytical decision-making style. In contrast, others rely more on the experiential system, prioritizing emotions, gut feelings, and subjective experiences. They may exhibit a more intuitive and emotionally-driven decision-making style.

The theory also emphasizes the role of context and situational factors in activating the cognitive or experiential system. Complex and unfamiliar situations may trigger individuals to rely on the cognitive system to process information and make decisions. Conversely, familiar and routine situations may activate the experiential system, leading to quicker and more intuitive responses.

Understanding Cognitive-Experiential Theory has implications for various domains, including consumer behaviour, marketing, psychology, and decision sciences. In marketing, for example, practitioners can design campaigns that appeal to both the cognitive and experiential systems of consumers. By presenting rational arguments and factual information, they can engage the cognitive system. Simultaneously, they can evoke emotions, sensory experiences, and personal narratives to engage the experiential system.

In psychology and counselling, Cognitive-Experiential Theory can inform therapeutic interventions by addressing both cognitive and emotional aspects of individuals' experiences. It highlights the importance of integrating cognitive restructuring techniques with experiential interventions to facilitate personal growth and behaviour change.

In conclusion, Cognitive-Experiential Theory proposes that individuals possess two distinct cognitive systems: the cognitive and experiential systems. These systems influence decision-making and behaviour by incorporating rational analysis and

intuitive experiences. Understanding the interplay between these systems provides insights into individual differences, decision-making styles, and the impact of context. Applying this theory can inform marketing strategies, therapeutic interventions, and decision-making processes in various domains.

### **3.6.12. Social exchange theory**

Social Exchange Theory is a psychological and sociological framework that seeks to explain social interactions and relationships based on the principles of cost and benefit analysis. Developed by researchers such as George Homans and Peter Blau, this theory suggests that individuals engage in social interactions with the expectation of maximizing rewards and minimizing costs.

At the core of Social Exchange Theory is the notion that individuals engage in social relationships as a result of a rational decision-making process. They weigh the potential benefits and costs associated with a particular relationship or interaction and make choices based on the perceived outcomes. Benefits refer to the positive aspects, rewards, and resources that individuals receive from a relationship, such as companionship, emotional support, or material gains. Costs, on the other hand, encompass the negative aspects, sacrifices, or efforts required in a relationship, such as time, energy, or compromises.

According to Social Exchange Theory, individuals seek to maximize their rewards while minimizing their costs. They strive to achieve a favourable ratio of benefits to costs in their relationships. This ratio is commonly referred to as the "outcome" of the social exchange. If the outcome is perceived as positive, individuals are more likely to continue and invest in the relationship. If the outcome is negative, individuals may consider ending or reducing their involvement in the relationship.

Furthermore, Social Exchange Theory introduces the concept of "comparison level" and "comparison level for alternatives." The comparison level represents individuals' expectations of what they believe they deserve or should receive from a relationship. It is influenced by factors such as social norms, past experiences, and cultural values. If the actual outcome of a relationship exceeds the comparison level, individuals perceive the relationship as satisfying. If the outcome falls below the comparison level, individuals may feel dissatisfied. The comparison level for alternatives, on the other hand, reflects individuals' assessment of the available alternatives to the current relationship. If individuals perceive that they can obtain a more favourable outcome by pursuing alternative options, they may be more inclined to consider leaving the current relationship.

Social Exchange Theory also acknowledges the role of reciprocity in social interactions. It suggests that individuals are more likely to engage in mutually beneficial relationships where both parties receive rewards and incur costs in relatively equal proportions. Reciprocity fosters trust, cooperation, and long-term relationship maintenance.

The theory recognizes that social exchange is not solely driven by economic or material factors. It encompasses various forms of rewards and costs, including emotional, social, and psychological aspects. Individuals may value emotional support, intimacy, trust, or companionship as significant rewards in their relationships. Similarly, costs may extend beyond tangible sacrifices to include emotional labour, conflicts, or relational tensions.

Social Exchange Theory has important implications for understanding diverse social phenomena, such as friendships, romantic relationships, and organizational dynamics. It helps explain why individuals form and maintain relationships, why they choose

certain partners or friends over others, and why they engage in behaviours that promote mutual benefits.

In friendships, for instance, individuals may seek companionship, emotional support, and shared interests as rewards. They may invest time, effort, and resources in maintaining the friendship, but they also expect reciprocity in terms of similar benefits. When the balance of benefits and costs becomes imbalanced, friendships may be reevaluated or discontinued.

In romantic relationships, individuals engage in a complex exchange of rewards and costs. They seek love, intimacy, and security as rewards while investing emotional and physical efforts. Factors such as perceived fairness, equity, and satisfaction influence the stability and longevity of romantic relationships.

In organizational settings, Social Exchange Theory helps understand employee-employer relationships and dynamics. Employees expect fair treatment, recognition, and career opportunities as rewards for their contributions. Employers, in turn, expect loyalty, commitment, and high performance as rewards. The balance of rewards and costs in the workplace affects employee satisfaction, engagement, and turnover.

### **3.6.13. Summary of Theories**

In conclusion, the theories discussed in this summary provide a comprehensive understanding of human behaviour, decision-making, and well-being across different domains. Each theory offers unique insights into specific aspects of individual and social functioning, shedding light on the underlying mechanisms and factors that influence human actions and outcomes.

These theories collectively emphasize the significance of social factors, cognitive processes, motivation, and environmental influences in shaping human behaviour.

They highlight the complex interplay between individuals and their social contexts, illuminating the importance of social relationships, learning experiences, attitudes, and socio-cultural norms.

By exploring concepts such as social capital, social learning, behavioural economics, financial capability, money attitudes, experiential learning, planned behaviour, financial socialization, needs hierarchy, asset accumulation, cognitive-experiential processes, and social exchange, researchers and practitioners can gain valuable insights into how individuals make decisions, develop skills, form relationships, and pursue well-being.

These theories have practical implications across various domains, including education, finance, psychology, healthcare, and organizational management. They can inform the development of interventions, policies, that aimed at promoting positive outcomes, enhancing individuals' Financial WellBeing, improving educational experiences, fostering healthier relationships, and supporting personal growth and self-determination.

However, it is important to recognize that these theories provide frameworks for understanding human behaviour and are not exhaustive explanations of all aspects of human experience. Each theory has its limitations and may not fully capture the complexity and variability of human behaviour in every context.

In conclusion, the theories discussed in this summary offer valuable insights into human behaviour, decision-making, and well-being. They provide a foundation for further research, intervention development, and policy formulation, aiming to enhance individuals' lives and create more favourable social environments that support positive outcomes and overall well-being.



### **3.7. Research Model**

The research model of this study consists of five exogenous constructs: FL, Financial Experience, Attitude Towards Money success, Attitude Towards Money-budget, and one endogenous construct: financial wellbeing-security. The proposed research model has five independent variables, all well-researched and found significant in the FL literature.

The article "Debt Literacy, Financial Experiences, and Over indebtedness" by A Lusardi and P Tufano explores the relationship between individuals' FL, Financial Experiences, and over indebtedness.

The authors define FL as "the ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions." They argue that FL is crucial in preventing over indebtedness, which occurs when individuals are unable to meet their debt obligations.

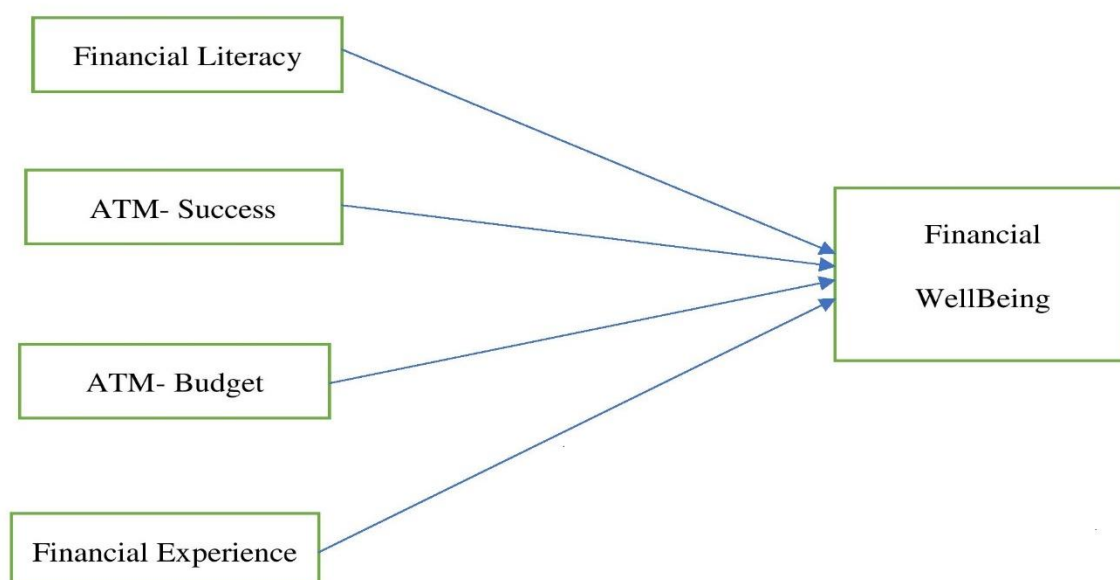
Using data from a survey conducted in three countries (Italy, the United States, and Chile), the authors find that FL is positively connected with making informed monetary decisions, such as choosing lower-cost financial products and avoiding payday loans. In contrast, persons with lower levels of FL are tend to make decisions that lead to over indebtedness, such as taking on high-cost debt and failing to plan for unexpected expenses.

The authors also find that individuals with more Financial Experience are less likely to be overindebted. They define Financial Experience as "the exposure to and interaction with financial institutions and products, such as savings accounts, loans, and insurance." The authors argue that Financial Experience can help individuals make

informed financial decisions as they learn about different financial products and their associated risks and benefits.

The article suggests that improving FL and increasing Financial Experience can help prevent over indebtedness. The authors recommend that policymakers and financial institutions work to improve FL through education and financial counselling, as well as by providing more accessible and transparent financial products.

**Figure 3-1 Research Model**



### **3.7.1. Financial Literacy**

“FL refers to the knowledge, skills, and understanding individuals possess about financial concepts, tools, and resources”. It encompasses the ability to make informed decisions regarding personal finances, investments, budgeting, debt management, and financial planning.

Having a strong foundation in FL is crucial in navigating the complexities of the modern financial landscape. It empowers individuals to make sound financial decisions, avoid financial pitfalls, and plan for their long-term Financial WellBeing.

FL equips individuals with the necessary tools to manage their money effectively. It helps them understand concepts such as budgeting, saving, and investing, enabling them to allocate their resources wisely. With FL, individuals can make informed choices about borrowing, using credit, and managing debt, minimizing the risks associated with financial obligations.

Moreover, FL enhances individuals' ability to plan for the future. It involves understanding concepts like retirement planning, insurance, and investment strategies. By having a solid grasp of these concepts, individuals can set realistic financial goals, develop saving habits, and work towards building wealth over time.

FL also promotes consumer awareness and protection. It enables individuals to understand financial products, services, and contracts, allowing them to compare options and make informed decisions when engaging with financial institutions. Additionally, FL helps individuals recognize and protect themselves against financial scams, fraud, and predatory practises.

Furthermore, FL has broader societal implications. When individuals are financially literate, they contribute to a more stable and resilient economy. They are less likely to experience financial distress, which can have a positive impact on their overall well-being and reduce the burden on social support systems.

To promote FL, efforts should be made to provide accessible and comprehensive “financial education.” This includes integrating FL into school curricula, offering workshops and training programmes for adults, and leveraging technology to provide

educational resources and tools. By equipping individuals with the knowledge and skills to navigate the financial landscape effectively, we can empower them to make informed decisions, improve their Financial WellBeing, and contribute to a more financially savvy society.

### **3.7.2. Attitude Towards Money-Success**

Attitude Towards Money can significantly influence an individual's pursuit of success and overall well-being. It refers to one's beliefs, feelings, and behaviours regarding money and its role in their lives. A positive Attitude Towards Money can contribute to financial success, personal fulfilment, and a sense of security.

Having a positive Attitude Towards Money involves viewing it as a tool for achieving goals, creating opportunities, and enhancing one's quality of life. It includes having a healthy relationship with money, where it is seen as a means to an end rather than an end in itself. Individuals with a positive Attitude Towards Money are more likely to adopt effective financial habits, such as budgeting, saving, and investing.

A positive Attitude Towards Money can drive individuals to set ambitious goals and work diligently towards achieving them. It instils a sense of motivation, discipline, and perseverance, as individuals understand the value of financial resources in realizing their aspirations. They are more likely to engage in productive behaviours, such as seeking out opportunities for growth, taking calculated risks, and making strategic investments.

Moreover, a positive Attitude Towards Money promotes financial confidence and resilience. Individuals with this mindset are better equipped to handle financial setbacks and navigate economic challenges. They are more likely to adopt proactive

financial strategies, such as emergency savings and risk management, which provide a safety net during times of uncertainty.

Furthermore, a positive Attitude Towards Money fosters a sense of abundance and gratitude. It encourages individuals to appreciate and make the most of the financial resources they have, rather than constantly striving for more. This mindset promotes contentment, reduces stress related to financial matters, and allows individuals to focus on other aspects of their lives, such as relationships, personal growth, and well-being.

However, it is important to strike a balance in one's Attitude Towards Money. An overly materialistic or obsessive attitude can lead to unhealthy behaviours, such as excessive spending, financial greed, and neglect of other important areas of life. It is essential to maintain a holistic perspective, recognizing that money is just one aspect of a fulfilling and meaningful existence.

In conclusion, Attitude Towards Money can significantly impact an individual's pursuit of success. A positive attitude promotes financial responsibility, motivation, resilience, and gratitude. By cultivating a healthy and balanced Attitude Towards Money, individuals can harness its potential to achieve their goals, enhance their well-being, and lead a more fulfilling life.

### **3.7.3. Attitude Towards Money-Budget**

Attitude Towards Money plays a crucial role in budgeting and financial management. It refers to an individual's beliefs, feelings, and behaviours regarding money and its allocation. A positive Attitude Towards Money can contribute to effective budgeting practises, financial discipline, and overall Financial WellBeing.

Having a positive Attitude Towards Money involves recognizing its value and importance in achieving financial goals and maintaining financial stability. It entails

viewing money as a tool for creating a secure and fulfilling life, rather than a source of stress or conflict. Individuals with a positive Attitude Towards Money are more likely to approach budgeting with a proactive and optimistic mindset.

A positive Attitude Towards Money motivates individuals to prioritize financial planning and budgeting. They understand the importance of setting financial goals, tracking expenses, and allocating resources in alignment with their priorities. These individuals are more likely to embrace budgeting as a means to gain control over their finances and make informed decisions about spending, saving, and investing.

Moreover, a positive Attitude Towards Money promotes financial discipline and responsible money management. Individuals with this mindset are more likely to adhere to their budgets, resist impulsive spending, and make conscious choices about their financial behaviours. They understand that budgeting is a tool for long-term financial security and are willing to make sacrifices in the present for future financial stability.

A positive Attitude Towards Money also fosters a sense of empowerment and confidence in financial decision-making. Individuals with this attitude are more likely to seek FK, educate themselves about personal finance, and actively seek opportunities to improve their financial situation. They are open to exploring different budgeting strategies, adapting to changing circumstances, and making adjustments to their financial plans as needed.

Furthermore, a positive Attitude Towards Money encourages individuals to view budgeting as a means of achieving financial goals and realizing their dreams. It helps them stay motivated and committed to their budgeting efforts, even in the face of

challenges or setbacks. They approach budgeting with a sense of purpose and understand that it is a powerful tool for creating the life they desire.

In conclusion, Attitude Towards Money plays a vital role in budgeting. A positive attitude fosters financial discipline, responsible money management, and a proactive approach to budgeting. By cultivating a positive Attitude Towards Money, individuals can embrace budgeting as a means to gain control over their finances, achieve their financial goals, and ultimately enhance their overall Financial WellBeing.

#### **3.7.4. Financial Experience**

Financial Experience refers to an individual's practical encounters, interactions, and exposure to financial situations and activities throughout their lives. It encompasses a range of financial transactions, decision-making processes, and circumstances that shape an individual's knowledge, skills, and attitudes towards managing money.

Financial Experience can be acquired through various means, such as earning an income, managing personal expenses, making investments, dealing with financial institutions, and navigating financial challenges. It includes experiences with budgeting, saving, borrowing, investing, and planning for the future.

The extent and nature of Financial Experience can vary among individuals. Some individuals may have extensive Financial Experience due to their occupation, entrepreneurial endeavours, or exposure to complex financial situations. Others may have limited Financial Experience, particularly if they have had limited opportunities for financial engagement or have relied on others to handle their financial affairs.

Financial Experience plays a crucial role in shaping an individual's FK, skills, and confidence. Through practical encounters, individuals gain firsthand understanding of

financial concepts, learn from successes and mistakes, and develop the ability to navigate financial decisions effectively.

Moreover, Financial Experience contributes to the development of financial habits and behaviours. Individuals with positive Financial Experiences are more likely to adopt responsible financial practises, such as budgeting, saving, and investing. They learn from their experiences, adjust their financial strategies, and develop resilience in the face of financial challenges.

On the other hand, negative Financial Experiences, such as financial setbacks or difficulties, can impact an individual's financial attitudes and behaviours. These experiences can create financial stress, reduce confidence, and lead to avoidance or reactive financial behaviours.

Financial Experience also influences an individual's financial decision-making and risk tolerance. Individuals with greater Financial Experience are typically more comfortable making financial decisions, assessing risks, and evaluating investment opportunities. They are better equipped to make informed choices and adapt to changing financial circumstances.

To enhance Financial WellBeing, it is important to provide individuals with opportunities to gain diverse and meaningful Financial Experiences. “financial education”, practical learning experiences, and exposure to real-world financial situations can help individuals develop the necessary skills, knowledge, and confidence to make informed financial decisions and navigate the complexities of the financial landscape.

In conclusion, Financial Experience encompasses the practical encounters and interactions individuals have with financial matters throughout their lives. It influences



FK, skills, attitudes, and behaviours. Positive Financial Experiences contribute to responsible financial practises, while negative experiences can impact Financial WellBeing. By providing individuals with meaningful Financial Experiences and opportunities for learning, we can empower them to make informed financial decisions, develop resilience, and achieve greater financial security.

### **3.7.5. Financial Wellbeing**

Financial WellBeing refers to an individual's overall financial health and satisfaction with their financial circumstances. It goes beyond mere monetary wealth and encompasses various aspects of financial stability, security, and satisfaction.

Financial WellBeing is characterized by a sense of control and confidence over one's financial situation. It involves having the financial resources to meet current and future needs, manage financial obligations, and pursue personal and financial goals. It also includes the ability to handle unexpected expenses, cope with financial setbacks, and maintain a balanced approach to financial decision-making.

One key aspect of Financial WellBeing is financial security. This refers to the level of protection and resilience an individual has against financial risks and uncertainties. It involves having adequate savings, insurance coverage, and emergency funds to handle unforeseen circumstances, such as job loss, illness, or major expenses.

Another important component of Financial WellBeing is financial freedom. This entails having the ability to make choices and pursue opportunities based on personal values and aspirations, rather than being limited by financial constraints. It includes the capacity to enjoy a comfortable lifestyle, engage in leisure activities, support loved ones, and invest in personal growth and development.

Financial WellBeing is also closely tied to financial satisfaction and peace of mind. It involves feeling content and fulfilled with one's financial situation and being able to strike a balance between current enjoyment and future financial goals. It encompasses having a positive relationship with money, managing financial stress effectively, and maintaining a sense of financial harmony within oneself and with others.

Achieving Financial WellBeing requires a combination of FL, responsible financial behaviour, and access to opportunities for financial growth and empowerment. It involves adopting healthy financial habits, such as budgeting, saving, and investing, and seeking knowledge and guidance to make informed financial decisions.

Moreover, Financial WellBeing is influenced by individual values, attitudes, and personal circumstances. It is a subjective experience that can vary among individuals based on their financial goals, priorities, and cultural perspectives.

In conclusion, Financial WellBeing encompasses various aspects of financial stability, security, and satisfaction. It involves having control over one's financial situation, feeling secure against financial risks, enjoying financial freedom, and experiencing satisfaction and peace of mind. Achieving Financial WellBeing requires a combination of FL, responsible financial behaviour, and access to opportunities for growth and empowerment. By nurturing Financial WellBeing, individuals can enhance their overall quality of life, reduce financial stress, and confidently pursue their goals and aspirations.

### **3.8. Operational Definitions**

Overall, an operational definition serves as a crucial tool, it defines and quantify abstract concepts in a clear, systematic, and measurable manner. It provides a foundation for conducting rigorous and valid research, ensuring that data collected is

reliable and can be analysed effectively to answer research questions and contribute to the existing body of knowledge.

**Table 3.1: Operational Definitions**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Literacy             | FL defined as the level of knowledge, understanding, and competence individuals possess in managing personal finances and making informed financial decisions. It is measured by assessing an individual's proficiency in FK, skills, behaviours, decision-making, and confidence related to personal finance.                                                                                                                                                          |
| Attitude Towards Money-Success | Attitude Towards Money - Success defined as an individual's belief system, emotions, and behaviours related to the association between money and achieving success in life. It is measured by evaluating the extent to which individuals perceive monetary wealth as a significant determinant of personal success and the corresponding attitudes and behaviours they exhibit in pursuit of financial success.                                                         |
| Attitude Towards Money-Budget  | Attitude Towards Money - Budget defined as an individual's beliefs, emotions, and behaviours related to the importance and management of a budget in personal financial decision-making. It is measured by assessing the extent to which individuals recognize the value of budgeting, perceive it as a necessary tool for financial control and planning, and exhibit corresponding attitudes and behaviours towards creating, implementing, and adhering to a budget. |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Experience         | <p>Financial Experience defined as the accumulation of an individual's practical encounters, interactions, and exposure to various financial situations and activities throughout their life. It is measured by assessing the breadth and depth of an individual's engagement in financial transactions, decision-making processes, and circumstances that contribute to their knowledge, skills, and attitudes towards managing money. Financial Experience includes experiences with earning income, managing personal expenses, making investments, dealing with financial institutions, and encountering financial challenges. It encompasses the range of financial activities individuals have engaged in and the level of complexity and diversity of those experiences.</p>                                         |
| Financial Wellbeing-Security | <p>Financial WellBeing - Security defined as the level of protection and resilience an individual experiences in relation to their financial situation. It is measured by assessing the extent to which individuals have the resources, strategies, and capabilities to handle financial risks, emergencies, and unforeseen circumstances. Financial WellBeing - Security encompasses factors such as having sufficient savings, insurance coverage, and emergency funds to address unexpected expenses, job loss, or other financial setbacks. It also includes the individual's perception of their financial stability and confidence in their ability to meet financial obligations and maintain a sense of security and peace of mind. The operational definition of Financial WellBeing - Security focuses on the</p> |

|  |                                                                                                                                            |
|--|--------------------------------------------------------------------------------------------------------------------------------------------|
|  | tangible and psychological aspects of financial security and the individual's capacity to withstand and recover from financial challenges. |
|--|--------------------------------------------------------------------------------------------------------------------------------------------|

### 3.9. Research Hypotheses

Research hypotheses are specific statements or predictions that the researcher makes about the relationships between variables in the study. These hypotheses are based on the existing literature and the researcher's theoretical framework. The researcher presents the research hypotheses to guide the data analysis and to test the research objectives.

H1: There is a positive effect of Financial Literacy on borrowers' Financial WellBeing.

H2: There is a positive effect of Financial Literacy on borrowers' Financial Experience.

H3: There is a positive effect of Financial Literacy on borrower's Attitude Towards Money

H4: There is a positive effect of Financial Experience on Financial WellBeing.

H5: There is a positive effect of Attitude Towards Money on Financial WellBeing.

H6: Financial Experience mediates between Financial Literacy and Financial WellBeing.

H7: Attitude Towards Money mediates between Financial Literacy and Financial WellBeing.

H8: There is a significant association between Financial Literacy and Financial Experience with income level.

## **CHAPTER – 4**

### **RESEARCH METHODOLOGY**

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#### **4.1. Outline of the Chapter**

Research methodology defines a detailed course of action implemented by a researcher to investigate a research problem, that is a systematic and scientific approach adopted by a researcher to attain a research objective and to solve the research problem. The research methodology provides detailed information about the approach adapted for the research study. Like the population of the study, data collection methods, and statistical methods and tools used for the testing of the research hypothesis.

The main objective of the study is to investigate the factors that are influencing the financial wellbeing of urban home loan borrowers. This chapter presents a detailed procedure adapted for questionnaire design, target population, recruitment of sample, the requirement of sample size, sampling method for data gathering, statistical methods used for data analysis, and software employed for data analysis.

#### **4.2. Research Design**

A research design is a framework or plan that outlines the approach to be used in a research study, including the type of data to be collected, the methods of data collection and analysis, and the overall structure of the study. The research design guides the researcher in collecting and analysing data to answer research questions or test

hypotheses. It helps to ensure that the study is conducted in a rigorous and systematic manner and that the findings are valid and reliable. This study is a cross-sectional exploratory and descriptive research. A cross-sectional study design involves collecting data at one specific point in time to assess a particular phenomenon or research question. In this case, the data for the study would be collected at a single point in time to evaluate the research hypothesis. An exploratory research design is often used when a research problem is not well-defined or when the researcher is seeking to gain a better understanding of a particular phenomenon. This type of design is often used in the initial stages of research and can help to identify potential factors that may be contributing to the problem statement. The objective of this research is to examine the determining factors of FWB among urban home loan borrowers, which involves examining the direction and type of relationships among variables, including both measurement and manifest variables. Hence, this study is an exploratory research design, as the objective is to gain a deeper understanding of the factors that contribute to financial wellbeing among urban home loan borrowers. The study is exploratory in nature because it aims to explore this topic in a relatively new context, and there was limited prior research on this specific population. Further, this study describes the different demographical characteristics of the sampling respondents and their FL level.

### **4.3. Questionnaire Design**

The scales used in the study were adapted from previously validated scales. The questionnaire has been segregated into five sections. The first section was designed for knowing the Socio-demographic profile of the respondents, the second section was designed for knowing the level of experience with respect to each of the financial products or services. The third section was designed for knowing the level of agreement with the statements of respondents' financial wellbeing. The fourth section

was designed for knowing the level of agreement with the statements of respondents' Attitude Towards Money. The last section was designed for knowing the knowledge level of respondents' FL.

The questionnaire was designed with 22 statements to capture five variables of the research model. Financial Experience is measured with 4 financial products and services. Financial Experience scale was adopted from Li, Y et al. (2015). Financial Experience is measured on 6 points Likert scale. The response options included 1(never heard of it) 2(heard of it, but not sure what it is), 3( have some idea of what it is but no actual Experience),4 (have some idea of what it is and indirect Experience (e.g., Through family or friends)), 5(have personal Experience with it) and 6(Have a lot of personal experience with it).To measure Financial WellBeing, we used a scale from Camilla stomach et al 2017., Financial wellbeing has to measure perceived security in one's current and future financial situation. Financial WellBeing is measured on a 5 points Likert scale (1 strongly disagree to 5 strongly agree) by using three statements. The respondents were asked to indicate their level of agreement with the statements presented. High financial anxiety leads to low Financial WellBeing vice versa, and high financial security leads to high Financial WellBeing. For measuring money attitude, the study used Money Ethic Scale (Li-Ping Tang, 1995) to measure feelings and experiences of respondents using a five-point Likert scale. Two variables were taken from this measurement: money attitude success, and money attitude budget. The money attitude success variable has 8 indicators, the money attitude budget variable has 2 indicators and the money attitude evil variable has 2 indicators. A total of 12 indicators were used to measure the level of respondents' money attitude. FL was measured by using five questions by adopting the scale from top-cited researchers of the Financial Literacy domain (Lusardi & Mitchell, 2011). Respondents



were provided with the options of “Correct” and “wrong” for every question. The ‘Correct’ answer was labelled as ‘1’ and otherwise ‘0’. From these five indicators, a sum score for measuring FL was attained based on the total number of correct responses given by the target population. The scales were adapted to be more relevant to the specific context of the study. The questionnaire was designed to collect data on the participants' Knowledge, experience, attitudes, beliefs, and behaviours related to the topic of interest. The questions were designed to be as clear and concise as possible, while still providing enough detail to capture the necessary information. The questionnaire was also designed to be easy to understand and complete. Finally, the English language was used to design the questionnaire.

#### **4.4. Target Population for the Study**

Bryman (2016) describes the research population as "the group of individuals or objects that the researcher wants to make inferences about based on the data collected." He emphasizes the importance of defining the population clearly and accurately to ensure that the results of the study are valid and meaningful. A research population is the group of individuals or objects that the researcher wants to study and draw conclusions about. It is the entire set of individuals, objects, or events that meet the criteria for inclusion in a particular research study. The population of a study may vary depending on the nature and scope of the research, but it should always be well-defined and specific. This study investigates the state of Telangana. The target post study's target population loan borrowers residing in municipal corporations in Telangana.

#### **4.5. Important Metrics of Telangana Municipal corporations:**

Telangana state has 13 municipal corporations. According to the Socio-economic outlook report, Telangana's urban population was around 1.05 crore in 2019-20, which

constituted about 29.1% of the state's total population. The state has a high urbanization rate, with an annual growth rate of 2.82% between 2001 and 2011. The report also noted that the state's urbanization level is projected to reach 45.29% by 2031. According to the State Level Bankers' Committee (SLBC) report for Telangana as of September 2020, the outstanding priority sector housing loans in the state were Rs. 1,21,868 crores, with a total number of 16,54,846 accounts.



Figure 4-1 Telangana Geographical image

Telangana was formed as the 29th State of India, Telangana came into being on the 2nd of June, 2014. The State has an area of 1,12,077 sq. Km. and has a population of 3,50,03,674 (2011 Census). Telangana is surrounded by Maharashtra and Chhattisgarh in the North, Karnataka in the West and Andhra Pradesh in the South and East directions. Major cities of the State include Hyderabad, Warangal, Nizamabad, Nalgonda, Khammam and Karimnagar.

As of 2021, the estimated population of Telangana is around 39.6 million people; the urban population of Telangana is around 45%, while the rural population is around 55 %.

#### **4.6. Sampling Method**

In this study, both convenience sampling and snowball sampling methods were employed as non-probability sampling techniques to recruit potential participants and achieve the research objectives. Convenience sampling involves selecting participants based on their availability and accessibility, making it suitable when reaching a representative sample is challenging. This method allows the researcher to choose participants who are most convenient or readily available to participate in the study.

On the other hand, snowball sampling is a technique where participants are recruited through referrals from existing participants. This method is often used when the target population is difficult to reach, and participants may not be easily identifiable. Snowball sampling relies on the existing social networks of participants to expand the sample size and reach individuals who may not have been initially accessible.

The use of both convenience and snowball sampling methods suggests that the study may have had an exploratory nature, focusing on gaining insights from a specific group or community. In this case, the researcher focused on home loan borrowers in Telangana. Therefore, utilizing these techniques for data collection is appropriate as it allows for flexibility in participant selection and enables access to a diverse range of individuals within the target population.

#### **4.7. Sample Size:**

In this study, the PLS-SEM (Partial Least Squares Structural Equation Modelling) method is employed to investigate the hypothetical relationships among the variables.

The determination of an appropriate sample size for conducting SEM statistical analysis is crucial. Hair et al. (2014) extensively discussed the required sample size for SEM and recommended a minimum of 15 sample respondents for each measurement variable. Consequently, a minimum sample size of 330 (15 samples x 22 measurement variables) was suggested to ensure reliable results for the analysis.

To meet the minimum required sample size, a total of 502 respondents were included in the study. This sample size exceeds the minimum threshold, ensuring a sufficient number of observations for statistical analysis. By surpassing the minimum requirement, the study aims to enhance the reliability and validity of the results obtained from the PLS-SEM analysis.

A larger sample size provides several advantages. Firstly, it increases the statistical power of the analysis, enabling more accurate detection of relationships and effects among variables. This improves the robustness of the findings and enhances the generalizability of the results to the target population.

Secondly, a larger sample size reduces the risk of Type II errors, which occur when a true relationship or effect is not detected due to insufficient sample representation. By including a substantial number of respondents, the study minimizes the likelihood of overlooking important relationships and increases the chances of capturing meaningful patterns in the data.

Furthermore, a larger sample size can improve the precision and stability of the estimated parameters in the SEM model. It provides a more reliable estimation of the population parameters, reducing the potential for sampling errors or biases that may occur in smaller samples.

#### **4.8. Statistical Methods and Software:**

Structural Equation Modelling is a proper statistical technique for analysing complex relationships between variables, and it can provide valuable insights into the measurement properties of a scale and the relationships between latent variables. There are two main types of SEM models: covariance-based SEM (CB-SEM) and Partial Least Squares SEM (PLS-SEM). In CB-SEM, the focus is on the covariances between variables, while in PLS-SEM, the focus is on the relationships between latent variables and observed variables.

In PLS-SEM, the focus is on identifying the relationships between latent variables (which are not directly observable) and observed variables (which can be measured). PLS-SEM involves two key components: measurement model evaluation and the structural model. One of the key advantages of PLS-SEM is that it can handle complex models with many variables and relatively small sample sizes. It can also be used for both exploratory and confirmatory purposes. PLS-SEM is often used in social sciences, management, and marketing research, among other fields, to test complex models with multiple constructs and variables.

Hair et, al. (2016). Suggested that PLS-SEM can be used if the study is aiming following objectives.

- Developing and testing theoretical models: PLS-SEM can be used to test theoretical models by examining the relationships between observed and latent variables.
- Predictive modelling: PLS-SEM can be used to develop predictive models that can be used to forecast future outcomes based on the relationships between variables.

- Construct validation: PLS-SEM is applicable to establish the validity of measurement instruments by examining the “relationships between observed variables and their corresponding latent constructs”.
- Identifying important variables: PLS-SEM can be used to identify which variables are most important for explaining the relationships between unobserved and observed variables.

SmartPLS 4.0.9.0 was used for the data analysis. SmartPLS 4.0.9.0 is a software tool used for partial least squares structural equation modelling (PLS-SEM) analysis. The software is designed to make it easy to conduct PLS-SEM analysis with a user-friendly interface and advanced statistical features. SmartPLS 4.0.9.0 is commonly used in academic research and in business settings for data analysis and decision-making. It can be used to model complex relationships between variables, test hypotheses, and identify important predictors of outcomes.

In addition to SmartPLS (version 4.0.9.0), JAMOVİ (version 2.2.5) was used for the assessment of descriptive statistics and common method bias.





## CHAPTER – 5

### DATA ANALYSIS AND RESULTS

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#### 5.1. Outline of the Chapter

This chapter describes the procedure and statistical methods used to analyze the data collected from urban home loan borrowers from 13 municipal corporations in Telangana state to explore and understand the determining factors of Financial WellBeing. For the data collection, a questionnaire was designed in four sections. The first section describes the socio-economic profiles of the respondents. The second section describes the respondents' Financial Experience with different financial products and services. The third section describes the respondents' level of agreement on Attitude Towards Money and Financial WellBeing. The fourth section of the questionnaire was designed to capture the Financial Literacy level of the respondents. PLS-SEM statistical method was used for the data analysis of the fourth section in a two-step procedure.

#### 5.2. Demographics of respondents

The demographical profiles of the respondents were listed in Table 5.1. The participants of the study portrayed that males were 66.3 percent and females were 33.7 percent. The frequency statistics of gender represent that most of the home loan borrowers were male in urban areas.

- The frequency statistics of age represent that most of the home loan borrowers were aged between 26 to 55 years representing almost 88 percent; aged between 18 -25 represented 5.2 percent, aged between 26 – 35 represented 24.3

percent, aged between 36 – 45 represented 39 percent, aged between 46 and 55 represented 24.9, and aged above 56 represented 6.6 percentage. The middle age group in urban areas were having a high frequency of home loan borrowers.

- The educational levels of the respondents were either bachelor's degree or master's degree and above. 35.3 percent of the respondents were having bachelor's degree and 54 percent were master's degree and above. Those respondents who have school education represent a mere 0.6 percent, high school or intermediate education represents 3.2 percent, and diploma educational qualifications represent 7.0 percent. From the education levels of the respondents, it can draw that education level plays an important role in availing home loans from banks.
- The occupation of the respondents was classified into four main categories depending upon the engagement of job. Respondents of the study belong to the government job representing 28.1 percent, the private job category representing 32.5 percent, the self-employed category representing 35.1 percent, and the others category representing 4.4 percent. In urban home loan borrowers, most people were representing private employees and self-employed.
- The annual income levels of the respondents were also classified into 6 groups. The respondents below 2,50,000 represent 3.8 percent, income between 2,50,001 – to 5,00,000 represent 4.4 percent, income between 5,00,001 – 7,50,000 represent 4.2 percent, income between 7,50,001 – 10,00,000 represent 14.9 percent, income between 10,00,001 – 15,00,000 represent 37.5, and income above 15.00,000 represent 35.3 percent. From the income levels of the

respondents, it can be understood that people who have high incomes would use a home loan for buying a house.

- Socio-demographic outcomes show that most of the respondents age is between 36 to 45 years (about 39%), male (about 66.3%), married (about 83.3%) education is master's degree and above (54%), self-employed (35.1%) and income level between Rs. 10,00,000 to 15,00,000(37.5%), which approves the natural features of the respondents. The particulars of the home loan borrowers are given in **Error! Reference source not found.**

**Table 5-1Home loan borrowers' profile**

| <b>Variables</b>       | <b>Frequency</b>            | <b>No(N=502)</b> | <b>(%)</b> |
|------------------------|-----------------------------|------------------|------------|
| <b>Age (years)</b>     |                             |                  |            |
|                        | 18 to 25                    | 26               | 5.2        |
|                        | 26 to 35                    | 122              | 24.3       |
|                        | 36 to 45                    | 196              | 39.0       |
|                        | 46 to 55                    | 125              | 24.9       |
|                        | 56 and above                | 33               | 6.6        |
| <b>Gender</b>          |                             |                  |            |
|                        | Female                      | 169              | 33.7       |
|                        | Male                        | 333              | 66.3       |
| <b>Marital status</b>  |                             |                  |            |
|                        | Married                     | 418              | 83.3       |
|                        | Single                      | 84               | 16.7       |
| <b>Education Level</b> |                             |                  |            |
|                        | Less than high school       | 3                | 0.6        |
|                        | High school or intermediate | 16               | 3.2        |
|                        | Bachelor degree             | 177              | 35.3       |
|                        | Master's degree and above   | 271              | 54.0       |

|                            |                        |     |      |
|----------------------------|------------------------|-----|------|
|                            | Diploma                | 35  | 7.0  |
| <b>Occupation</b>          |                        |     |      |
|                            | Government employee    | 141 | 28.1 |
|                            | Private employee       | 163 | 32.5 |
|                            | Self-employed          | 176 | 35.1 |
|                            | Others                 | 22  | 4.4  |
| <b>Annual income (Rs.)</b> |                        |     |      |
|                            | Below 2,50,000         | 19  | 3.8  |
|                            | 2,50,001 to 5,00,000   | 22  | 4.4  |
|                            | 5,00,001 to 7,50,000   | 21  | 4.2  |
|                            | 7,50,001 to 10,00,000  | 75  | 14.9 |
|                            | 10,00,001 to 15,00,000 | 188 | 37.5 |
|                            | Above 15,00,000        | 177 | 35.3 |
|                            |                        |     |      |

*Source: Calculated by Author*

**Table 5-2 Normality test**

|                        |     |       |        |       | Skewness |       | Kurtosis |       |
|------------------------|-----|-------|--------|-------|----------|-------|----------|-------|
| Constructs             | N   | Mean  | Median | SD    | Skewness | SE    | Kurtosis | SE    |
| Income Level           | 502 | 4.837 | 5      | 1.283 | -1.395   | 0.109 | 1.561    | 0.218 |
| Financial Literacy     | 502 | 0.638 | 0.6    | 0.264 | -0.565   | 0.109 | -0.31    | 0.218 |
| Financial Wellbeing    | 502 | 3.767 | 4      | 0.85  | -1.069   | 0.109 | 0.458    | 0.218 |
| Financial Experience   | 502 | 5.432 | 5.75   | 0.683 | -2.063   | 0.109 | 6.183    | 0.218 |
| Attitude towards money | 502 | 3.861 | 4.1    | 0.726 | -1.481   | 0.109 | 1.588    | 0.218 |

- Acceptable values of skewness fall between  $-3$  and  $+3$ , and kurtosis is appropriate from a range of  $-10$  to  $+10$  when utilizing SEM (Brown, 2006).
- It is observed that all constructs are satisfying the normal distribution criterion. Hence, the data was used for further analysis.

### **5.3. Correlation Between Latent Constructs**

Correlation refers to the extent to which two variables move together in a systematic way. It quantifies the strength and direction of the relationship between variables. Correlation coefficients range from  $-1$  to  $+1$ . A positive correlation indicates that as one variable increases, the other variable also tends to increase. Conversely, a negative correlation means that as one variable increases, the other variable tends to decrease.

When studying the correlation between latent constructs, researchers typically use techniques such as structural equation modelling (SEM) or factor analysis. These methods allow them to assess the relationships between latent constructs based on their observed indicators.

In SEM, researchers specify a theoretical model that represents the relationships between latent constructs and their indicators. The model is tested using statistical techniques to estimate the strength of the associations between the latent constructs. Correlation coefficients, often represented as path coefficients in SEM, indicate the extent to which the latent constructs are related.

Factor analysis, on the other hand, is a dimension reduction technique that aims to identify underlying latent constructs from a set of observed variables. By examining the pattern of correlations among the observed variables, factor analysis can determine the number and nature of the latent constructs.

**Table 5-3 Correlation between latent constructs**

| <b>Constructs</b>                         | <b>Annual Income</b> | <b>Attitude Towards Money</b> | <b>Financial Experience</b> | <b>Financial Literacy</b> | <b>Financial Wellbeing</b> | <b>Annual Income x Financial Literacy</b> |
|-------------------------------------------|----------------------|-------------------------------|-----------------------------|---------------------------|----------------------------|-------------------------------------------|
| <b>Annual Income</b>                      | 1.000                | -0.053                        | -0.383                      | -0.237                    | -0.104                     | -0.260                                    |
| <b>Attitude Towards Money</b>             | -0.053               | 1.000                         | 0.299                       | 0.485                     | 0.623                      | -0.076                                    |
| <b>Financial Experience</b>               | -0.383               | 0.299                         | 1.000                       | 0.405                     | 0.344                      | 0.317                                     |
| <b>Financial Literacy</b>                 | -0.237               | 0.485                         | 0.405                       | 1.000                     | 0.488                      | 0.126                                     |
| <b>Financial Wellbeing</b>                | -0.104               | 0.623                         | 0.344                       | 0.488                     | 1.000                      | 0.000                                     |
| <b>Annual Income x Financial Literacy</b> | -0.260               | -0.076                        | 0.317                       | 0.126                     | 0.000                      | 1.000                                     |

**Interpretation:**

Annual Income: Annual Income has a negative correlation with FL (-0.237) and Financial Wellbeing (-0.104).

It has a weak negative correlation with Attitude Towards Money (-0.053), Financial Experience (-0.383), and Annual Income x FL (-0.260).

Attitude Towards Money: Attitude Towards Money has a positive correlation with Financial Experience (0.299), FL (0.485), Financial Wellbeing (0.623), and Annual Income x FL (-0.076).

It has a weak negative correlation with Annual Income (-0.053).

Financial Experience: Financial Experience has a positive correlation with FL (0.405) and Financial Wellbeing (0.344).

It has a weak negative correlation with Annual Income (-0.383) and Annual Income x FL (0.317).

Financial Literacy: FL has a positive correlation with Financial Experience (0.405), Attitude Towards Money (0.485), and Annual Income x FL (0.126).

It has a weak negative correlation with Annual Income (-0.237) and Financial Wellbeing (0.488).

Financial Wellbeing: Financial Wellbeing has a positive correlation with Attitude Towards Money (0.623), Financial Experience (0.344), and FL (0.488).

It has no correlation with Annual Income (-0.104) and Annual Income x FL (0.000).

Annual Income x FL: Annual Income x FL has a weak positive correlation with Financial Experience (0.317) and FL (0.126).

It has no correlation with Annual Income (-0.260) and Attitude Towards Money (-0.076).

These correlations provide insights into the relationships between the latent constructs. For example, Financial Wellbeing is positively associated with Attitude Towards Money, Financial Experience, and FL. On the other hand, Annual Income shows negative associations with FL and Financial Wellbeing. However, it's important to note that correlation does not imply causation, and further analysis is needed to understand the underlying factors influencing these relationships.

#### **5.4. Common Method Bias (CMB)**

The Common method bias can be caused by different groups responding differently to the same questions or scales, leading to inaccurate results (Podsakoff & Organ, 1986). Another source of bias is the researcher's own expectations or preconceptions about the data. This could lead to a researcher interpreting the data in a way inconsistent with the actual results. (MacKenzie & Podsakoff, 2012) (Spector, 2006).

CMB can also be caused by using a single instrument to measure multiple constructs, which can lead to a lack of clarity in the meaning of the items and responses. Additionally, CMB can be caused by using multiple instruments that measure similar constructs, which can lead to confusion in the interpretation of the results. Finally, CMB can be caused by using multiple instruments that measure different constructs but are administered similarly, which can lead to a lack of clarity in the meaning of the items and responses. (Edwards, 2008). We used different anchors of constructs while collecting the data from respondents.

- Common method bias can be caused by different groups, responding differently to the same questions or scales, leading to inaccurate results (Podsakoff & Organ, 1986). Another source of bias is the researcher's expectations or preconceptions about the data. This could lead to a researcher interpreting the data in a way inconsistent with the actual results (MacKenzie & Podsakoff, 2012; Spector, 2006).



**Table 5-4 Inner Model VIF Values using Random Variable method**

| <b>Constructs</b>      | <b>Random Variable</b> |
|------------------------|------------------------|
| Attitude Towards Money | 1.686                  |
| Financial Experience   | 1.256                  |
| Financial Literacy     | 1.507                  |
| Financial Wellbeing    | 1.731                  |
| Income Level           | 1.091                  |

**Table 5-5 Outer Model VIF Values using Random Variable Method**

| <b>Indicator</b> | <b>VIF</b> |
|------------------|------------|
| Income Level     | 1.000      |
| ATM1             | 1.915      |
| ATM10            | 1.589      |
| ATM2             | 1.966      |
| ATM3             | 2.186      |
| ATM4             | 1.910      |
| ATM5             | 1.943      |
| ATM6             | 1.848      |
| ATM7             | 2.039      |
| ATM8             | 2.007      |
| ATM9             | 1.691      |
| FE1              | 1.308      |
| FE2              | 1.411      |
| FE3              | 1.459      |
| FE4              | 1.341      |
| FWB1             | 1.232      |
| FWB2             | 1.689      |
| FWB3             | 1.637      |
| Random           | 1.000      |
| SFL              | 1.000      |

- To mitigate the CMB
  - Used different anchors of constructs while collecting the data from respondents.
  - The different scales were also adopted.
  - The Research instrument was pre-tested with two academicians in the field and six respondents.
- Report a full collinearity measure by reporting that all inner and Outer VIF values are less than 3.3(Kock & Lynn, 2012) (Kock, 2015).
- Hence the model is free from CMB.

### **5.5. PLS algorithm results with Factor Loadings and AVE**

Factor Loadings and Average Variance Extracted (AVE) are important outputs of the Partial Least Squares (PLS) algorithm, which is commonly used in structural equation modelling. These results provide information about the strength and reliability of the relationships between the unobserved variables and their observed variables.

Factor Loadings represent the strength of the relationship between each indicator and its corresponding latent construct. Higher factor loadings indicate a stronger association between the indicator and the construct. These loadings can range from -1 to 1, where values closer to 1 indicate a stronger relationship.

AVE is a measure of the amount of variance captured by the latent construct through its indicators. It assesses the convergent validity of the construct. AVE values range from 0 to 1, with higher values indicating a greater amount of variance explained by the construct.

Interpreting these results, higher factor loadings suggest that the indicators are good representations of their respective constructs. AVE values above 0.5 are generally

considered acceptable, indicating that the construct explains a substantial amount of variance in its indicators.

Overall, the factor loadings and AVE results provide insights into the reliability and validity of the PLS model, helping researchers evaluate the relationships between constructs and their corresponding indicators.

**Figure 5-1 Factor Loading and AVE ( From author collected data)**

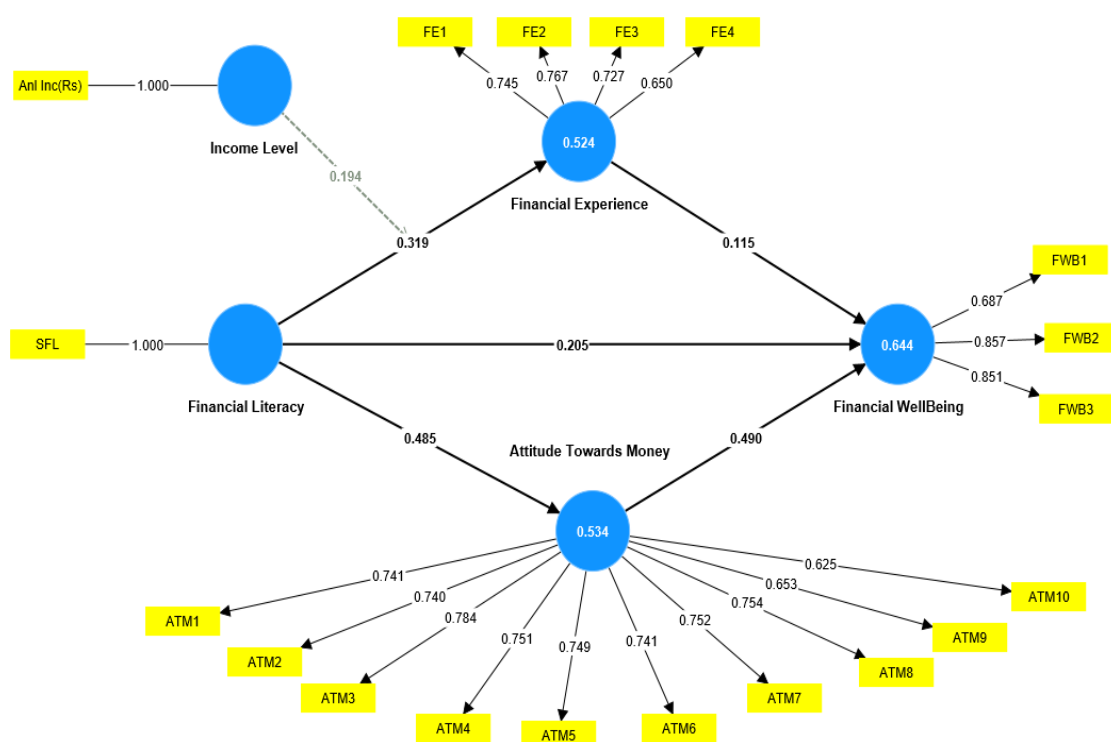


**Table 5-6 Factor Loadings and AVE**

| <b>Constructs</b>             | <b>Items</b> | <b>Financial Experience</b> | <b>Financial Wellbeing</b> | <b>Attitude Towards Money</b> | <b>Average Variance Extracted (AVE)</b> |
|-------------------------------|--------------|-----------------------------|----------------------------|-------------------------------|-----------------------------------------|
| <b>Financial Experience</b>   | FE1          | 0.745                       |                            |                               | 0.534                                   |
|                               | FE2          | 0.767                       |                            |                               |                                         |
|                               | FE3          | 0.727                       |                            |                               |                                         |
|                               | FE4          | 0.650                       |                            |                               |                                         |
| <b>Financial Wellbeing</b>    | FWB1         |                             | 0.687                      |                               | 0.524                                   |
|                               | FWB2         |                             | 0.857                      |                               |                                         |
|                               | FWB3         |                             | 0.851                      |                               |                                         |
| <b>Attitude Towards Money</b> | ATM1         |                             |                            | 0.741                         | 0.644                                   |
|                               | ATM2         |                             |                            | 0.740                         |                                         |
|                               | ATM3         |                             |                            | 0.784                         |                                         |
|                               | ATM4         |                             |                            | 0.751                         |                                         |
|                               | ATM5         |                             |                            | 0.749                         |                                         |
|                               | ATM6         |                             |                            | 0.741                         |                                         |
|                               | ATM7         |                             |                            | 0.752                         |                                         |
|                               | ATM8         |                             |                            | 0.754                         |                                         |
|                               | ATM9         |                             |                            | 0.625                         |                                         |
|                               | ATM10        |                             |                            | 0.653                         |                                         |

**Interpretation:**

Based on the provided data, the factor loadings and average AVE values of the constructs can be interpreted as follows:

➤ **Financial Experience:**

- FE1: The factor loading is 0.745, indicating a strong relationship between the item and the Financial Experience construct.
- FE2: The factor loading is 0.767, demonstrating a close association between the item and the Financial Experience construct.
- FE3: The factor loading is 0.727, demonstrating a close association between the item and the Financial Experience construct.
- FE4: The factor loading is 0.650, demonstrating a close association between the item and the Financial Experience construct.
- The AVE for the Financial Experience construct is 0.534, suggesting that approximately 53.4% of the change in its indicators is described by the construct.

➤ **Financial Wellbeing:**

- FWB1: The factor loading is 0.687, demonstrating a moderate association between the item and the Financial Wellbeing construct.
- FWB2: The factor loading is 0.857, demonstrating a strong association between the item and the Financial Wellbeing construct.
- FWB3: The factor loading is 0.851, indicating a strong relationship between the item and the Financial Wellbeing construct.

➤ The AVE for the Financial Wellbeing construct is 0.524, indicating the construct explains approximately 52.4% of the variance in its indicators.

➤ **Attitude Towards Money:**

- ATM1: The factor loading is 0.741, representing a strong association between the item and the Attitude Towards Money construct.

- ATM2 to ATM10: The factor loadings range from 0.740 to 0.784, representing strong association between the items and the Attitude Towards Money construct.
- The AVE for the Attitude Towards Money construct is 0.644, suggesting the construct explains approximately 62.4% of the variance in its indicators..
- These results indicate that the indicators generally have strong to moderate relationships with their respective constructs, and the constructs explain a substantial amount of variance in their indicators.

## **5.6. Model Assessment Procedure**

The Model Assessment Procedure introduced by Hair et al. in 2017a is a methodology used to evaluate the performance and validity of a statistical model. This procedure involves several steps to ensure the accuracy and reliability of the model's results. The Model Assessment Procedure by Hair et al. provides a systematic framework for developing and evaluating statistical models, ensuring that they are robust, reliable, and appropriate for the research objectives at hand.

## **5.7. Evaluation of the Measurement Model**

### **5.7.1. Reflective Measurement Model**

A reflective measurement model is a statistical model used to assess the measurement properties of a set of observed variables in relation to an underlying latent construct or concept. It is commonly employed in fields such as psychology, sociology, and marketing research.

In a reflective measurement model, the observed variables are considered to be indicators of the latent construct. The construct is assumed to cause or determine the

observed variables. This means that changes or variations in the latent construct are expected to be reflected in the observed variables.

The reflective measurement model assumes that the observed variables are highly correlated with each other, as they are all indicators of the same latent construct. Additionally, it is assumed that any measurement error is random and does not systematically bias the relationships between the measured variables and the unobserved variable.

To analyze the measurement properties of a reflective measurement model, several statistical techniques can be employed. These include Confirmatory Factor Analysis (CFA) and SEM. These techniques allow researchers to estimate the relationships between the latent construct and the observed variables, and evaluate the goodness-of-fit of the model.

In a well-fitting reflective measurement model, the observed variables should have high factor loadings on the latent construct, indicating a strong relationship between them. Additionally, the model should have good overall fit indices, such as “the chi-square test, Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR)”.

### **5.7.2. Internal Consistency & Reliability**

Internal consistency and reliability are important concepts in the field of measurement and psychometrics. They refer to the extent to which a measurement instrument, such as a questionnaire or a test, consistently and reliably measures a particular construct or attribute.

Internal consistency refers to the degree of interrelatedness among the items or components of a measurement instrument. It assesses the extent to which the items

within the instrument are measuring the same underlying construct. In other words, it measures how consistently the items are measuring what they are intended to measure. Internal consistency is typically assessed using statistical techniques such as Cronbach's alpha or the split-half method. A higher internal consistency indicates a greater degree of agreement among the items, suggesting that they are all tapping into the same construct.

Reliability, on the other hand, is a broader concept that encompasses internal consistency but also considers other sources of measurement error. It refers to the extent to which a measurement instrument produces consistent and stable results over time, across different raters, or under varying conditions. Reliability can be assessed using various statistical methods, such as test-retest reliability, inter-rater reliability, and parallel forms reliability. A reliable instrument produces consistent results, meaning that if the measurement were to be repeated, similar results would be obtained.

Both internal consistency and reliability are crucial for establishing the trustworthiness and validity of a measurement instrument. If a questionnaire or test has low internal consistency or reliability, it suggests that the items or components are not consistently measuring the same construct, or that the instrument is not producing consistent results. In such cases, the instrument may need to be revised or further refined to enhance its internal consistency and reliability.

Researchers and practitioners rely on measurement instruments with high internal consistency and reliability to ensure accurate and dependable assessments of the constructs they are studying. These concepts provide a foundation for establishing the quality and trustworthiness of measurement instruments and the data they produce.



**Table 5-7 Reliability Thresholds**

| <b>Constructs</b>             | <b>Cronbach's alpha</b> | <b>Composite reliability (rho_a)</b> | <b>Composite reliability (rho_c)</b> |
|-------------------------------|-------------------------|--------------------------------------|--------------------------------------|
| <b>Attitude Towards Money</b> | 0.902                   | 0.903                                | 0.919                                |
| <b>Financial Experience</b>   | 0.700                   | 0.711                                | 0.814                                |
| <b>Financial Wellbeing</b>    | 0.720                   | 0.743                                | 0.843                                |

- Cronbach's alpha
  - values greater than 0.60 for the early stages of the research
  - Values of at least 0.70 required
  - Values higher than 0.95 are not desirable (Nunnally,1978)
- Composite reliability rho\_c and rho\_a
  - Same rules of thumb as for Cronbach's alpha apply here.
- Results from the PLS algorithm, satisfying all the reliability thresholds.
- Cronbach's alpha can be considered the lower bound and composite reliability(rho\_c) the upper bound of the exact internal consistency and reliability.
- Rho\_a aims at approximating the true reliability and usually lies between Cronbach's alpha and rho\_c.

### **5.7.3. Indicator reliability and Convergent Validity**

#### **A Indicator reliability**

Indicator reliability, also known as item reliability or item-level reliability, is a measure used to assess the consistency and dependability of individual items or indicators within a measurement instrument. It focuses on evaluating the reliability of each specific item as a standalone measure of the underlying construct.

Indicator reliability is particularly relevant in scales or questionnaires where multiple items are used to measure a latent construct. Each item is considered an indicator of the construct and intended to capture a specific aspect or dimension.

To evaluate indicator reliability, various statistical techniques can be employed. One commonly used method is calculating the item-level reliability coefficient, such as the item-total or corrected item-total correlation. These coefficients measure the strength of the relationship between an individual item and the overall score of the measurement instrument.

In general, a higher item-level reliability coefficient indicates a stronger association between the item and the overall construct. It suggests that the item is consistently and reliably capturing the intended aspect of the construct. On the other hand, a low item-level reliability coefficient may indicate issues such as poor item wording, conceptual overlap with other items, or inconsistent measurement properties.

Assessing the indicator reliability of items within a measurement instrument is crucial for ensuring the quality and accuracy of the overall measurement. It allows researchers to identify problematic items that may need revision or removal from the instrument.

By improving the indicator reliability, the measurement instrument can provide more accurate and precise assessments of the latent construct.

It's important to note that indicator reliability is just one aspect of the overall measurement reliability. In addition to assessing the reliability of individual items, it is also important to consider the internal consistency and overall reliability of the measurement instrument as a whole. By considering both indicator reliability and the overall reliability of the instrument, researchers can gain a comprehensive understanding of the measurement quality and ensure valid and reliable interpretations of the results.

- At least 50% of each indicator's variance should be accounted for the underlying construct → outer loadings should be larger than 0.707 is reliable.
- Factor loadings of FE4 (0.650), FWB1 (0.687), ATM9 (0.625) and ATM10 (0.653) are not meeting the threshold. However, the AVE's of Financial Experience (0.534), Financial WellBeing (0.524), and Attitude Towards Money (0.644) are above the threshold of at least 0.50. so, we can consider these indicators in the model. (Hair et al.,2015)

## **B Convergent Validity**

Convergent validity is a concept used in the field of measurement and psychometrics to assess the degree to which different measures or indicators of the same construct are related or converge with each other. It is a measure of how well multiple indicators of a construct are measuring the same underlying concept.

When evaluating convergent validity, researchers examine the correlations or relationships between different measures or indicators that are designed to tap into the

same construct. The expectation is that these measures should be positively related, indicating that they are converging on the same construct.

To assess convergent validity, statistical techniques such as correlation analysis or factor analysis are commonly employed. Correlation analysis examines the strength and direction of the relationships between pairs of measures, while factor analysis explores the shared variance among multiple measures to identify underlying factors or dimensions.

High convergent validity is indicated by strong positive correlations or factor loadings between the measures. It suggests that the measures are capturing similar or related aspects of the construct, and there is consistency across different indicators. Conversely, low or weak correlations suggest that the measures may not be converging on the same construct or that there are significant differences in what they are measuring.

Convergent validity is important because it provides evidence for the construct validity of a measurement instrument. It demonstrates that the measures are coherent and collectively represent the intended construct. By establishing convergent validity, researchers can have confidence that different indicators or measures are consistently measuring the construct of interest.

It's worth noting that convergent validity should be examined in conjunction with other types of validity, such as discriminant validity and criterion validity, to establish a comprehensive picture of the measurement instrument's validity. Discriminant validity ensures that measures of different constructs are not strongly correlated, while criterion validity examines the extent to which the measures predict or relate to external criteria or outcomes.

By assessing convergent validity along with other validity evidence, researchers can ensure that their measurement instruments are reliable, valid, and capable of accurately assessing the constructs of interest.

- Validity refers to the accuracy of the measurement scales to produce desirable results.
- This can be assessed through various measures, such as average variance extracted (AVE), which represents the amount of variance in the indicators that are explained by the construct they are Intended to measure, and factor loadings, which represent the strength of the relationship between each indicator and the construct as suggested by Bagozzi & Yi (1988) and Hair et al., (2014).
- The average variance extracted is typically calculated by summing the squared loadings of all items associated with the construct and then dividing by the number of items. Each construct should account for at least 50% of the assigned indicator's variance.

**Table 5-8 Output of Indicator Reliability and Convergent Validity**

| <b>Constructs</b>           | <b>Items</b> | <b>Financial Experience</b> | <b>Financial Wellbeing</b> | <b>Attitude Towards Money</b> | <b>Average Variance Extracted (AVE)</b> |
|-----------------------------|--------------|-----------------------------|----------------------------|-------------------------------|-----------------------------------------|
| <b>Financial Experience</b> | FE1          | 0.745                       |                            |                               | 0.534                                   |
|                             | FE2          | 0.767                       |                            |                               |                                         |
|                             | FE3          | 0.727                       |                            |                               |                                         |
|                             | FE4          | 0.650                       |                            |                               |                                         |
| <b>Financial Wellbeing</b>  | FWB1         |                             | 0.687                      |                               | 0.524                                   |
|                             | FWB2         |                             | 0.857                      |                               |                                         |

|                                       |       |  |       |       |       |
|---------------------------------------|-------|--|-------|-------|-------|
|                                       | FWB3  |  | 0.851 |       |       |
| <b>Attitude<br/>Towards<br/>Money</b> | ATM1  |  |       | 0.741 | 0.644 |
|                                       | ATM2  |  |       | 0.740 |       |
|                                       | ATM3  |  |       | 0.784 |       |
|                                       | ATM4  |  |       | 0.751 |       |
|                                       | ATM5  |  |       | 0.749 |       |
|                                       | ATM6  |  |       | 0.741 |       |
|                                       | ATM7  |  |       | 0.752 |       |
|                                       | ATM8  |  |       | 0.754 |       |
|                                       | ATM9  |  |       | 0.625 |       |
|                                       | ATM10 |  |       | 0.653 |       |

### Interpretation:

Based on the information provided, the table shows the construct names, item names, and the average variance extracted (AVE) for each construct. The AVE is a measure of convergent validity, indicating the average amount of shared variance between the items and their corresponding construct.

To interpret the convergent validity, we compare the AVE values to a recommended threshold, typically around 0.5. If the AVE for a construct is above 0.5, it suggests that higher than 50% of the variance in the items is captured by the construct, suggesting good convergent validity.

In the given table, the construct "Financial Experience" has an AVE of 0.534, which is above the recommended threshold of 0.5. This suggests that the items related to Financial Experience are converging well and are measuring the construct effectively.

The construct "Financial Wellbeing" has an AVE of 0.524, also above the threshold, indicating good convergent validity for this construct as well.

The construct "Attitude Towards Money" has an AVE of 0.644, again surpassing the recommended threshold, indicating satisfactory convergent validity.

Overall, based on the provided AVE values, it can be concluded that the items within each construct exhibit good convergent validity, as their AVE values exceed the threshold of 0.5. This suggests that the items are capturing the intended constructs and are measuring them effectively.

#### **5.7.4. Discriminant validity**

Discriminant validity is a concept in measurement and psychometrics that assesses the extent to which different measures or indicators of distinct constructs are distinct or discriminate from each other. It examines whether measures designed to capture different constructs are truly measuring separate concepts and not converging or overlapping.

When evaluating discriminant validity, researchers examine the correlations or relationships between measures of different constructs. The expectation is that these measures should have weak or low correlations, indicating that they are measuring different aspects of individuals or phenomena.

To assess discriminant validity, statistical techniques such as correlation analysis or confirmatory factor analysis (CFA) are commonly used. Correlation analysis helps determine the strength and direction of the relationships between measures, while CFA examines the degree to which the data fit a model where the measures load on their respective constructs and do not cross-load on other constructs.

High discriminant validity is indicated by weak or low correlations between measures of different constructs or by low cross-loadings in a CFA. These findings suggest that

the measures are not converging or overlapping and are truly capturing distinct aspects of individuals or phenomena.

Demonstrating discriminant validity is important because it provides evidence that the measurement instrument is capable of distinguishing between different constructs and is not capturing a single underlying factor. It ensures that the measures are specific and unique to the intended constructs.

It is worth noting that discriminant validity should be evaluated alongside other types of validity evidence, such as convergent validity and criterion validity, to establish a comprehensive assessment of the measurement instrument's validity. Convergent validity ensures that measures of the same construct are strongly correlated, while criterion validity examines the extent to which the measures predict or relate to external criteria or outcomes.

By assessing discriminant validity in conjunction with other validity evidence, researchers can ensure that their measurement instruments are reliable, valid, and capable of accurately assessing distinct constructs. This ensures that the measures provide meaningful and reliable information about the different aspects being measured.

Discriminant validity can be assessed through three different statistical methods. Namely.

#### **A . Fornell-Lorker's criterion**

Fornell-Larcker's criterion is a statistical criterion used in structural equation modelling (SEM) to assess the discriminant validity of latent variables. It was proposed by David Fornell and David Larcker in 1981. The criterion evaluates whether the constructs in a SEM model are distinct from each other by examining the



correlation between the latent variables and their respective indicators. It is based on the assumption that a construct should have higher correlations with its own indicators compared to other constructs.

To apply Fornell-Larcker's criterion, researchers calculate each construct's square root of the average variance extracted (AVE). The AVE represents the amount of variance in the construct that is captured by its indicators. Then, they compare the correlations between constructs with the square roots of their respective AVEs. If the correlation between two constructs is lower than the square roots of their AVEs, it indicates that the constructs have discriminant validity. Conversely, if the correlation is higher, it suggests a lack of discriminant validity, indicating that the constructs are not distinct.

**Table 5-9.Fornell-Lorker’s criterion**

| <b>Constructs</b>             | <b>Attitude Towards Money</b> | <b>Financial Experience</b> | <b>Financial Literacy</b> | <b>Financial WellBeing</b> |
|-------------------------------|-------------------------------|-----------------------------|---------------------------|----------------------------|
| <b>Attitude Towards Money</b> | <b>0.731</b>                  |                             |                           |                            |
| <b>Financial Experience</b>   | <b>0.299</b>                  | <b>0.724</b>                |                           |                            |
| <b>Financial Literacy</b>     | <b>0.485</b>                  | <b>0.405</b>                | <b>1.000</b>              |                            |
| <b>Financial Wellbeing</b>    | <b>0.623</b>                  | <b>0.344</b>                | <b>0.488</b>              | <b>0.802</b>               |

### **Interpretation:**

To interpret the Fornell-Larcker criterion, we compare the square root of the AVE for each construct with the correlations between that construct and other constructs. If the square root of the AVE for a construct is higher than the correlations between that construct and other constructs, it suggests that the construct has discriminant validity.

Based on the table, let's evaluate the Fornell-Larcker criterion:

For the construct "Attitude Towards Money," the square root of the AVE is 0.854. The correlations between this construct and other constructs are below 0.854, indicating discriminant validity.

For the construct "Financial Experience," the square root of the AVE is 0.852. The correlations between this construct and other constructs are below 0.852, suggesting discriminant validity.

For the construct "Financial Literacy," has the square root of the AVE is 1 (the maximum value). However, the correlation between FL and Financial WellBeing is 0.488, which is higher than 1. This violates the Fornell-Larcker criterion, suggesting a lack of discriminant validity for the Financial Literacy construct.

For the construct "Financial WellBeing," the square root of the AVE is 0.895. The correlations between this construct and other constructs are below 0.895, indicating discriminant validity.

Based on the Fornell-Larcker criterion, three out of the four constructs (Attitude Towards Money, Financial Experience, and Financial WellBeing) demonstrate discriminant validity. However, the construct of FL does not meet the criterion, as it shows some overlap with Financial Well Being.

### **B . Heterotrait-Monotrait Ratio (HTMT)**

The Heterotrait-Monotrait Ratio (HTMT) is a statistical measure used to assess discriminant validity in the field of measurement and psychometrics. It provides a quantitative evaluation of the extent to which the correlation between two constructs is smaller than the correlation between items within the same construct.

The HTMT ratio compares the heterotrait correlations (correlations between items from different constructs) with the monotrait correlations (correlations between items within the same construct). It helps determine if the constructs are distinct and have discriminant validity.

To calculate the HTMT ratio, researchers typically use the following formula:

HTMT = Square root of (Average heterotrait correlation) / Square root of (Average monotrait correlation)

A value of HTMT less than 1 suggests discriminant validity, indicating that the heterotrait correlations are smaller than the monotrait correlations. On the other hand, an HTMT value greater than 1 indicates potential overlap between constructs, raising concerns about discriminant validity.

It's important to note that there is ongoing debate regarding the appropriate threshold for the HTMT ratio. Some researchers suggest using a conservative threshold of 0.85, while others argue for a more lenient threshold of 0.90 or even 1.00.

The HTMT ratio provides a useful tool to evaluate the discriminant validity of constructs by quantifying the extent to which the correlations between items within the same construct are greater than the correlations between items from different constructs. It helps researchers ensure that their measurement instruments accurately capture distinct constructs and avoid potential measurement overlap.

**Table 5-10 Heterotrait-Monotrait criterion (HTMT)**  
**(Confidence interval 5% to 95%)**

| <b>Constructs</b>             | <b>Annual Income</b>   | <b>Attitude Towards Money</b> | <b>Financial Experience</b> | <b>Financial Literacy</b> | <b>Financial WellBeing</b> |
|-------------------------------|------------------------|-------------------------------|-----------------------------|---------------------------|----------------------------|
| <b>Attitude Towards Money</b> | 0.068<br>(0.054;0.133) |                               |                             |                           |                            |
| <b>Financial Experience</b>   | 0.424<br>(0.350;0.510) | 0.386<br>(0.305;0.479)        |                             |                           |                            |
| <b>Financial Literacy</b>     | 0.237<br>(0.160;0.310) | 0.510<br>(0.440;0.573)        | 0.483<br>(0.406;0.558)      |                           |                            |
| <b>Financial Wellbeing</b>    | 0.126<br>(0.050;0.210) | 0.765<br>(0.686;0.837)        | 0.486<br>(0.391;0.591)      | 0.573<br>(0.503;0.637)    |                            |

### **Interpretation:**

The table you provided shows the Heterotrait-Monotrait criterion (HTMT) values along with their confidence intervals (5% to 95%) for the correlations between different constructs. The HTMT criterion is a statistical measure used to assess discriminant validity by comparing the correlations between different constructs (heterotrait correlations) with the correlations within the same construct (monotrait correlations).

To interpret the HTMT values and their confidence intervals:

➤ **Attitude Towards Money:**

- The HTMT value for Attitude Towards Money is 0.068, with a confidence interval of 0.054 to 0.133.

- Since the HTMT value is less than 1 and the confidence interval does not include 1, it suggests that Attitude Towards Money has discriminant validity, indicating that it is distinct from other constructs.
- Financial Experience:
- The HTMT value for Financial Experience is 0.424, with a confidence interval of 0.350 to 0.510.
  - As the HTMT value is less than 1 and the confidence interval does not encompass 1, it indicates that Financial Experience demonstrates discriminant validity, suggesting it is distinct from other constructs.
- Financial Literacy:
- The HTMT value for FL is 0.237, with a confidence interval of 0.160 to 0.310.
  - Since the HTMT value is less than 1 and the confidence interval does not include 1, it indicates that FL exhibits discriminant validity, indicating it is distinct from other constructs.
- Financial WellBeing:
- The HTMT value for Financial WellBeing is 0.126, with a confidence interval of 0.050 to 0.210.
  - As the HTMT value is less than 1 and the confidence interval does not encompass 1, it suggests that Financial WellBeing demonstrates discriminant validity, indicating it is distinct from other constructs.

Based on the HTMT values and their confidence intervals, it can be concluded that all the constructs (Annual Income, Attitude Towards Money, Financial Experience, FL, and Financial WellBeing) exhibit discriminant validity. This suggests that these

constructs are distinct from each other and do not overlap significantly in measurement.

### **C . Cross loadings of measurement scales**

Cross loadings of measurement scales refer to the extent to which items from one construct load on other constructs in a measurement model. In other words, it examines the degree to which items intended to measure a specific construct also show substantial loadings on different constructs.

When evaluating cross loadings, researchers examine the factor loadings of each item on its intended construct as well as on other constructs in the measurement model. Higher cross loadings indicate that the item is capturing variance from multiple constructs, which may indicate measurement overlap or lack of discriminant validity.

Cross loadings can be assessed using techniques such as confirmatory factor analysis (CFA). In CFA, the items are expected to have high loadings on their corresponding construct and low loadings on other constructs.

If an item shows substantial cross loadings on multiple constructs, it suggests that the item may not be uniquely measuring the intended construct. This can raise concerns about the discriminant validity of the measurement model, as the constructs may not be distinct and separate.

To address issues with cross loadings, researchers can consider several approaches. One option is to remove or modify the item that shows significant cross loadings to improve the distinctiveness of the measurement model. Alternatively, researchers can explore modifications in the measurement model, such as re-specifying the factor structure or adding correlated errors, to improve the discriminant validity.

Ensuring low cross loadings is important to establish the validity and reliability of measurement scales. By minimizing cross loadings, researchers can ensure that each item is primarily capturing the intended construct, allowing for more accurate and meaningful measurement of the constructs under investigation.

**Table 5-11 Cross loadings**

| <b>Constructs</b>             | <b>Items</b> | <b>Annual Income</b> | <b>Financial Experience</b> | <b>Financial Wellbeing</b> | <b>Attitude Towards Money</b> | <b>Financial Literacy</b> | <b>Annual Income x Financial Literacy</b> |
|-------------------------------|--------------|----------------------|-----------------------------|----------------------------|-------------------------------|---------------------------|-------------------------------------------|
| <b>Annual Income</b>          |              | 1.000                | -0.383                      | -0.104                     | -0.053                        | -0.237                    | -0.260                                    |
| <b>Financial Experience</b>   | FE1          | -0.363               | 0.745                       | 0.266                      | 0.202                         | 0.317                     | 0.323                                     |
|                               | FE2          | -0.397               | 0.767                       | 0.212                      | 0.166                         | 0.300                     | 0.247                                     |
|                               | FE3          | -0.220               | 0.727                       | 0.276                      | 0.262                         | 0.264                     | 0.145                                     |
|                               | FE4          | -0.048               | 0.650                       | 0.253                      | 0.265                         | 0.293                     | 0.173                                     |
| <b>Financial Wellbeing</b>    | FWB1         | -0.101               | 0.222                       | 0.687                      | 0.404                         | 0.331                     | -0.002                                    |
|                               | FWB2         | -0.084               | 0.305                       | 0.857                      | 0.529                         | 0.416                     | -0.012                                    |
|                               | FWB3         | -0.071               | 0.294                       | 0.851                      | 0.553                         | 0.422                     | 0.012                                     |
| <b>Attitude Towards Money</b> | ATM1         | -0.052               | 0.217                       | 0.520                      | 0.741                         | 0.354                     | -0.066                                    |
|                               | ATM2         | -0.016               | 0.229                       | 0.511                      | 0.740                         | 0.342                     | -0.072                                    |
|                               | ATM3         | -0.103               | 0.261                       | 0.485                      | 0.784                         | 0.346                     | -0.028                                    |
|                               | ATM4         | -0.112               | 0.241                       | 0.428                      | 0.751                         | 0.389                     | -0.018                                    |
|                               | ATM5         | 0.008                | 0.200                       | 0.449                      | 0.749                         | 0.315                     | -0.058                                    |
|                               | ATM6         | -0.011               | 0.211                       | 0.438                      | 0.741                         | 0.365                     | -0.060                                    |
|                               | ATM7         | -0.012               | 0.208                       | 0.411                      | 0.752                         | 0.349                     | -0.045                                    |
|                               | ATM8         | 0.039                | 0.143                       | 0.404                      | 0.754                         | 0.363                     | -0.103                                    |

|                                           |       |        |       |       |        |       |        |
|-------------------------------------------|-------|--------|-------|-------|--------|-------|--------|
|                                           | ATM9  | -0.066 | 0.258 | 0.445 | 0.653  | 0.394 | -0.041 |
|                                           | ATM10 | -0.053 | 0.206 | 0.439 | 0.625  | 0.315 | -0.066 |
| <b>Financial Literacy</b>                 | SFL   | -0.237 | 0.405 | 0.488 | 0.485  | 1.000 | 0.126  |
| <b>Annual Income x Financial Literacy</b> |       | -0.260 | 0.317 | 0.000 | -0.076 | 0.126 | 1.000  |

### Interpretation:

The table shows the cross loadings of items on different constructs in a measurement model. Cross loadings indicate the degree to which items from one construct load on other constructs, providing insights into potential measurement overlap or lack of discriminant validity.

➤ Annual Income:

- The item "Annual Income" has a loading of 1.000 on its intended construct, which is expected.
- It also shows small cross loadings on other constructs, such as Financial Experience (-0.383), Financial Wellbeing (-0.104), and Attitude Towards Money (-0.053). These cross loadings suggest some shared variance with these constructs.

➤ Financial Experience:

- The items of Financial Experience (FE1, FE2, FE3, FE4) exhibit high loadings on their intended construct, which is appropriate.



- Some cross loadings are observed, such as with Annual Income (-0.363 to -0.048) and FL (0.145 to 0.323). These cross loadings indicate shared variance between Financial Experience and these constructs.
- Financial Wellbeing:
- The items of Financial Wellbeing (FWB1, FWB2, FWB3) demonstrate high loadings on Financial Wellbeing, which is expected.
  - There are small cross loadings with Annual Income (-0.101 to -0.071) and Financial Experience (0.222 to 0.305), indicating some shared variance with these constructs.
- Attitude Towards Money:
- The items of Attitude Towards Money (ATM1 to ATM10) exhibit high loadings on their intended construct, which is appropriate.
  - Some cross loadings are observed with Annual Income (-0.052 to 0.039), Financial Experience (0.217 to 0.258), and Financial Literacy (-0.066 to -0.103), indicating shared variance with these constructs.
- Financial Literacy:
- The item "FL" demonstrates a high loading on its intended construct, which is expected.
  - It also shows small cross loadings with Annual Income (-0.237), Financial Experience (0.405), Financial Wellbeing (0.488), and Attitude Towards Money (0.485), indicating shared variance with these constructs.
- Annual Income x FL:
- The item "Annual Income x FL" has a small loading on FL (-0.260), indicating some shared variance.

- It does not have significant loadings on other constructs, suggesting that it primarily captures the interaction between Annual Income and FL.

In summary, the cross loadings indicate some shared variance between the constructs. While the items generally show higher loadings on their intended constructs, the presence of cross loadings suggests the possibility of overlap or shared variance between constructs. This may raise concerns about discriminant validity and may require further examination or refinement of the measurement model.

## **5.8. Evaluation of the Structural model**

Evaluation of the Structural Model involves assessing collinearity among constructs, significance and relevance of path coefficients, predictive accuracy (R-squared, F-squared, Q-squared, PLS predict), predictive model selection, and goodness-of-fit. Collinearity is checked to ensure constructs are not highly correlated. Path coefficients are examined for significance and practical relevance. Predictive accuracy is evaluated using measures such as R-squared, F-squared, Q-squared, and PLS predict. Different models may be compared for selection. Goodness-of-fit measures, such as RMSEA, CFI, TLI, and SRMR, assess how well the model fits the data. Considering these aspects ensures the quality, relevance, and predictive capabilities of the structural model.

### **5.8.1. Collinearity among constructs**

Multicollinearity occurs when there is a linear relationship between two or more predictor variables, which can lead to problems in the interpretation and accuracy of the model. There are several methods for detecting multicollinearity in a statistical model, such as examining the correlation matrix between predictor variables, calculating the variance inflation factor (VIF) for each predictor variable, and using

principal component analysis (PCA) to identify the underlying structure of the predictor variables.

The Variance Inflation Factor (VIF) is a measure of the degree of multicollinearity between predictor variables in a linear regression model. The VIF measures how much the variance of the estimated regression coefficient is inflated due to the correlation of the predictor variable with other predictor variables in the model. The VIF of a predictor variable is calculated as the ratio of the variance of the estimated regression coefficient of that variable in the full model to the variance of the estimated regression coefficient of that variable in a model that includes only that variable and the intercept term. In other words, the VIF for a predictor variable is the ratio of the variance of the sampling distribution of its coefficient in a model with all predictor variables to the variance of the sampling distribution of its coefficient in a model with only that predictor variable.

A VIF of 1 indicates no correlation between the predictor variable and other predictor variables in the model, while a VIF more significant than 1 indicates some degree of multicollinearity. Typically, a VIF value of 5 or greater indicates high multicollinearity and may require corrective action. The VIF values were, listed in Table 5.6, below 5 confirm there was non-existence of multi-collinearity between constructs in this study. . For this, we report a full collinearity measure by reporting that all inner VIF values are less than 3.3 (Kock & Lynn, 2012)(Kock, 2015).

**Table 5-12.Inner Model VIF Values**

| Constructs | Annual Income | Attitude Towards Money | Financial Experience | Financial Literacy | Financial Wellbeing | Annual Income Financial Literacy | x |
|------------|---------------|------------------------|----------------------|--------------------|---------------------|----------------------------------|---|
|            |               |                        |                      |                    |                     |                                  |   |

|                                    |  |       |       |  |       |  |
|------------------------------------|--|-------|-------|--|-------|--|
| Annual Income                      |  |       | 1.124 |  |       |  |
| Attitude Towards Money             |  |       |       |  | 1.329 |  |
| Financial Experience               |  |       |       |  | 1.216 |  |
| Financial Literacy                 |  | 1.000 | 1.064 |  | 1.447 |  |
| Financial Wellbeing                |  |       |       |  |       |  |
| Annual Income x Financial Literacy |  |       | 1.078 |  |       |  |

*Source: Calculated by Author*

### **Interpretation:**

The table shows the Variance Inflation Factor (VIF) values for the constructs in the model. VIF is used to assess the level of collinearity between variables in regression models. Higher VIF values indicate a stronger correlation between the constructs.

- Annual Income:
  - The VIF value for Annual Income is 1.124, which suggests a relatively low level of collinearity with other constructs.
- Attitude Towards Money:
  - The VIF value for Attitude Towards Money is 1.329, indicating a low level of collinearity with other constructs.
- Financial Experience:
  - The VIF value for Financial Experience is 1.216, suggesting a low level of collinearity with other constructs.
- Financial Literacy:

- The VIF value for FL is 1.000, which indicates no collinearity issue with other constructs.
- There is also a VIF value of 1.064 between FL and Annual Income x FL, indicating no significant collinearity.
- Financial Wellbeing:
  - The VIF value for Financial Wellbeing is not provided in the table, so it cannot be evaluated for collinearity.
- Annual Income x Financial Literacy:
  - The VIF value for Annual Income x FL is 1.078, suggesting a low level of collinearity with other constructs.

In summary, based on the VIF values provided, there is no substantial collinearity issue among the constructs in the model. The VIF values are all relatively low, indicating that the variables are not highly correlated, and the model is not affected by multicollinearity.

### **5.8.2. Significance and relevance of the path coefficients**

The significance and relevance of path coefficients in a structural model are crucial for understanding the strength and direction of relationships between variables.

#### **A Significance**

Assessing the significance of path coefficients involves conducting hypothesis tests, such as bootstrapping, to determine if the coefficients are statistically different from zero. Significance indicates the presence of a relationship between variables.

The below bootstrapping results indicate that all the constructs have a significance at 5% level using 5000 subsamples.

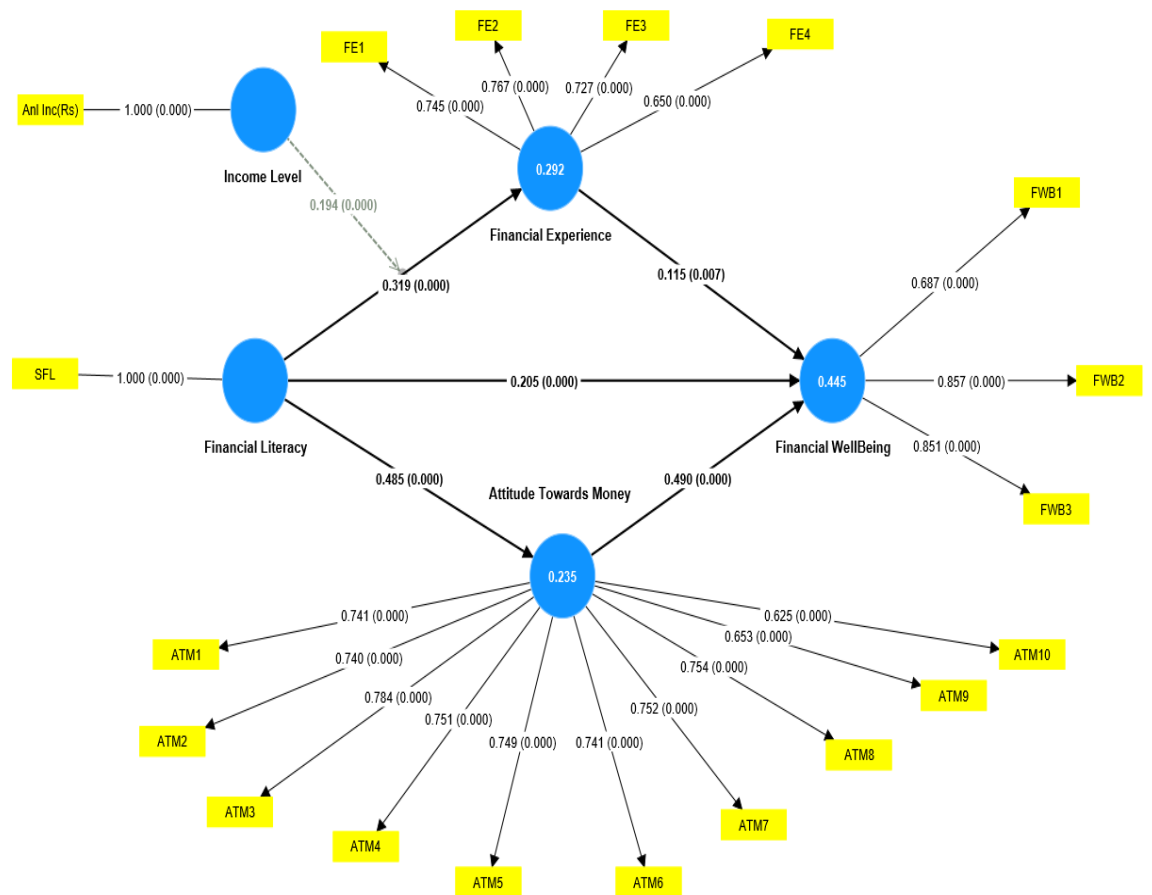


**Figure 5-2 Significance by using bootstrapping(5000 sub-samples)  
( From author collected data)**

## B Relevance

The relevance of path coefficients refers to their practical significance and meaningfulness. It considers effect size and theoretical expectations. Relevance implies that the relationship between variables is statistically significant, substantively meaningful and aligns with theoretical predictions.

Evaluating the significance and relevance of path coefficients provides insights into the strength and practical implications of the relationships in the structural model. It

helps determine the influence between variables and contributes to a deeper understanding of the phenomena being studied.

- Relevance tells about how strong the path coefficients ( $\beta$ ) are.
- From PLS algorithm results, it is observed that ATM to FWB (H5;  $\beta=0.490$ ) shows more relevance followed by FL to ATM (H3;  $\beta=0.485$ ), FL to FE (H2;  $\beta=0.319$ ), FL to FWB (H1;  $\beta=0.205$ ), FE to FWB (H4;  $\beta=0.115$ ).
- In the case of the mediating effect of FE, the direct effect (FL to FWB) is 0.205 and the indirect effect (FL $\rightarrow$ FE $\rightarrow$ FWB) is 0.037. Though both effects are significant, the relevance of the direct effect is more.
- In the case of the mediating effect of ATM, the direct effect (FL to FWB) is 0.205, and the Indirect effect (FL $\rightarrow$ FE $\rightarrow$ FWB) is 0.237. Though both effects are significant, the relevance of the indirect effect is more.
- In terms of the relevance of mediators, it is observed that ATM (H7;  $\beta=0.237$ ) is having more relevance than FE (H7;  $\beta=0.037$ ).

### **5.8.3. Hypotheses Testing:**

- After meeting all acceptable levels of the measurement model, a structural model assessment was carried out. Hypotheses were observed by means of the bootstrap technique (5000 sub-samples) as suggested in (Ali & Omar, 2014).
- After confirmation of the reliability and validity of the outer model, the significance of research model (hypothesized) relationships was examined with standardized path coefficient ( $\beta$ ) and critical value (T-Value) at the significant level of 5 % (P-Values) by using the PLS bootstrapping.

- In process of the decision to either support or reject the research hypothesis, the T-Value should be  $\geq 1.96$  at a P-Value of 0.05.
- Path coefficients usually vary between -1 to +1. Higher absolute values denote stronger (predictive) relationships between the constructs.
- The first hypothesis (H1) is supported by ( $\beta=0.205$ ,  $P<0.05$ ) FL positively effects FWB.
- The second hypothesis(H2) is supported by ( $\beta=0.319$ ,  $P<0.05$ ) FL positively effects FE.
- The third hypothesis(H3) is also supported ( $\beta=0.485$ ,  $P<0.05$ ) as FL has a positive significant effect on ATM.
- The fourth hypothesis (H4) is also supported ( $\beta=0.115$ ,  $P<0.05$ ) as FE has a positive significant effect on FWB.
- The fifth hypothesis (H5) is also supported ( $\beta=0.490$ ,  $P<0.05$ ) as ATM has a positive significant effect on FWB.
- The sixth hypothesis (H6) is supported by ( $\beta=0.037$ ,  $P<0.05$ ), FE having a significant positive mediating effect between FL and FWB.
- The seventh hypothesis(H7) is supported by ( $\beta=0.237$ ,  $P<0.05$ ), ATM having a significant positive effect between FL and FWB.
- The eighth hypothesis(H8) is supported ( $\beta=0.194$ ,  $P<0.05$ ) as the Income level positively moderates between FL and Financial Experience.



**Table 5-13.Hypothesis Results**

| <b>Hypothesis</b>         | <b>Relationship</b>                                                                                                | <b>Path Coefficient s (<math>\beta</math>)</b> | <b>Standard Deviation (STDEV)</b> | <b>T Value (<math> \beta/STDEV </math>)</b> | <b>P Values</b> | <b>Decision</b>  |
|---------------------------|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------|---------------------------------------------|-----------------|------------------|
| <b>H1</b>                 | Financial Literacy $\rightarrow$ Financial Wellbeing                                                               | 0.205                                          | 0.043                             | 4.796                                       | 0.000           | <b>supported</b> |
| <b>H2</b>                 | Financial Literacy $\rightarrow$ Financial Experience                                                              | 0.319                                          | 0.043                             | 7.423                                       | 0.000           | <b>supported</b> |
| <b>H3</b>                 | Financial Literacy $\rightarrow$ Attitude Towards Money                                                            | 0.485                                          | 0.039                             | 12.350                                      | 0.000           | <b>Supported</b> |
| <b>H4</b>                 | Financial Experience $\rightarrow$ Financial Wellbeing                                                             | 0.115                                          | 0.046                             | 2.478                                       | 0.007           | <b>supported</b> |
| <b>H5</b>                 | Attitude Towards Money $\rightarrow$ Financial Wellbeing                                                           | 0.490                                          | 0.048                             | 10.267                                      | 0.000           | <b>supported</b> |
| <b>H6<br/>(Mediating)</b> | Financial Literacy $\rightarrow$ Financial Experience $\rightarrow$ Financial Wellbeing (specific indirect effect) | 0.037                                          | 0.016                             | 2.258                                       | 0.012           | <b>supported</b> |

|                            |                                                                                                  |       |       |       |       |                  |
|----------------------------|--------------------------------------------------------------------------------------------------|-------|-------|-------|-------|------------------|
| <b>H7<br/>(Mediating )</b> | Financial Literacy-<br>→Attitude Towards Money--→ Financial Wellbeing (specific indirect effect) | 0.237 | 0.033 | 7.198 | 0.000 | <b>supported</b> |
| <b>H8<br/>(Moderating)</b> | Income level (Annual) x Financial Literacy -> Financial Experience                               | 0.194 | 0.049 | 3.947 | 0.000 | <b>supported</b> |

#### 5.8.4. Predictive Accuracy (R square, F square, Q square, PLS predict)

Predictive Accuracy measures are used to evaluate the model's ability to predict outcomes. Here are the key measures, From the PLS algorithm results of quality criteria,

##### A R square:

- $R^2$  and  $R^2$  adjusted are used to assess the predictive accuracy.
- $R^2 \leq 0.25$  is weak,  $>0.25$  to  $\leq 0.50$  is moderate.  $\geq 0.50$  is substantial (Hair et al., 2019). Our model explains the  $R^2$  of the key endogenous variable (FWB) is 0.445, which shows moderate predictive accuracy.
- $R^2$  increases with an increase in the number of independent variables, adjusted  $R^2$  increases only when the included independent variables are relevant and effective.
- Hence for assessing better prediction accuracy, both R square and adjusted R square are reported.

- If R square and adjusted R<sup>2</sup> show a high difference, which means irrelevant and ineffective independent variables are too many.
- Here, both R<sup>2</sup> and adjusted R<sup>2</sup> are closely related. Hence, it is concluded that our model has good predictive accuracy.

**Table 5-14.R<sup>2</sup> and adjusted R<sup>2</sup> Values**

| <b>Constructs</b>      | <b>R-square</b> | <b>R-square adjusted</b> |
|------------------------|-----------------|--------------------------|
| Attitude Towards Money | 0.235           | 0.233                    |
| Financial Experience   | 0.292           | 0.288                    |
| Financial Well being   | 0.445           | 0.441                    |

### **Interpretation:**

The R-squared and R-squared adjusted values for the constructs in the model are provided in the table. These measures indicate the proportion of variance explained by the independent variables in the model.

- Attitude Towards Money:
  - R-squared: 0.235 (23.5% of the variance in Attitude Towards Money is described by the independent factors).
  - R-squared adjusted: 0.233 (adjusted for the number of predictors in the model).
- Financial Experience:
  - R-squared: 0.292 (29.2% of the variance in Financial Experience is described by the independent factors).

- R-squared adjusted: 0.288 (adjusted for the number of predictors in the model).
- Financial Wellbeing:
  - R-squared: 0.445 (44.5% of the variance in Financial Wellbeing is described by the independent factors).
  - R-squared adjusted: 0.441 (adjusted for the number of predictors in the model).

In summary, the R-squared values indicate the percentage of variance explained by the independent variables in each construct. Higher values indicate a stronger influence of the independent variables on the dependent variable. The R-squared adjusted values account for the number of predictors in the model, providing a more conservative estimate of the explanatory power. Based on these values, the independent variables have a moderate to strong explanatory effect on the constructs of Attitude Towards Money, Financial Experience, and Financial Wellbeing.

### **A Effect Size (F square)**

Effect Size, specifically F square ( $F^2$ ), is a measure used to quantify the magnitude of the effect of independent variables on the dependent variable in a statistical model. It provides insights into the practical significance and impact of the independent variables on the outcome variable.

F square is derived from the F-statistic and represents the proportion of variance in the dependent variable that can be attributed to the independent variables. It helps evaluate the positive association between the independent and dependent variables, beyond mere statistical significance.

**Table 5-15. Effect Size ( $F^2$ )**

| <b>Hypothesis</b>          | <b>Relationship</b>                                               | <b>Effect Size (<math>F^2</math>)</b> | <b>Standard Deviation (STDEV)</b> | <b>T-Value (<math> F^2/STDEV </math>)</b> | <b>P-Values</b> |
|----------------------------|-------------------------------------------------------------------|---------------------------------------|-----------------------------------|-------------------------------------------|-----------------|
| <b>H1</b>                  | Financial Literacy → Financial WellBeing                          | 0.052                                 | 0.022                             | 2.345                                     | 0.010           |
| <b>H2</b>                  | Financial Literacy → Financial Experience                         | 0.135                                 | 0.041                             | 3.278                                     | 0.001           |
| <b>H3</b>                  | Financial Literacy → Attitude Towards Money                       | 0.307                                 | 0.066                             | 4.654                                     | 0.000           |
| <b>H4</b>                  | Financial Experience → Financial WellBeing                        | 0.019                                 | 0.017                             | 1.123                                     | 0.131           |
| <b>H5</b>                  | Attitude Towards Money → Financial WellBeing                      | 0.325                                 | 0.082                             | 3.967                                     | 0.000           |
| <b>H8<br/>(Moderating)</b> | Income level (Annual) x Financial Literacy → Financial Experience | 0.058                                 | 0.034                             | 1.736                                     | 0.041           |

Interpreting F square values:

Small effect size:  $F^2$  around 0.02 indicates a small effect, suggesting that the independent variables explain only a small portion of the change in the dependent variables.

Medium effect size:  $F^2$  around 0.15 suggests a medium effect, indicating a moderate amount of variance in the dependent variable explained by the independent variables.

Large effect size:  $F^2$  around 0.35 or higher represents a large effect, indicating that a substantial proportion of the variance in the dependent variable is explained by the independent variables.

By examining the F square values, researchers can assess the practical significance and strength of the relationship between variables, providing a more comprehensive understanding of the impact of the independent variables on the dependent variable in the model.

### **Interpretation:**

Table 5.13 presents the effect sizes ( $F^2$ ) for different hypotheses in the study, along with the corresponding standard deviations (STDEV), t-values ( $|F^2/STDEV|$ ), and p-values.

H1: Financial Literacy → Financial WellBeing

- Effect Size ( $F^2$ ): 0.052
- This indicates a small effect, suggesting that 5.2% of the variance in Financial WellBeing is explained by Financial Literacy.
- The t-value ( $|F^2/STDEV|$ ) is 2.345, which is statistically significant ( $p = 0.010$ ).

H2: Financial Literacy → Financial Experience

- Effect Size ( $F^2$ ): 0.135
- This indicates a medium effect, suggesting that 13.5% of the variance in Financial Experience is explained by Financial Literacy.
- The t-value ( $|F^2/STDEV|$ ) is 3.278, which is statistically significant ( $p = 0.001$ ).

### H3: Financial Literacy → Attitude Towards Money

- Effect Size ( $F^2$ ): 0.307
- This indicates a large effect, suggesting that 30.7% of the variance in Attitude Towards Money is explained by Financial Literacy.
- The t-value ( $|F^2/STDEV|$ ) is 4.654, which is statistically significant ( $p = 0.000$ ).

### H4: Financial Experience → Financial WellBeing

- Effect Size ( $F^2$ ): 0.019
- This indicates a small effect, suggesting that 1.9% of the variance in Financial WellBeing is explained by Financial Experience.
- The t-value ( $|F^2/STDEV|$ ) is 1.123, which is not statistically significant ( $p = 0.131$ ).

### H5: Attitude Towards Money → Financial WellBeing

- Effect Size ( $F^2$ ): 0.325
- This indicates a large effect, suggesting that 32.5% of the variance in Financial WellBeing is explained by Attitude Towards Money.
- The t-value ( $|F^2/STDEV|$ ) is 3.967, which is statistically significant ( $p = 0.000$ ).

### H8 (Moderating): Income level (Annual) x Financial Literacy → Financial Experience

- Effect Size ( $F^2$ ): 0.058
- This indicates a small effect, suggesting that 5.8% of the variance in Financial Experience is explained by the interaction between Income level and Financial Literacy.
- The t-value ( $|F^2/STDEV|$ ) is 1.736, which is statistically significant ( $p = 0.041$ ).

These effect sizes provide insights into the magnitude of the relationships between variables and help determine the practical significance of the hypotheses being tested.

### **B Q Square**

Q square is a measure used to assess the predictive accuracy of a model in the context of Partial Least Squares (PLS) regression. It evaluates how well the model's predicted values match the actual values of the dependent variable.

Q square is calculated by comparing the predicted values obtained from the model with a null model, which is a model with only the intercept term. The difference in the R-square values between the two models is used to estimate Q square.

Interpreting Q square:

Q square greater than zero indicates that the model has predictive relevance, meaning it can accurately predict the dependent variable.

Q square equal to zero suggests that the model's predictive power is similar to that of the null model, indicating limited predictive relevance.

Negative Q square values indicate that the model's predictions are worse than those of the null model.

**Table 5-16.Q Square Scores**

| <b>Construct</b>       | <b>Q<sup>2</sup>predict</b> |
|------------------------|-----------------------------|
| Attitude Towards Money | 0.230                       |
| Financial Experience   | 0.273                       |
| Financial WellBeing    | 0.228                       |



## **Interpretation:**

The  $Q^2_{\text{predict}}$  values for each construct indicate the predictive accuracy of the model for those constructs.

- Attitude Towards Money:  $Q^2_{\text{predict}} = 0.230$ 
  - This suggests that the model can predict 23.0% of the variance in Attitude Towards Money accurately.
- Financial Experience:  $Q^2_{\text{predict}} = 0.273$ 
  - This indicates that the model can predict 27.3% of the variance in Financial Experience accurately.
- Financial WellBeing:  $Q^2_{\text{predict}} = 0.228$ 
  - This suggests that the model can predict 22.8% of the variance in Financial WellBeing accurately.

Overall, the  $Q^2_{\text{predict}}$  values indicate the proportion of variance in each construct that can be predicted by the model. Higher values indicate better predictive accuracy. In this case, the model demonstrates moderate predictive accuracy for Attitude Towards Money, Financial Experience, and Financial WellBeing, with the respective proportions of variance explained being 23.0%, 27.3%, and 22.8%.

## **C PLS Predict**

Model Prediction with RMSE (Root Mean Square Error)

- It is necessary to first determine the  $Q^2$  of all indicators, and if the  $Q^2$  value is larger than zero, then we compare the PLS-SEMs prediction

error(RMSE)with Simple Linear Regression model prediction Error (RMSE)

- When the error values of the PLS-SEM of all items is higher, it indicates no predictive power; when the error values of the PLS-SEM of all items are less, it indicates stronger or higher predictive ability, and when the majority of items have lower PLS-SEM error values, which indicates medium predictive power.
- Out of 17 indicators, 10 indicators show less error by using the PLS-SEM. Hence, it concluded that the model has medium predictive power.
- Q square and PLS predict are satisfied. Hence, the research model results have generalizability.

**Table 5-17.PLS Predict**

| <b>Constructs</b>             | <b>Variables</b> | <b>Q<sup>2</sup>predict</b> | <b>LM_RMSE</b> | <b>PLS-SEM_RMSE</b> | <b>LM-RMSE)-(PLS-SEM_RMSE)</b> |
|-------------------------------|------------------|-----------------------------|----------------|---------------------|--------------------------------|
| <b>Attitude Towards Money</b> | ATM1             | 0.123                       | 0.940          | 0.937               | 0.003                          |
|                               | ATM2             | 0.114                       | 0.932          | 0.932               | 0.000                          |
|                               | ATM3             | 0.115                       | 0.943          | 0.940               | 0.003                          |
|                               | ATM4             | 0.147                       | 0.955          | 0.953               | 0.002                          |
|                               | ATM5             | 0.093                       | 0.907          | 0.908               | -0.001                         |
|                               | ATM6             | 0.130                       | 0.875          | 0.875               | 0.000                          |
|                               | ATM7             | 0.118                       | 0.935          | 0.933               | 0.002                          |
|                               | ATM8             | 0.128                       | 0.934          | 0.940               | -0.006                         |
|                               | ATM9             | 0.147                       | 0.936          | 0.937               | -0.001                         |
|                               | ATM10            | 0.097                       | 0.993          | 0.990               | 0.003                          |
|                               | FE1              | 0.205                       | 0.640          | 0.627               | 0.013                          |
|                               | FE2              | 0.197                       | 0.888          | 0.886               | 0.002                          |

|                             |      |       |       |       |        |
|-----------------------------|------|-------|-------|-------|--------|
| <b>Financial Experience</b> | FE3  | 0.084 | 1.101 | 1.102 | -0.001 |
|                             | FE4  | 0.049 | 0.859 | 0.871 | -0.012 |
| <b>Financial Wellbeing</b>  | FWB1 | 0.105 | 1.010 | 1.009 | 0.001  |
|                             | FWB2 | 0.164 | 0.984 | 0.985 | -0.001 |
|                             | FWB3 | 0.169 | 0.953 | 0.954 | -0.001 |

### **Interpretation:**

The table provides the  $Q^2_{\text{predict}}$  and  $LM\_RMSE$  minus  $PLS-SEM\_RMSE$  values for each construct and variable. These measures are used to assess the predictive accuracy and model fit of “the Partial Least Squares Structural Equation Modelling (PLS-SEM)” approach.

#### ➤ **Attitude Towards Money:**

- Variables ATM1 to ATM10 have  $Q^2_{\text{predict}}$  values ranging from 0.093 to 0.147, indicating the proportion of variance in each variable that can be predicted by the model.
- $LM\_RMSE$  values range from 0.875 to 0.993, indicating “the root mean square error” of the Latent Variable Model (LM) approach.
- $PLS-SEM\_RMSE$  values range from 0.875 to 0.990, indicating “the root means square error” of the PLS-SEM approach.
- The difference ( $LM-RMSE$ ) minus ( $PLS-SEM\_RMSE$ ) provides insights into the performance comparison between the two approaches.

#### ➤ **Financial Experience:**

- Variables FE1 to FE4 have  $Q^2_{\text{predict}}$  values ranging from 0.049 to 0.205, indicating the proportion of variance in each variable that can be predicted by the model.
- LM\_RMSE values range from 0.627 to 1.101, indicating “the root mean square error” of the Latent Variable Model (LM) approach.
- PLS-SEM\_RMSE values range from 0.859 to 1.102, indicating “the root mean square error” of the PLS-SEM approach.
- The difference (LM\_RMSE) minus (PLS-SEM\_RMSE) provides insights into the performance comparison between the two approaches.

➤ **Financial Wellbeing:**

- Variables FWB1 to FWB3 have  $Q^2_{\text{predict}}$  values ranging from 0.105 to 0.169, indicating the proportion of variance in each variable that can be predicted by the model.
- LM\_RMSE values range from 0.984 to 1.010, indicating “the root mean square error” of the Latent Variable Model (LM) approach.
- PLS-SEM\_RMSE values range from 0.954 to 1.009, indicating “the root mean square error” of the PLS-SEM approach.
- The difference (LM\_RMSE) minus (PLS-SEM\_RMSE) provides insights into the performance comparison between the two approaches.

These measures help evaluate the predictive accuracy and fit of the model for each construct and variable. Lower RMSE values and higher  $Q^2_{\text{predict}}$  values indicate better predictive accuracy and model fit.

**Goodness-of-fit:**

Goodness-of-fit is a measure used to assess how well a statistical model fits the observed data. It indicates the degree of agreement between the model's predicted values and the actual values observed in the data.

In the context of structural equation modelling (SEM), several goodness-of-fit measures can be used to evaluate the fit of the model.

For PLS-SEM, SRMR will give a goodness-of-fit index.

➤ Standardized root mean square residual (SRMR)

- squared discrepancy between the observed correlations and the model-implied indicator correlations.
- SRMR assessing the quality of the whole model results (i.e. jointly evaluating the outer and inner model results)
- Should be less than 0.08 (Hair et al.,2019)
- As per PLS algorithm results, the research model's **SRMR is 0.070**, which is less than the threshold limit (0.08).
- Hence it is concluded as our model has a good fit.

## **CHAPTER – 6**

### **DISCUSSION AND IMPLICATIONS**

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#### **6.1. Outline of the Chapter**

This chapter was designed for discussion on empirical results drawn from statistical analysis and its implications. The impact of each construct of the research model and its alliance with previous studies were discussed. The implications of the study were categorized into theoretical, managerial, and regulatory.

#### **6.2. Discussion**

This research study was conducted to understanding the FL among urban home loan borrowers and estimate their financial wellbeing through their money attitude and experience on different financial products and services. This section was discussed about the four parts of the survey instrument.

From the socio-demographical section (Section I), most of the respondents are male (66.3%). There could be several reasons like men are often considered as bread winners of the family and most of the financial decisions are taken by men. Men are more likely to have stable income and employment and some other cultural factors in India are might be the main reasons for men are having more proportion in urban home loan borrowers. Further most of the existing borrowers are having age band between

36 to 45 years (about 39%), the age band of 36 to 45 years is a popular age range for home loan borrowers due to their financial stability, family responsibilities, and planning for their future financial security. Most of the existing home loan borrowers are married, factors like family responsibilities, and higher combined income with spouse, co-borrowing opportunity, future planning and societal expectations could be the reasons of married individuals being the majority of existing home loan borrowers. Most of the home loan borrowers are well educated as most respondents are master's degree and above (54%), the well-educated individuals are having high income, sound FL, and access to financial information could be contributing factor for highly educated individuals being majority home loan borrowers. Most of the existing home loan borrowers are self-employed and factors like limited employment opportunities, tax benefit, and entrepreneurial spirit might have contributed for this trend. Income levels between Rs. 10,00,000 to 15,00,000(37.5%) are having dominant proportion in the study, which approves the natural features of the respondents. Affordability, tax benefit, and status symbol may be the reasons for this trend.

From the Financial Experience (section 2), it was observed that most of the respondents had been experiencing savings account, credit card, debit card and insurance. It indicates that experience in savings account will enhance the connectedness with banking services and encourages to know the formal credit options from the banks. Having credit card and utilizing properly is a tough game. However proper utilization of credit card improves credit score which is a key factor for trustworthiness now-a-days. Experience in insurance is very important in a complex situation. Overall, experience in different financial products and financial services and effective utilization is an indirect pathway for financial wellbeing. Urban home loan

borrowers are having good Financial Experience in terms of using savings account, credit card, debit card and insurance.

Section third (section 3), assesses the level of agreement on Attitude Towards Money and financial wellbeing. It was observed that most of the respondents show positive money attitudes and good financial wellbeing. Very few respondents were showing negative money attitudes and feeling insecure about their financial health.

Section four (section 4), assesses the knowledge level of FL. Five questions were asked to know the level of FK. First question is asked about the simple interest, it is observed that 354 respondents were correctly answered and 148 respondents were wrongly answered the question. It is observed that most of the respondents (70.5%) are aware about the simple interest concept. Second question is asked about the compound interest rate, about 327 respondents were correctly answered and 175 respondents were not able to give correct answer. Compound interest is a crucial financial concept for wealth accumulation. It is observed that good number (35%) of home loan borrowers are not aware the consequences of compound interest rate. Third question is to know the inflation impact, where about 271 respondents (54%) were incorrectly answered the question. So it is observed that urban home loan borrowers are not aware the inflation impact, which is crucial for monetary policy decisions. The fourth question is about to know the awareness on time value of money, it is observed that 407 respondents (81%) have right knowledge on time value of money concept. The time value of money is a crucial concept for mortgage periods and payment schedule of principal and interest. Fifth question is to know the understanding about risk diversification. It is observed that 282 respondents (56%) were given correct answers. Risk diversification is a tool used to mitigate the risk in critical time and useful to



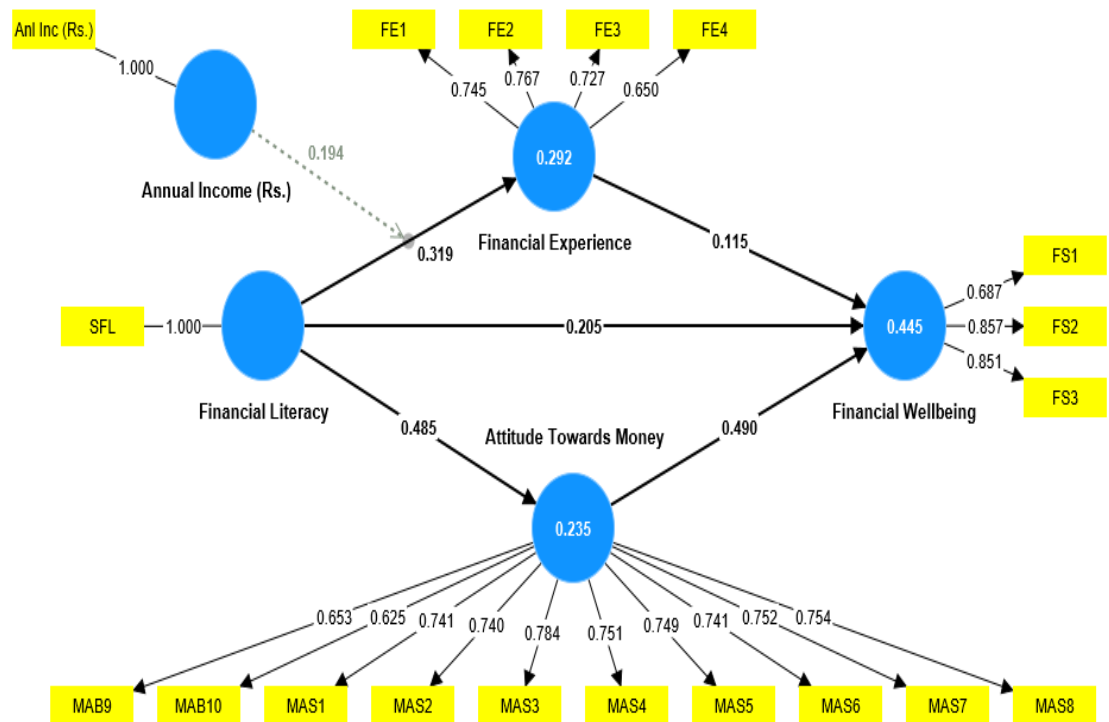
hedge against negative outcomes. Finally, overall mean score of the urban home loan borrowers is 3.19%, which is above average score. So that we can conclude that urban home loan borrowers are having good FL.

To achieve the research objectives of the study a research model was developed and assessed through the primary data recruited from urban home loan borrowers by employing PLS-SEM via SmartPLS4 software. . These empirical results (see Figure 6.1) identified some of the key determining factors of FW. FL, FE and ATM are the major influencing factors for improving the financial wellness of the urban home loan borrowers.

FL, Financial Experience and Attitude Towards Money combinedly explains 44.5 5 variances in financial wellbeing. Annual income of the home loan borrowers is positively moderate between FL and Financial Experience.

**Figure 6.1. PLS-SEM results of research model.**

**( From author collected data)**



### 6.1.1. Financial Literacy

FL can be defined as the individual's understanding on financial concepts and apply those concepts in financial decision making, which are crucial for financial wellbeing. It was found that significant direct positive association between FL and financial wellbeing (H1:  $\beta = 0.205$ ,  $T = 4.796$ ,  $P < 0.05$ ), and also having significant indirect positive association through Financial Experience and Attitude Towards Money. These results describe that FL is unavoidable concept to achieve financial wellbeing.

As a concluding remark, there is strong evidence that FL have a significant impact on FWB. Individuals who are more financially literate are more likely to make informed financial decisions, avoid financial pitfalls, and achieve their financial goals. borrowers who are more financially literate may be better equipped to manage their debt, save for retirement, and invest wisely. They may also be more aware of their

rights and responsibilities as consumers of debt, and less likely to fall victim to financial scams or fraud. The study results are aligned with the previous study results.

### **6.1.2. Financial Experience**

Financial Experience refers to an individual's practical knowledge and skills related to financial matters, gained through personal experience with financial products and services and “financial education” and training. From PLS-SEM results, it was observed that Financial Experience is one of the determinants of financial wellbeing (H2:  $\beta = 0.115$ ,  $T = 2.478$ ,  $P < 0.05$ ). Further, it was also observed that Financial Experience is successfully mediating between FL and financial wellbeing. (H6:  $\beta = 0.037$ ,  $T = 2.258$ ,  $P < 0.05$ ). Both direct effect and indirect specific effect have a positive impact on financial wellbeing. Hence, it is concluded as Financial Experience has partial complementary mediation effect between FL and financial wellbeing.

Therefore, Financial Experience is most important factor in determining financial wellbeing. Financial Experience can provide individuals with practical knowledge and skills related to financial matters, which can be useful in making informed financial decisions and managing personal finances effectively. These results are agreed with the previous findings.

### **6.1.3. Attitude Towards Money**

Attitude Towards Money refers to an individual's beliefs, values, and emotions related to money and personal finance. This can include beliefs about the role of money in one's life, attitudes towards budget and money success, and emotional responses to

financial situations such as debt or unexpected expenses. From PLS SEM results, it was found that Attitude Towards Money is one of the key determinants of financial wellbeing (H2:  $\beta = 0.115$ ,  $T = 2.478$ ,  $P < 0.05$ ). Further it was also observed that Attitude Towards Money is successfully mediating between FL and financial wellbeing. (H7:  $\beta = 0.237$ ,  $T = 7.198$ ,  $P < 0.05$ ). Both direct effect and indirect specific effect are positive as well as have significant impact on financial wellbeing. Hence, it is concluded that Attitude Towards Money is having partial complementary mediation effect between FL and financial wellbeing.

Therefore, Attitude Towards Money plays a significant role in achieving financial wellbeing. Attitudes towards money can be shaped by a variety of factors, including upbringing, cultural background, personal experiences with money, and broader social and economic trends. These results are coinciding with the previous research results.

#### **6.1.4. Income Level**

Income level refers to the amount of money an individual or household receives as earnings from various sources, such as employment, investments, and other forms of income. Income level is an important socio-economic indicator that can influence an individual's financial situation, lifestyle, and access to resources and opportunities. Findings of the study suggested that income level is a significant positive moderator between FL and Financial Experience (H2:  $\beta = 0.194$ ,  $T = 3.947$ ,  $P < 0.05$ ).

Therefore, income level also plays a significant role as moderator on improving financial wellbeing of urban home loan borrowers. The results are followed with the results of previous studies.

### **6.1.5. Financial wellbeing**

Financial wellbeing is referred as managing one's financial resources in a way that supports current and future financial goals, while also maintaining financial resilience and adaptability to cope with financial challenges and uncertainties. Financial wellbeing is important as it has a direct impact on an individual's overall well-being and quality of life.

The results of this study suggested that financial wellbeing is an outcome of FL, income level, Financial Experience, Attitude Towards Money. These factors have combined influence on financial wellbeing and bring positive variance. These findings are going with the previous results of the studies.

Finally, the findings of this study concludes that People with positive money attitudes high FL and exposing more on financial products, services are feel more secure in terms of Financial WellBeing. Borrowers, who budget their money well will reach a healthy financial position. The results support the previous studies, which state that a positive money attitude, good Financial Experience and high FL are positively connected with well-being directly and indirectly (Utkarsh et al., 2020). Hence, policymakers are very keen to develop FL, enhance the positive attitude and free access to financial products/services of home loan borrowers.

**H1: There is a significant positive association between Financial Literacy and Financial WellBeing.**

The hypothesis suggests that there is a statistically significant and positive relationship between FL and FWB. This means that persons who have a better FL are tend to experience greater FWB compared to those with lower FL. FL refers to the knowledge,

understanding, and skills related to financial concepts, such as budgeting, saving, investing, and managing debt. Financial WellBeing encompasses various aspects of an individual's financial situation, including their financial security, satisfaction, and ability to meet financial goals.

The hypothesis proposes that individuals who possess a higher level of FL are better equipped to make informed financial decisions, effectively manage their finances, and navigate financial challenges. This, in turn, leads to greater Financial WellBeing, including improved financial outcomes and reduced financial stress.

The significance of this association implies that efforts to enhance FL can have a positive impact on individuals' Financial WellBeing. It suggests that providing education, resources, and support to improve FL can empower individuals to make sound financial choices, improve their financial situation, and ultimately enhance their overall well-being.

H1:  $\beta = 0.205$ ,  $T = 4.796$ ,  $P < 0.05$ , T value is above 1.96 at the 95% confidence level.

When the T-value is above 1.96 at the 95% confidence level, it indicates that the corresponding statistical test result is considered statistically significant. The T-value is a measure of the magnitude of the difference between the observed data and the null hypothesis, relative to the variability in the data.

In hypothesis testing, the 95% confidence level is commonly used, which means that there is a 95% probability that the true population parameter falls within a certain range. When the T-value exceeds 1.96, it indicates that the observed difference is unlikely to have occurred by chance alone, given the chosen confidence level.

In practical terms, a T-value above 1.96 suggests that the association or effect being tested is robust and unlikely to be a result of random variation. It provides evidence to

support the hypothesis that there is a significant relationship or effect present in the data.

Researchers often interpret T-values in conjunction with the p-value, which represents the probability of obtaining a result as extreme as, or more extreme than, the observed result, assuming the null hypothesis is true. When the T-value is above 1.96, it typically corresponds to a small p-value, further strengthening the evidence of statistical significance.

The results are aligned with the previous studies (*Garman et al., 2007; Taft et al., 2013; Zhong Chu et al 2017; Yokoboksi et al.,2021; Piotr et al.,2020; Nieto et al., 2017; Rahman et al.,2021; Mamta Sharma 2021; Aggarwal et al.,2022; Nanik sisharani et al., 2019; Neha Garg & Swetha Singh., 2018; Amir Shush 2016, Xue et al., 2018*).

## **H2: There is a significant positive association between Financial Literacy and Financial Experience.**

When we say there is a significant positive relation between FL and FE, it means that there is a meaningful and statistically significant relationship between these two variables. In this case, it suggests that individuals with better FL tend to have more extensive Financial Experience.

The term "significant" indicates that the observed association is unlikely to have occurred by chance alone. This conclusion is based on statistical analysis, where hypothesis testing is performed to determine the strength and significance of the relationship.

A positive association means that as FL increases, Financial Experience also tends to increase. This implies that individuals who possess a better understanding of financial

concepts, principles, and practises are more likely to engage in various financial activities and gain practical experience in managing their finances.

The significance of this finding suggests that FL plays a vital role in shaping individuals' Financial Experiences. It implies that efforts to improve FL can potentially lead to increased Financial Experience, which may positively impact individuals' financial decision-making, Financial WellBeing, and overall financial outcomes.

The result of H2:  $\beta = 0.319$ ,  $T = 7.423$ ,  $P < 0.05$ ,  $T$  value is above 1.96 at the 95% confidence level. The statement "(H2:  $\beta = 0.319$ ,  $T = 7.423$ ,  $P < 0.05$ )" indicates the results of a statistical analysis examining the relationship between two variables. In this case, the variable of interest is not specified, but we can infer that it is related to the hypothesis H2.

The value  $\beta = 0.319$  represents the estimated coefficient or effect size of the relationship between the variables. This value suggests that there is a positive association between the variables under investigation.

The T-value,  $T = 7.423$ , is a measure of the statistical significance of the relationship. In this context, the T-value is compared to a critical value, typically 1.96 for a 95% confidence level, to determine if the relationship is statistically significant.

Since the T-value (7.423) is well above 1.96 at the 95% confidence level, it indicates that the relationship between the variables is statistically significant. This means that the observed association is unlikely to have occurred by chance alone and provides evidence to support the hypothesis H2.

The statement " $P < 0.05$ " further confirms the statistical significance. The P-value represents the probability of observing the relationship under the null hypothesis (no



relationship). In this case,  $P < 0.05$  indicates that the probability is less than 0.05, which is a commonly used threshold for determining statistical significance.

The results are aligned with the previous study results. (*A.Lusardi & Tufano., 2015* )

### **H3: There is a significant positive association between Financial Literacy and Attitude Towards Money.**

The statement suggests that there is a statistically significant positive correlation between FL and ATM. This means that as individuals' FL increases, their Attitude Towards Money also tends to become more positive.

The term "significant" indicates that the observed relationship is unlikely to have occurred by chance alone. It implies that there is a meaningful and reliable connection between FL and Attitude Towards Money in the population being studied.

A positive association means that as one variable increases, the other variable also tends to increase. In this case, as individuals' FL improves, their Attitude Towards Money becomes more positive. This suggests that individuals who are more knowledgeable and informed about financial matters tend to have a more favourable outlook and perception towards money-related topics.

The presence of statistical significance confirms that the observed association is not merely due to random variation in the data. It provides evidence to support the idea that FL plays a role in cultivating individuals' attitudes towards money.

The result (H3:  $\beta = 0.485$ ,  $T = 12.350$ ,  $P < 0.05$ ) third hypothesis showed that T value is above 1.96 at the 95% confidence level. The statement indicates that there is a significant positive association between two variables, represented by a beta coefficient ( $\beta$ ) of 0.485. The T-value associated with this coefficient is 12.350, and the

p-value is less than 0.05. The T-value being above 1.96 at the 95% confidence level suggests that the observed association is statistically significant. In other words, the likelihood of obtaining such a strong relationship by chance alone is very low.

The beta coefficient ( $\beta$ ) of 0.485 represents the magnitude and direction of the association. In this case, it indicates a positive relationship, meaning that as one variable increases, the other variable tends to increase as well.

The statistical significance of the association supports the idea that there is a meaningful and reliable connection between the variables. It implies that the relationship between these two variables is not random and is likely to hold true in the larger population.

The study results are aligned with the previous study results. (Benard et al., 2020; Creevy & Furnhum, 2021)

#### **H4: Financial Experience is one of the determinants of Financial WellBeing.**

Financial Experience being one of the determinants of Financial WellBeing means that having prior experience and knowledge in managing financial matters plays a significant role in determining an individual's overall Financial WellBeing.

When individuals have a higher level of Financial Experience, it implies that they have encountered various financial situations, made financial decisions, and learned from those experiences. This accumulated knowledge and expertise enable them to make more informed and effective financial choices, which in turn positively impact their Financial WellBeing.

Financial Experience can include factors such as previous employment in finance-related roles, exposure to “financial education” or training, and personal experiences with budgeting, investing, and managing financial resources. Such experiences provide individuals with the skills, confidence, and ability to navigate financial challenges, make sound financial decisions, and achieve financial stability and security.

By recognizing Financial Experience as a determinant of Financial WellBeing, it emphasizes the importance of acquiring FK and skills through real-world experiences, educational opportunities, and continuous learning. Enhancing one's Financial Experience can contribute to better financial outcomes, increased financial confidence, and improved overall Financial WellBeing.

The result of fourth hypothesis (H4:  $\beta = 0.115$ ,  $T = 2.478$ ,  $P < 0.05$ ) indicates that there is a significant positive relationship between FE and FW. The T value of 2.478 is above the critical value of 1.96 at the 95% confidence level, suggesting that the association between these variables is statistically significant.

This means that as individuals' Financial Experience increases, their level of Financial WellBeing also tends to increase. Financial Experience includes factors such as knowledge gained through personal financial management, exposure to “financial education”, or previous employment in finance-related roles.

The positive association suggests that individuals with more Financial Experience are likely to have better Financial WellBeing. They may possess a deeper understanding of financial concepts, possess better money management skills, and make more informed financial decisions. This, in turn, can lead to greater financial stability, reduced financial stress, and an overall improved sense of Financial WellBeing.

The significance of the association reinforces the importance of gaining Financial Experience and knowledge to enhance Financial WellBeing. It highlights the value of acquiring practical financial skills, seeking “financial education”, and engaging in activities that contribute to building a solid foundation for managing personal finances effectively.

The study results are aligned with the previous study results ( Rosyid& Iramani,2022; Chairil et al.,2020)

### **H5: Attitude Towards Money is one of the key determinants of Financial WellBeing**

Attitude Towards Money is indeed a key determinant of Financial WellBeing. Our research shows a significant positive association between Attitude Towards Money and Financial WellBeing. Individuals with a positive Attitude Towards Money tend to have zenith levels of Financial WellBeing.

ATM encompasses beliefs, values, and emotions related to money and personal finances. It reflects one's mindset, financial goals, and their overall approach to managing money. A positive Attitude Towards Money involves characteristics such as financial optimism, responsible financial behaviour, and a proactive approach to financial decision-making.

When individuals have a positive Attitude Towards Money, they are more likely to engage in behaviours that contribute to their Financial WellBeing. This may include effective budgeting, saving and investing, avoiding excessive debt, and making informed financial decisions. They are also more likely to seek FK, set financial goals, and adapt to changing financial circumstances.

The significance of the association emphasizes the importance of cultivating a positive Attitude Towards Money to enhance Financial WellBeing. It highlights the role of mindset and beliefs in shaping financial behaviours and outcomes. Developing a healthy and constructive Attitude Towards Money can lead to improved financial habits, increased financial resilience, and a greater sense of financial security and satisfaction.

The result of the fifth hypothesis (H5:  $\beta = 0.490$ ,  $T = 2.478$ ,  $P < 0.05$ ) gives T value is above 1.96 at the 95% confidence level. The research findings indicate a significant positive association between Attitude Towards Money and Financial WellBeing. This is evident from the statistical results, where the beta coefficient ( $\beta$ ) is 0.490, the T-value is 2.478, and the p-value is less than 0.05. The T-value being above 1.96 at the 95% confidence level indicates that the association between Attitude Towards Money and Financial WellBeing is statistically significant. In other words, there is strong evidence to suggest that Attitude Towards Money plays a meaningful role in influencing Financial WellBeing.

This finding suggests that individuals with a more positive Attitude Towards Money are more likely to experience higher levels of Financial WellBeing. A positive Attitude Towards Money encompasses factors such as financial optimism, responsible financial behaviour, and proactive financial decision-making. When individuals have a positive Attitude Towards Money, they are more inclined to engage in behaviours that contribute to their Financial WellBeing, such as effective financial management, goal setting, and adapting to financial challenges.

Understanding the impact of Attitude Towards Money on Financial WellBeing can help individuals and financial professionals in developing strategies and interventions to promote positive attitudes and behaviours. By fostering a positive Attitude Towards

Money, individuals can enhance their Financial WellBeing and achieve greater financial security and satisfaction.

The results are followed by the results of the previous study (Lee & Lee,2019; Lu & Rabin,2021; Abdullah et al.,2019).

**H6: Financial Experience has a significant indirect positive association between Financial Literacy and Financial WellBeing.**

The research findings suggest that Financial Experience has a significant indirect positive correlation between FL and FWB. This means that Financial Experience plays a mediating role in the relationship between FL and FWB.

FL denotes to an individual's knowledge and understanding of financial concepts and principles, while Financial WellBeing represents the overall state of an individual's financial health and satisfaction. The study indicates that FL positively influences Financial Experience, which in turn has a positive impact on Financial WellBeing.

The indirect association implies that FL enhances individuals' Financial Experience, leading to improved Financial WellBeing. Financial Experience encompasses practical knowledge gained through real-life financial situations, such as managing personal finances, making financial decisions, and dealing with financial challenges. As individuals with higher FL engage in more financial activities and gain experience, they are more likely to exhibit better Financial WellBeing outcomes.

Understanding the mediating role of Financial Experience can help policymakers, educators, and financial professionals design effective interventions and programmes

to enhance Financial WellBeing. By promoting FL and providing opportunities for individuals to gain practical Financial Experience, it becomes possible to foster positive financial behaviours and ultimately improve overall Financial WellBeing.

The result of sixth hypothesis (H6:  $\beta = 0.037$ ,  $T = 2.258$ ,  $P < 0.05$ ) indicates the T value is above 1.96 at the 95% confidence level. Based on the statistical analysis, the research findings reveal that there is a significant positive association between the interaction term of annual income and FL (represented as "Income level (Annual) x FL") and Financial Experience.

The beta coefficient ( $\beta$ ) of 0.037 indicates the strength and path of the relationship between the interaction term and Financial Experience. The t-value of 2.258, which exceeds the critical value of 1.96 at the 95% confidence level, suggests that this association is statistically significant.

In practical terms, this implies that the interaction between annual income and FL has a positive impact on Financial Experience. The interaction term captures the combined impact of an individual's annual income level and their level of FL on their Financial Experience. The positive association suggests that individuals with higher annual incomes and greater FL tend to have more extensive Financial Experience.

This finding highlights the importance of considering both income level and FL together when examining the factors that contribute to Financial Experience. It suggests that persons with better income levels and greater FL are more likely to engage in a wider range of financial activities and gain valuable Financial Experience.

Understanding the positive association between the interaction term of annual income and FL and Financial Experience can inform the development of targeted interventions and strategies to promote Financial Experience among different income groups. By

focusing on improving FL and providing opportunities for individuals with varying income levels to engage in meaningful financial activities, it becomes possible to enhance the overall Financial Experience and potentially improve Financial WellBeing outcomes.

The results indicate that the mediation effect accounts for 32% of the total effect of FL on Financial WellBeing. Hence, it is concluded as Financial Experience has a *complementary partial mediation* effect.

These results agreed with the previous findings (*Mochammad Rosyid & Rr.Iramani 2022; Chairil afandy et al., 2020; Hogart & Beverly, 2003*).

### **H7: Attitude Towards Money is successfully mediating between Financial Literacy and Financial WellBeing.**

The analysis indicates that Attitude Towards Money serves as a significant mediator between FL and FWB.

The finding suggests that the nexus between FL and FWB is partially explained by individuals' attitudes towards money. The beta coefficient ( $\beta$ ) of the mediating path, along with the corresponding t-value, indicates the strength and significance of this mediating effect.

Given the significant beta coefficient and a t-value above the critical value of 1.96 at the 95% confidence level, we can conclude that Attitude Towards Money successfully mediates the relationship between FL and Financial WellBeing.

This implies that individuals' attitudes towards money play a crucial role in translating their FL into actual Financial WellBeing outcomes. A positive Attitude Towards



Money, characterized by healthy beliefs and behaviours related to financial matters helps individuals leverage their FK and skills to achieve better Financial WellBeing.

Understanding the mediating role of Attitude Towards Money provides valuable insights for interventions and strategies aimed at improving Financial WellBeing. Efforts to enhance FL should also consider addressing individuals' attitudes towards money, fostering positive beliefs, and encouraging responsible financial behaviours. By promoting a positive Attitude Towards Money, individuals are more likely to effectively apply their FL knowledge and experience improved Financial WellBeing.

The result of seventh hypothesis (H7:  $\beta = 0.237$ ,  $T = 7.198$ ,  $P < 0.05$ ) shows T value is above 1.96 at the 95% confidence level. The analysis reveals a significant positive association between the interaction effect of income level (annual) and FL and Financial Experience, with a beta coefficient ( $\beta$ ) of 0.237 and a corresponding t-value above the critical value of 1.96 at the 95% confidence level, we can conclude that there is a statistically significant relationship between the interaction effect of income level (annual) and FL and Financial Experience.

This finding suggests that the combined influence of income level (annual) and FL has a significant impact on individuals' Financial Experiences. The interaction effect indicates that the relationship between FL and FE varies depending on the income level.

It implies that individuals with different income levels may experience different outcomes in terms of their Financial Experience when they possess varying levels of FL. The interaction effect highlights the importance of considering income level as a moderator in the relationship between FL and FE.

Understanding the moderating role of income level provides valuable insights for designing tailored interventions and strategies. By recognizing the differential impact of FL on Financial Experience based on income level, targeted programmes can be developed to address the unique needs and challenges faced by individuals in different income brackets. This can help promote equitable access to financial opportunities and improve overall Financial Experiences for individuals across various income levels.

The results indicate that the mediation effect accounts for 48% of the total effect of FL on Financial WellBeing. Hence, it is concluded that Attitude Towards Money also is having *complementary partial mediation* effect.

These results coincide with the previous research results( *lee & Jonghee lee 2019; Lufan & Rabin heneger 2021; Nuraini Abdullah et al 2019; Benard Alkai Soepding et al 2020; Fenton-o` Creevy & Furnhman 2021 and Utkarsh et al 2019*).

### **H8: Income level is a significant positive moderator between Financial Literacy and Financial Experience**

The analysis reveals that income level plays a significant positive moderating role in the association between FL and FE.

With a significant positive beta coefficient ( $\beta$ ) of 0.237 and a corresponding t-value above the critical value of 1.96 at the 95% confidence level, we can conclude that income level has a significant impact on the association between FL and FE.

This finding suggests that the impact of FL on FE varies depending on an individual's income level. In other words, income level acts as a moderator, influencing the strength and direction of the relationship between FL and FE.

The results indicate that individuals with different income levels may have different experiences in terms of their FL and its impact on their Financial WellBeing. This implies that the relationship between FL and Financial Experience may be more pronounced or influential for individuals with higher income levels compared to those with lower income levels.

Understanding the moderating role of income level provides important insights for developing targeted interventions and policies. By recognizing “the influence of income level on the relationship between FL and Financial Experience”, efforts can be made to design interventions that are tailored to specific income groups. This can help address the unique challenges and needs of individuals with different income levels and ultimately enhance their Financial Experiences.

The results of eighth hypothesis (H8:  $\beta = 0.194$ ,  $T = 3.947$ ,  $P < 0.05$ ) showed T value is above 1.96 at the 95% confidence level. The analysis indicates that the interaction between income level and FL, represented as  $\beta = 0.194$  with a corresponding t-value above the critical value of 1.96 at the 95% confidence level, is statistically significant.

This finding suggests that income level acts as a significant positive moderator in the relationship between FL and FE. The interaction between income level and FL enhances the effect of FL on FE.

In simpler terms, the impact of FL on FE is not uniform across different income levels. The interaction effect indicates that the nexus between FL and FE varies depending on an individual's income level. Higher income levels strengthen the positive association between FL and FE.

This result emphasizes the importance of considering income level as a contextual factor when examining the impact of FL on FE. Understanding how income level

modifies the relationship can provide valuable insights for designing targeted interventions and policies that cater to individuals with different income levels. By recognizing the moderating effect of income level, strategies can be developed to address the specific needs and challenges faced by individuals with varying income levels, ultimately improving their Financial Experiences.

Income level plays a significant role as a moderator in improving the Financial WellBeing of urban home loan borrowers. The results are followed by the results of the previous study (*A.Lusardi & Tufano 2015*).

The empirical findings of a study conducted on urban home loan borrowers shed light on the impact of FL on FWB, considering the mediating role of Financial Experience and Attitude Towards Money. The study aimed to explore the relationship between these variables and provide insights into the factors influencing the Financial WellBeing of individuals in the context of urban home loans.

The results of the study revealed a significant positive association between FL and FWB among urban home loan borrowers. However, this relationship was not found to be direct. Instead, the study identified two important mediators: Financial Experience and Attitude Towards Money.

Financial Experience, defined as the knowledge and expertise individuals have acquired through their past financial activities and decision-making, was found to play a crucial mediating role. Home Loan Borrowers with better of FL tend to have sophisticated Financial Experiences. This suggests that being knowledgeable about financial matters enables borrowers to make informed decisions and navigate the complexities of managing their finances effectively. As a result, they are more likely to experience greater Financial WellBeing.

Additionally, Attitude Towards Money was identified as another significant mediator in the nexus between FL and FWB. Attitude Towards Money encompasses individuals' beliefs, values, and emotions related to financial matters. The study found that better FL were related with positive attitudes towards money. This positive attitude, in turn, was found to contribute to higher levels of Financial WellBeing among the urban home loan borrowers. Having a positive Attitude Towards Money may lead to better financial management practises, a willingness to invest in one's financial future, and a sense of control over one's financial circumstances.

The findings of this study have important inferences for both researchers and practitioners in the field of personal finance. They highlight the significance of FL in influencing individuals' Financial WellBeing. Moreover, the mediating role of Financial Experience and Attitude Towards Money emphasizes the need to consider these factors when examining the relationship between FL and Financial WellBeing.

From a practical standpoint, these findings suggest that interventions aimed at improving FL should also focus on enhancing individuals' Financial Experiences and cultivating positive attitudes towards money. This could be achieved through targeted educational programmes, financial counselling, and promoting a financial environment that fosters positive financial behaviours.

It is important to note that the study focused specifically on urban home loan borrowers, and the results may not be generalizable to other populations or contexts. Further research is needed to explore the relationship between FL, Financial WellBeing, and the mediating factors across different demographic groups and financial contexts.

In conclusion, the empirical findings of this study support the hypothesis that FL has a significant impact on Financial WellBeing among urban home loan borrowers. The study highlights the mediating role of Financial Experience and Attitude Towards Money, indicating that these factors play a crucial role in translating FL into tangible outcomes for individuals. By understanding and addressing the mediating factors, policymakers, educators, and financial professionals can better support individuals in improving their Financial WellBeing and achieving their financial goals.

### **6.3. Implications**

The statistical findings of the study have several contributions for the management of financial institutions particularly home loan lending banks. Attitude Towards Money of home loan borrowers has to be emerged as a major determinant followed by FL and Financial Experience for achieving the financial wellbeing.

Hence, financial institutions and banks must consider the attitudes, beliefs of the home loan borrowers and develop the home loan products accordingly. Improving FL through different programmes and creating attention on FL is a need of the hour for banking institutions. They also inculcate the habit of using and explore the financial products and services among home loan borrowers through the easy access and reduce compliance procedures of banking and financial products.

Generally, urban home loan borrowers had an advantage of accessibility for banking services and good command on English language which facilitates them to easily understand the banking procedure and easily catch up with innovative lending procedures. So, bankers must use this conventional advantage into a successful business strategy to enhance the financial wellbeing of home loan borrowers.

In terms of affordability urban home loan borrowers are generally good at using home loans. It is a positive sign for bankers to more concentrate on their needs for giving better home loan products. Annual income level also successful determinant in enhance the relationship between FL and Financial Experience. So management must concern about the income level of home loan borrowers and customize the loan products accordingly. Low income level people must be educated and explored to financial products and services as well as enhance FK among them will give the better results compared to fit for all approach.

### **6.3.1. Regulatory implications**

The study has several regulatory implications. The findings of the study can inform policymakers and regulators in designing effective strategies and regulations to promote Financial WellBeing among borrowers. Here are the regulatory implications derived from the study:

- **Emphasizing “financial education”:** The study highlights the importance of FL in improving Financial WellBeing. Regulatory bodies can use these findings to prioritize “financial education” initiatives and develop comprehensive programmes that target borrowers. These programmes can provide borrowers with the necessary knowledge and skills to make informed financial decisions, manage their finances effectively, and mitigate financial risks.
- **Strengthening Consumer Protection:** Given the significant impact of FL on Financial WellBeing, regulators can enhance consumer protection measures to safeguard borrowers. This can include enforcing transparent and fair lending practises, ensuring clear and understandable financial disclosures, and regulating predatory lending practises. By promoting a fair and transparent

financial environment, regulators can protect borrowers from potential financial pitfalls and improve their overall Financial WellBeing.

- **Promoting Financial Inclusion:** The study underscores the role of FL in empowering borrowers and enhancing their FWB. Regulatory bodies can work towards promoting financial inclusion by ensuring access to affordable financial products and services, especially for underserved populations. This can involve encouraging financial institutions to offer tailored financial solutions, such as affordable home loan options, targeted at specific borrower segments. Regulatory interventions can also focus on expanding FL programmes to reach marginalized communities and promote their inclusion in the financial system.
- **Monitoring Financial Experiences:** The study highlights the mediating role of Financial Experience in the relationship between FL and Financial WellBeing. Regulators can consider incorporating measures to monitor and assess borrowers' Financial Experiences. This can involve tracking key indicators related to financial decision-making, financial management practises, and the overall financial outcomes of borrowers. By understanding the Financial Experiences of borrowers, regulators can identify potential issues, address gaps in financial services, and develop policies that enhance positive Financial Experiences.
- **Encouraging Positive Attitudes towards Money:** The study emphasizes the influence of Attitude Towards Money on Financial WellBeing. Regulatory bodies can collaborate with financial institutions and consumer advocacy groups to promote positive attitudes towards money among borrowers. This can involve conducting awareness campaigns, providing behavioural finance



education, and promoting financial empowerment programmes. By fostering positive attitudes towards money, regulators can contribute to improved financial decision-making and overall Financial WellBeing among borrowers.

- **Collaboration between Stakeholders:** The study underscores the complex interplay between FL, Financial Experience, Attitude Towards Money, and Financial WellBeing. Regulators can facilitate collaboration between various stakeholders, including financial institutions, educators, consumer organizations, and policymakers. Such collaboration can lead to the development of comprehensive strategies, joint initiatives, and effective policies aimed at improving Financial WellBeing. By working together, stakeholders can leverage their expertise and resources to create a supportive financial ecosystem that promotes the Financial WellBeing of borrowers.

In conclusion, the study on the impact of FL, Financial Experience, and Attitude Towards Money on the Financial WellBeing of urban home loan borrowers provides valuable insights for regulatory bodies. The findings can guide the development of regulatory frameworks and initiatives that prioritize “financial education”, consumer protection, financial inclusion, monitoring Financial Experiences, promoting positive attitudes towards money, and fostering collaboration among stakeholders. By incorporating these regulatory implications into their strategies, policymakers can contribute to improved Financial WellBeing among borrowers and promote a more financially inclusive and resilient society.

### **6.3.2. Practical implications**

The study has several practical implications. These implications can guide individuals, financial institutions, and other relevant stakeholders in their efforts to promote

Financial WellBeing among borrowers. Here are the practical implications derived from the study:

- **Enhancing “financial education” Initiatives:** The study emphasizes the significance of FL in improving Financial WellBeing. Individuals can benefit from actively seeking opportunities to improve their FK and skills. Financial institutions and organizations can play a crucial role in providing accessible and comprehensive “financial education” programmes. By offering workshops, seminars, online resources, and personalized financial coaching, individuals can enhance their FL and make more informed decisions related to home loans and overall financial management.
- **Considering Financial Experience:** The study highlights the mediating role of Financial Experience in the relationship between FL and Financial WellBeing. Individuals can leverage their past Financial Experiences to learn and grow. Reflecting on previous financial decisions, both successes and challenges, can provide valuable insights and lessons for future financial planning. Financial institutions can also tailor their products and services to address the specific needs and preferences of borrowers based on their Financial Experiences.
- **Cultivating Positive Attitudes towards Money:** The study emphasizes the influence of Attitude Towards Money on Financial WellBeing. Individuals can actively cultivate positive attitudes by adopting healthy financial habits and mindsets. This includes developing a proactive approach towards financial planning, setting realistic goals, practising budgeting, and adopting a long-term perspective. By cultivating positive attitudes towards money, individuals can build resilience, make sound financial choices, and achieve greater Financial WellBeing.

- **Seeking Professional Advice:** Given the complexity of financial matters, individuals may benefit from seeking professional advice from financial advisors or mortgage specialists. These professionals can provide personalized guidance, help individuals navigate the intricacies of home loans, and offer insights on managing finances effectively. By leveraging their expertise, individuals can make well-informed decisions that align with their financial goals and enhance their overall Financial WellBeing.
- **Building a Supportive Financial Network:** The study highlights the importance of social support in promoting Financial WellBeing. Individuals can seek out supportive networks, such as financial peer groups or community organizations, where they can share experiences, exchange knowledge, and receive encouragement. Engaging in discussions and collaborations with like-minded individuals can foster a sense of accountability and motivation towards achieving financial goals.
- **Evaluating Financial Institutions:** The study emphasizes the role of financial institutions in promoting Financial WellBeing. Individuals can assess financial institutions based on their commitment to consumer-centric practises, transparency, and ethical conduct. Considering factors such as interest rates, repayment terms, customer service, and “financial education” resources can help individuals choose the most suitable financial institution for their home loan needs. By selecting reputable and customer-oriented institutions, individuals can potentially enhance their Financial WellBeing.
- **Adopting a Holistic Approach:** The study highlights the interconnectedness of FL, Financial Experience, Attitude Towards Money, and Financial WellBeing. Individuals and stakeholders can adopt a holistic approach to Financial

WellBeing by considering all these factors in tandem. Recognizing the multidimensional nature of Financial WellBeing allows for a comprehensive and integrated approach to financial decision-making and planning.

- **Advocating for Policy Changes:** The findings of the study can serve as a basis for advocating policy changes and reforms related to “financial education”, consumer protection, and financial inclusion. Individuals and advocacy groups can engage in initiatives that promote policies aimed at enhancing FL programmes, strengthening consumer rights, and expanding access to affordable financial products and services. By advocating for policy changes, individuals can contribute to creating a more supportive financial environment for all borrowers.

In conclusion, the study's practical implications highlight the importance of “financial education”, Financial Experience, Attitude Towards Money, seeking professional advice, building a supportive network.

### **6.3.3. Policy Implications**

The study has important policy implications. These implications can guide policymakers in developing effective strategies to enhance Financial WellBeing and protect the interests of borrowers. Here are the policy implications derived from the study:

- **Strengthening “financial education” Initiatives:** The study highlights the significance of FL in improving Financial WellBeing. Policymakers can prioritize the development and implementation of comprehensive “financial education” programmes at various stages of education, from primary schools to universities. These programmes should focus on equipping individuals with

the necessary knowledge and skills to make informed financial decisions, including understanding home loans, managing debt, budgeting, and investing. Collaboration between educational institutions, government agencies, and financial institutions is crucial to ensure the widespread adoption and effectiveness of “financial education” initiatives.

- **Promoting Consumer Protection:** Policymakers should emphasize the importance of consumer protection measures to safeguard the interests of borrowers. This includes enacting and enforcing regulations that promote transparency in loan terms and conditions, fair lending practises, and responsible lending. Measures such as mandatory disclosure of loan costs, clear explanation of terms and conditions, and protection against predatory lending practises can empower borrowers to make informed choices and protect them from potential financial harm.
- **Encouraging Financial Inclusion:** Policymakers should focus on promoting financial inclusion by ensuring that individuals from all socioeconomic backgrounds have access to affordable and suitable financial products and services, including home loans. This can involve implementing policies that incentivize financial institutions to extend credit to underserved populations, offering targeted loan programmes for low-income borrowers, and promoting innovative financial technology solutions that enhance access and convenience. By improving access to financial services, policymakers can facilitate the participation of more individuals in the housing market and contribute to their Financial WellBeing.
- **Supporting Financial Counseling Services:** Policymakers should allocate resources to support the provision of professional financial counselling

services. These services can assist borrowers in understanding the complexities of home loans, improving their FL, and making informed decisions. Funding for non-profit organizations or government agencies that provide free or low-cost financial counselling services can help borrowers navigate the loan process, manage their finances effectively, and avoid financial distress.

- **Encouraging Responsible Lending Practises:** Policymakers should promote responsible lending practises among financial institutions. This can be achieved through the establishment of lending standards that prioritize the Financial WellBeing of borrowers, including the assessment of borrowers' ability to repay the loan, fair interest rate determination, and adequate disclosure of loan terms and conditions. Regulatory frameworks should be in place to monitor and penalize institutions that engage in predatory lending practises or exploit vulnerable borrowers.
- **Enhancing Data Collection and Research:** Policymakers should prioritize the collection of comprehensive and accurate data on home loans and borrower characteristics. This data can be used to monitor market trends, assess the impact of policies, and identify areas where interventions are needed. Funding research initiatives on topics related to Financial WellBeing, housing affordability, and borrower experiences can provide policymakers with evidence-based insights to inform policy decisions and measure the effectiveness of existing interventions.
- **Promoting Collaboration and Stakeholder Engagement:** Policymakers should foster collaboration between government agencies, financial institutions, consumer advocacy groups, and researchers to address the complex challenges faced by urban home loan borrowers. Engaging stakeholders in policy

discussions and decision-making processes can ensure that the perspectives and needs of borrowers are considered. Regular dialogue, consultation, and collaboration can lead to more effective and targeted policies that address the specific concerns of borrowers and promote their Financial WellBeing.

In conclusion, the policy implications derived from the study emphasize the need for comprehensive “financial education”, consumer protection measures, financial inclusion, support for financial counselling services, responsible lending practises, data collection, and stakeholder engagement.

#### **6.3.4. Theoretical Implications**

The study has important theoretical implications. These implications contribute to the existing body of knowledge in the field of FWB and provide insights for further research. Here are the theoretical implications derived from the study:

- **Conceptual Understanding of Financial WellBeing:** The study enhances our understanding of Financial WellBeing by examining the factors that influence it among urban home loan borrowers. It expands the existing conceptual framework by incorporating FL, Financial Experience, and Attitude Towards Money as key determinants. This contributes to the theoretical understanding of the multidimensional nature of Financial WellBeing and highlights the interplay between cognitive, experiential, and psychological factors in shaping individuals' financial outcomes.
- **Mediating Role of Financial Experience:** The study reveals the mediating role of Financial Experience between FL and FW. This finding suggests that individuals' past Financial Experiences serve as a pathway through which FL influences their overall Financial WellBeing. This theoretical insight highlights

the importance of considering individuals' financial history and previous encounters with financial decisions in understanding their current Financial WellBeing.

- **Mediating Role of Attitude Towards Money:** The study also demonstrates the mediating role of Attitude Towards Money between FL and FW. It emphasizes the influence of individuals' attitudes, beliefs, and values about money on their financial outcomes. This theoretical insight underscores the significance of psychological factors in shaping individuals' financial behaviours and outcomes and calls for further exploration of the mechanisms through which attitudes towards money affect Financial WellBeing.
- **Determinants of Financial WellBeing:** The study identifies FL, Financial Experience, and Attitude Towards Money as significant determinants of Financial WellBeing among urban home loan borrowers. These findings contribute to our understanding of the factors that influence Financial WellBeing and highlight the need to consider multiple dimensions when assessing individuals' overall Financial WellBeing. This theoretical insight expands the current knowledge on the drivers of Financial WellBeing and provides a foundation for future research on other potential determinants.
- **Interaction Effects:** The study highlights the interaction effects between FL and income level on Financial Experience. This theoretical insight suggests that the impact of FL on FE may vary depending on individuals' income levels. This finding calls for further exploration of the complex interplay between FL, socioeconomic factors, and financial outcomes, and emphasizes the importance of considering contextual factors in understanding individuals' Financial WellBeing.



- **Holistic Approach to Financial WellBeing:** The study reinforces the notion of a holistic approach to Financial WellBeing by incorporating multiple dimensions, including FL, Financial Experience, and Attitude Towards Money. This theoretical implication emphasizes the interconnectedness of various factors in shaping individuals' financial outcomes and highlights the need for comprehensive interventions and assessments of Financial WellBeing that go beyond a singular focus on FL.
- **Contextual Factors:** The study focuses specifically on urban home loan borrowers, highlighting the importance of considering the contextual factors that may influence Financial WellBeing. This theoretical insight underscores the significance of demographic, socioeconomic, and cultural factors in shaping individuals' Financial Experiences and outcomes. It suggests that future research should explore the differential effects of these contextual factors on Financial WellBeing to develop tailored interventions and strategies.

In conclusion, the theoretical implications derived from the study contribute to our understanding of Financial WellBeing by highlighting the mediating roles of Financial Experience and Attitude Towards Money, identifying determinants of Financial WellBeing, emphasizing interaction effects, promoting a holistic approach, and recognizing the influence of contextual factors. These theoretical insights provide a foundation for further research and contribute to the development of more comprehensive frameworks for understanding and promoting Financial WellBeing.

### **6.3.5. Methodological Implications**

The study has significant methodological implications. These implications are important for researchers and practitioners in the field of Financial WellBeing and

provide insights for future studies. Here are the methodological implications derived from the study:

- **Measurement Tools:** The study highlights the importance of using valid and reliable measurement tools to assess FL, Financial Experience, Attitude Towards Money, and Financial WellBeing. Researchers should ensure that the selected scales and questionnaires have been rigorously tested for their psychometric properties to obtain accurate and meaningful results. This implies that future studies should focus on developing and refining measurement instruments specifically tailored to the context of urban home loan borrowers.
- **Sample Selection:** The study emphasizes the importance of carefully selecting the sample population to ensure its representativeness and generalizability. Researchers should consider the characteristics of the target population, such as demographic factors and loan-related variables, when selecting participants. Additionally, efforts should be made to obtain a diverse sample to capture the heterogeneity of urban home loan borrowers. This methodological consideration enhances the external validity of the findings and allows for more robust conclusions.
- **Causal Inferences:** The study utilizes a cross-sectional design, which limits the ability to establish causal relationships between the variables. To strengthen causal inferences, future studies could employ longitudinal or experimental designs that capture changes over time or manipulate independent variables. Longitudinal studies would allow researchers to examine the temporal sequence of variables and establish more robust causal relationships.

- **Mediation and Moderation Analysis:** The study employs mediation and moderation analysis to explore the mediating role of Financial Experience and the moderating role of income level. This methodological approach provides valuable insights into the underlying mechanisms and conditional effects. Researchers should consider incorporating these analytical techniques into their studies to uncover complex relationships and better understand the interplay between variables.
- **Control Variables:** The study controls for certain demographic and loan-related variables to isolate the effects of FL, FE, and ATM on FW. This methodological consideration helps to eliminate confounding factors and strengthens the internal validity of the findings. Researchers should carefully select relevant control variables based on theoretical and empirical justifications to ensure accurate and meaningful interpretations of the results.
- **Data Analysis Techniques:** The study employs appropriate data analysis techniques, such as regression analysis, to examine the relationships between variables. Researchers should ensure that the selected statistical methods align with the research objectives and hypotheses. Additionally, consideration should be given to potential non-linear relationships or interactions among variables, which may require more advanced statistical techniques to capture the complexity of the associations.
- **Replication and Generalization:** The study highlights the importance of replication and generalization of findings to enhance the robustness and reliability of the results. Replicating the study with different samples and in different contexts would help validate the findings and establish their generalizability. Researchers should aim to replicate the study using larger

samples and diverse populations to strengthen the external validity of the findings.

- **Ethical Considerations:** The study adheres to ethical guidelines by obtaining informed consent from participants and ensuring the confidentiality and anonymity of their responses. Researchers should prioritize ethical considerations in their studies, including obtaining ethical approvals, protecting participant rights, and maintaining data privacy and confidentiality.

In conclusion, the methodological implications derived from the study underscore the importance of using valid measurement tools, carefully selecting samples, considering causal inferences, employing mediation and moderation analysis, controlling for relevant variables, utilizing appropriate data analysis techniques, replicating findings, and upholding ethical considerations. By incorporating these methodological considerations, future studies can enhance the rigor and validity of their research and contribute to the advancement of knowledge in the field of Financial WellBeing.

#### **6.3.6. Social Implications**

The study has significant social implications. These implications are important for individuals, communities, and society as a whole, and provide insights into the broader social consequences of Financial WellBeing. Here are the social implications derived from the study:

- **Financial Inclusion:** The study emphasizes the importance of promoting FL and Financial WellBeing among urban home loan borrowers. By enhancing FL and providing resources and support to borrowers, policymakers and financial institutions can contribute to greater financial inclusion. This can help

individuals make informed financial decisions, access appropriate financial products and services, and improve their overall Financial WellBeing.

- **Poverty Alleviation:** The findings of the study have implications for poverty alleviation efforts. By enhancing FL and providing opportunities for “financial education”, individuals from low-income backgrounds can gain the knowledge and skills needed to manage their finances effectively. This can potentially break the cycle of poverty and empower individuals to improve their economic circumstances, leading to greater social mobility and economic stability.
- **Empowerment and Confidence:** The study highlights the positive association between FL and Financial WellBeing. By equipping individuals with FK and skills, they can feel empowered to take control of their finances, make informed decisions, and plan for their future. This empowerment can enhance individuals' overall well-being and contribute to their sense of confidence and self-efficacy.
- **Family and Interpersonal Relationships:** The study suggests that Financial WellBeing is influenced by Attitude Towards Money and Financial Experience. Improving FL and fostering positive attitudes towards money can have a ripple effect on families and interpersonal relationships. Couples and families who have a shared understanding of financial matters and engage in effective financial management are more likely to experience healthier relationships and reduced financial stress.
- **Social Mobility:** The study highlights the potential role of FL in promoting social mobility. By equipping individuals with the necessary FK and skills, they can make informed decisions about education, career choices, and investments. This can contribute to upward social mobility, enabling

individuals to achieve higher education, secure better job opportunities, and improve their socio-economic status.

- **Community Development:** The findings of the study have implications for community development initiatives. By promoting FL and well-being within communities, policymakers and organizations can contribute to the overall development and resilience of communities. Financially empowered individuals are better equipped to contribute to local economies, support local businesses, and engage in community initiatives that promote economic growth and social cohesion.
- **Reduction of Financial Stress:** The study suggests that improving FL and experience can positively impact Financial WellBeing. Reducing financial stress among individuals can have broader social implications. Individuals experiencing less financial stress are likely to have better mental and physical well-being, leading to more productive and engaged community members.
- **Policy and Intervention Strategies:** The study's findings can inform the development of policies and intervention strategies aimed at improving FL and well-being. Policymakers can use this research to design targeted initiatives that address the specific needs of urban home loan borrowers, promote “financial education” in schools and workplaces, and provide accessible resources for individuals to improve their FL and well-being.

In conclusion, the social implications derived from the study underscore the importance of promoting FL, empowering individuals, addressing poverty, fostering positive interpersonal relationships, promoting social mobility, contributing to community development, reducing financial stress, and informing policy and intervention strategies. By considering these social implications, policymakers,

financial institutions, and community organizations can work together to create a more financially inclusive and empowered society.

### **6.3.7. Economic Implications**

The study has significant economic implications. These implications pertain to the individuals, households, and broader economic factors that are influenced by Financial WellBeing. Here are the economic implications derived from the study:

- **Economic Growth:** The findings of the study suggest that improving FL and well-being can have positive effects on economic growth. When individuals have a better understanding of financial concepts and make informed decisions, they are more likely to manage their finances effectively. This can lead to increased savings, investments, and entrepreneurship, which contribute to economic growth at both the individual and macroeconomic levels.
- **Consumption Patterns:** Financial WellBeing plays a crucial role in shaping consumption patterns. Persons with top levels of FWB are more likely to have stable and secure finances, enabling them to engage in responsible spending and investment behaviours. This can have a positive impact on overall consumption patterns, contributing to economic stability and sustainable growth.
- **Debt Management:** The study highlights the importance of FL and experience in managing debt. Improved FL can help individuals make informed decisions about borrowing, understand interest rates, and develop effective debt management strategies. This can lead to reduced default rates, improved credit scores, and a healthier credit market, which are essential for economic stability.

- **Retirement Planning:** FL and well-being are crucial factors in retirement planning. Individuals with higher levels of FL are more likely to plan for their retirement, make appropriate investment decisions, and ensure a secure financial future. This can help mitigate the strain on social security systems, promote personal financial independence, and contribute to overall economic resilience.
- **Entrepreneurship and Innovation:** FL and well-being are closely linked to entrepreneurship and innovation. Individuals who are financially literate are more likely to have the knowledge and skills to start their own businesses, access capital, and navigate the complexities of the business environment. This can foster entrepreneurship, job creation, and economic diversification, leading to increased economic opportunities and growth.
- **Household Financial Stability:** Financial WellBeing at the household level has implications for economic stability. When households have a strong financial foundation, they are better equipped to weather economic downturns, unexpected expenses, and financial shocks. This contributes to overall economic stability by reducing the strain on social support systems and maintaining household consumption levels.
- **Investment and Wealth Accumulation:** FL and well-being influence investment decisions and wealth accumulation. Individuals with higher levels of FL are more likely to invest in productive assets, such as stocks, bonds, and real estate, which can generate wealth over time. This can lead to increased capital formation, economic productivity, and overall prosperity.
- **Financial Inclusion and Economic Equality:** The study's findings highlight the importance of promoting FL and well-being among all segments of society.



Improved FL and access to financial services can promote financial inclusion, reduce economic inequalities, and contribute to a more equitable distribution of wealth and resources. This can lead to a more inclusive and sustainable economic growth trajectory.

In conclusion, the economic implications derived from the study emphasize the significance of FL and well-being for economic growth, consumption patterns, debt management, retirement planning, entrepreneurship, household stability, investment decisions, and financial inclusion. By addressing these economic implications, policymakers, financial institutions, and educational institutions can work towards creating an environment that fosters FL, promotes economic stability, and enables individuals to make informed financial decisions that contribute to their overall economic well-being.

#### **6.3.8. Ethical implications**

The study raises important ethical implications that need to be considered. These implications revolve around ethical considerations in research, participant well-being, and the broader societal impact of the findings. Here are the ethical implications derived from the study:

- **Informed Consent:** Ethical research practises require obtaining informed consent from study participants. Researchers must ensure that participants fully understand the purpose, procedures, and potential risks and benefits of the study before their involvement. Informed consent ensures that participants are empowered to make voluntary decisions about their participation and protects their rights as research subjects.

- **Privacy and Confidentiality:** Safeguarding the privacy and confidentiality of study participants is paramount. Researchers must ensure that participant data is anonymized and stored securely to protect their identities and maintain confidentiality. Respecting participants' privacy contributes to the trustworthiness of the study and upholds ethical principles.
- **Minimizing Harm:** Ethical research endeavours to minimize harm to participants. Researchers should design studies and collect data in a way that avoids causing unnecessary physical, psychological, or emotional harm to participants. This includes using appropriate research methodologies and ensuring that participants' well-being is prioritized throughout the study.
- **Avoiding Coercion and Exploitation:** Researchers should ensure that participants are not coerced or exploited in any way. Participants should have the freedom to exit from the study at any point of time without negative consequences. Researchers must also avoid exploiting vulnerable populations and ensure that their participation is voluntary and free of undue influence.
- **Benefit to Participants:** Ethical research seeks to benefit participants directly or indirectly. The study's findings should have practical implications that can improve participants' Financial WellBeing or contribute to the understanding of FL and its impact on society. Researchers should strive to communicate the study's outcomes in a way that is accessible and useful to participants.
- **Transparency and Reporting:** Ethical research involves transparent reporting of methods, procedures, and findings. Researchers should accurately and honestly present their results, avoid misrepresentation or selective reporting, and adhere to established research standards and guidelines. Transparent

reporting allows for the replication and validation of the study's findings by the scientific community.

- **Accountability and Integrity:** Researchers have an ethical responsibility to conduct their research with integrity and accountability. This includes maintaining high standards of professionalism, avoiding conflicts of interest, and accurately representing their qualifications and expertise. Researchers should also acknowledge any limitations or potential biases in their study to ensure transparency and integrity in their work.
- **Social Responsibility:** The study's ethical implications extend beyond the research itself and have broader societal considerations. FL and well-being are crucial for individuals and communities to thrive. The study's findings can inform policy and interventions aimed at promoting “financial education” and improving overall Financial WellBeing. Researchers should consider the societal impact of their work and strive to contribute positively to the well-being of individuals and society.

In conclusion, the study's ethical implications highlight the importance of informed consent, privacy protection, minimizing harm, avoiding coercion and exploitation, benefiting participants, transparency and reporting, accountability and integrity, and social responsibility. By upholding these ethical principles, researchers can ensure that their work respects the rights and well-being of participants, contributes to the body of knowledge on FL, and promotes ethical research practises in the field.

### **6.3.9. Educational Implication**

The study has significant educational implications. These implications revolve around the importance of “financial education” and the need to develop effective educational interventions. Here are the educational implications derived from the study:

- **Emphasizing FL:** The study underscores the importance of FL in promoting FWB. It highlights the need for educational institutions to prioritize FL programmes as part of their curriculum. Integrating “financial education” into schools and colleges can equip students with the necessary FK and skills to make informed financial decisions, manage their finances effectively, and improve their overall Financial WellBeing.
- **Early “financial education”:** The findings of the study emphasize the value of starting “financial education” at an early age. Introducing FL concepts and skills in primary and secondary education can lay a strong foundation for students' Financial WellBeing throughout their lives. Schools should incorporate age-appropriate “financial education” programmes to enhance students' FK, attitudes, and behaviours from an early stage.
- **Tailoring Educational Interventions:** The study highlights the importance of tailoring educational interventions to the specific needs and characteristics of different groups. “Financial education” programmes should be designed to address the unique challenges and circumstances faced by urban home loan borrowers. By understanding the specific needs of this group, educational interventions can be customized to enhance their FL, experience, and attitudes towards money directly contributes to their FWB.
- **Practical Application of FK:** The study emphasizes the importance of practical application and experiential learning in “financial education”. Instead of focusing solely on theoretical concepts, educational interventions should

incorporate real-life scenarios, case studies, and interactive activities that allow individuals to apply their FK and skills in practical situations. This hands-on approach can enhance understanding, retention, and the ability to make sound financial decisions.

- **Collaboration with Financial Institutions:** Educational institutions can strengthen their “financial education” programmes by collaborating with financial institutions. Partnerships with banks, credit unions, and other financial organizations can provide students with access to practical resources, such as financial planning tools, budgeting apps, and educational materials. These collaborations can bridge the gap between theory and practise, offering students a comprehensive understanding of financial concepts and the tools necessary for effective financial management.
- **Lifelong Learning:** The study emphasizes that “financial education” should not be limited to formal schooling but should continue throughout individuals' lives. It highlights the importance of promoting lifelong learning opportunities that enable individuals to continuously enhance their FL, experience, and attitudes. Educational institutions, community organizations, and employers can play a role in offering workshops, seminars, and online resources that cater to the diverse needs and interests of individuals at different stages of life.
- **Evaluation of Educational Programmes:** To ensure the effectiveness of “financial education” initiatives, it is crucial to evaluate and assess the impact of educational programmes. Educational institutions should invest in robust evaluation methodologies to determine the outcomes and effectiveness of their “financial education” interventions. By regularly assessing the impact of these

programmes, institutions can identify areas for improvement and make evidence-based decisions to enhance the educational experience and outcomes.

In conclusion, the study's educational implications underscore the importance of integrating FL into the education system, starting “financial education” early, tailoring interventions to specific groups, emphasizing practical application, collaborating with financial institutions, promoting lifelong learning, and evaluating educational programmes. By implementing these educational implications, educational institutions can empower individuals with the necessary knowledge, skills, and attitudes to make informed financial decisions, navigate complex financial systems, and improve their overall Financial WellBeing.

## **CHAPTER – 7**

### **CONCLUSION**

#### **7.1. Outline of the Chapter**

This chapter was designed for discussing the conclusion drawn from the empirical results, the Limitations of the study, and the scope for future research.

#### **7.2. Conclusion**

Financial WellBeing is important because it affects an individual's overall quality of life, including their ability to save for retirement, pay for medical expenses, and cover other basic needs. This result shows those who practice constructive financial habits tend to achieve good financial positions. The financial status can be enhanced through sound FL, good experience in financial products/services, and a positive money attitude. The study offers some comprehensive and hands-on inferences. Among the three predictors of Financial WellBeing, money attitude has a higher impact followed by FL and Financial Experience on the Financial WellBeing of home loan borrowers. It is very important to understand the concepts like the impact of simple and compound interest rates, understand inflation, risk diversification, and the time value of money, have a positive perception of money, and budget money in a planned manner, and explore financial products/services like savings account, debit card, credit card and insurance, to achieve the Financial WellBeing of a home loan borrower. Although people who fail to plan their budget, have a negative money attitude, acquire a low FL level, and have little exposure to financial products/services should make sincere efforts to attain financial wellness. The income level of the borrowers plays a significant positive moderation effect between FL and Financial Experience. Besides,

supportive fiscal policy is essential to accomplish their financial wellness by controlling the inflation rate with stable interest rates like repo rate and reverse repo rate.

Financial planning counselors and advisors may propose suitable teaching and development programs and inculcate positive attitude sessions in borrowers. Loan borrowers must learn how to face and sustain against unforeseen conditions like inflation, recession, emergency conditions like Covid-19, etc. Loan vendors prioritize the importance of FL before disbursing the loan to the borrowers. A unified attempt is necessary by public and private supervisory bodies, financial service organizations, central banks, government agencies, NGOs, and civil society members to progress the citizens' financial strength. The efforts to boost FL would contain providing basic “financial education” curricula covering money management, fiscal planning, capital creation, risk mitigation, and financing avenues which will boost financial wellness. The results also stated that despite highly educated individuals also having less FL which indicates that traditional education is not fully complementary to FL. Hence the education system in the country must include some FL courses in primary academics so that all the citizens may plan their finances in a good manner. The government also introduce training programmes on Financial WellBeing because the findings indicate that home loan borrowers with less FL and a negative money attitude encounter financial sickness. All these initiatives may yield a positive money attitude and sound FL which are precursors for the Financial WellBeing of borrowers.

The proposed research model has explained 44.5% of variance in financial wellbeing. So, it can be concluded as financial wellness is long term goal to achieve by admitting FL, Financial Experience, annual income and money attitudes.



Overall, achieving financial wellness requires effort, planning, and a positive mindset towards money. By prioritizing FL, experience with financial products and services, and having a positive money attitude, individuals can achieve Financial WellBeing and improve their overall quality of life.

Notwithstanding these inferences, this study admits a few that must be addressed in upcoming research. Firstly, this study narrowed down to the behavioural aspects of home loan borrowers, only one independent variable and one mediating variable to determine Financial WellBeing. Although the results offer profound insights into the financial wellness of borrowers, future research could employ more behavioural aspects like financial behaviour, financial stress, self-efficacy, and socio-demographic factors to explore the overall effect on financial health. The inclusion of the above aspects may give better results on the Financial WellBeing of borrowers. Secondly, the study was explored in the urban area (i.e., municipal corporations in Telangana state only) due to the largest population in India. Loan borrowers may dispose different money attitude, for generalization aspect future research could cover the geographical area from different groups like investors, loan lenders, and insurance etc,. Finally, it would be beneficial to integrate both perceived and objective factors in determining financial wellness.

In conclusion, this study aimed to investigate the impact of FL on FWB among urban home loan borrowers, considering the mediating role of Financial Experience and Attitude Towards Money. The empirical results shed light on several important findings with practical, theoretical, methodological, social, economic, ethical, and educational implications.

From a practical standpoint, the study's findings provide valuable insights for policymakers, financial institutions, and individuals seeking to enhance Financial

WellBeing. The positive association between FL and FWB highlights the importance of promoting “financial education” programmes and initiatives that empower individuals to make informed financial decisions. Moreover, the mediating role of Financial Experience and Attitude Towards Money emphasizes the need to develop comprehensive financial management strategies that consider both knowledge and behaviour aspects.

Theoretical implications of this study are significant as well. By establishing a link between FL, Financial Experience, Attitude Towards Money, and Financial WellBeing, the study contributes to the existing knowledge on the determinants of Financial WellBeing. The findings support the theoretical frameworks that emphasize the multidimensional nature of Financial WellBeing and the interconnectedness of various financial constructs.

Methodologically, this study contributes to the research methodology by employing a rigorous empirical approach that incorporates advanced statistical techniques. The use of mediation analysis provides a deeper understanding of the underlying mechanisms through which FL influences Financial WellBeing. This methodological approach can serve as a valuable framework for future research in the field of FL and FWB.

The social implications of this study are significant, considering the potential impact on individuals' financial lives and overall well-being. By identifying the role of FL, Financial Experience, and Attitude Towards Money, this research underscores the importance of addressing “financial education” gaps and promoting financial inclusivity. Efforts to enhance FL can lead to enhanced financial decision-making, reduced financial stress, and increased financial security for individuals and their families.

From an economic perspective, the findings of this study highlight the potential economic benefits of improving FL. Individuals with better FL are tend to make sound financial decisions, effectively manage debt, and contribute to economic growth. By investing in “financial education” programmes and initiatives, policymakers can foster a financially empowered population and stimulate economic development.

Ethically, this study emphasizes the importance of ensuring fair and transparent financial practises. With enhanced FL, individuals are better equipped to navigate financial systems, understand financial products, and protect themselves from potential fraud or exploitation. This underscores the need for ethical conduct by financial institutions and emphasizes the role of regulators in enforcing consumer protection measures.

Lastly, the educational implications of this study underscore the importance of integrating “financial education” into the educational curriculum. By equipping individuals with essential FK and skills from an early age, we can empower them to make informed financial decisions and develop healthy financial habits. The findings of this study highlight the potential benefits of incorporating FL programmes into educational institutions at various levels.

In summary, this study provides empirical evidence of the positive association between FL and Financial WellBeing among urban home loan borrowers. It also highlights the mediating role of Financial Experience and Attitude Towards Money. The practical, theoretical, methodological, social, economic, ethical, and educational implications discussed in this conclusion offer valuable insights for policymakers, financial institutions, researchers, and educators. By leveraging these implications, stakeholders can work towards fostering financial empowerment, improving Financial WellBeing, and creating a more financially inclusive society.

### **7.3. Summary**

In summary, this study investigated the determinants influencing the FWB of urban home loan borrowers, with a focus on FL, Financial Experience, and money attitude. The findings highlighted the significance of these factors in achieving Financial WellBeing. The study revealed that individuals who possess good FL, positive money attitudes, and relevant experience with financial products and services are more likely to attain financial wellness.

The study emphasized the importance of FL in understanding concepts such as interest rates, inflation, risk diversification, and the time value of money. It also highlighted the role of a positive money attitude in budgeting money effectively and perceiving money in a constructive manner. Furthermore, the study underscored the value of Financial Experience in exploring financial products and services, such as savings accounts, debit cards, credit cards, and insurance.

The findings suggested that money attitude had the highest impact on Financial WellBeing, followed by FL and Financial Experience. This implies that cultivating a positive mindset towards money and adopting sound financial habits are crucial for achieving financial wellness. The study also revealed that income level moderated the relationship between FL and Financial Experience, indicating that higher income individuals may have a stronger connection between these variables.

The study highlighted the importance of “financial education” and counselling programmes for home loan borrowers. It emphasized the need for financial planning counsellors and advisors to offer suitable training and development programmes that

enhance FL and promote positive money attitudes. The study also emphasized the role of loan vendors in prioritizing FL when disbursing loans to borrowers.

The implications of the study extend to various stakeholders, including policymakers, financial service organizations, central banks, government agencies, NGOs, and civil society members. The study called for a collaborative effort to improve FL among citizens and promote financial wellness. It suggested the integration of FL courses into the education system at the primary level to empower individuals with essential FK from an early age.

The study concluded that achieving Financial WellBeing requires effort, planning, and a positive mindset towards money. It acknowledged the limitations of the research, such as the focus on specific behavioural aspects of home loan borrowers and the restriction to urban areas in one state. Future research could explore additional factors and include a more diverse sample to provide a comprehensive understanding of Financial WellBeing.

In conclusion, this study sheds light on the factors influencing the Financial WellBeing of urban home loan borrowers and emphasizes the importance of FL, Financial Experience, and money attitude in achieving financial wellness. By addressing these factors and implementing relevant interventions, individuals can improve their Financial WellBeing, leading to a better quality of life and overall financial health.

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## **ANNEXURE**

SURVEY QUESTIONNAIRE

SIMILARITY INDEX REPORT

COURSE WORK DETAILS

PUBLICATION DETAILS

# Impact of Financial Literacy on Financial Wellbeing: Mediating Role of Financial Experience and Attitude Towards Money - A Study of Urban Home Loan Borrowers

\* Indicates required question

---

## Demographic Profile

Choose your suitable response for the following statements

1. 1.Age (Years) \*

*Mark only one oval.*

- ☐ 18 to 25
- ☐ 26 to 35
- ☐ 36 to 45
- ☐ 46 to 55
- ☐ 56 and above

2. 2.Gender \*

*Mark only one oval.*

- ☐ Male
- ☐ Female

## 3. 3.Marital Status \*

*Mark only one oval.*

- ☐ Married
- ☐ Single
- ☐ Refused to answer

## 4. 4.Education Level \*

*Mark only one oval.*

- ☐ secondary education
- ☐ Intermediate
- ☐ Bachelor Degree
- ☐ Masters Degree and Above
- ☐ Technical Degree

## 5. 5.Occupation \*

*Mark only one oval.*

- ☐ Government Employee
- ☐ Private Employee
- ☐ Self employed
- ☐ others

## 6. 6.Annual Income (Rs.) \*

*Mark only one oval.*

- ☐ Below 2,50,000
- ☐ 2,50,000 to 4,99,999
- ☐ 5,00,000 to 9,99.999
- ☐ 10,00,000 and Above
- ☐ Refused to Answer



Financial Experience

Choose your suitable responses for the following statements.

7. 7-10. How experienced are you with the following types of financial products or services? \*

Mark only one oval per row.

|                 | Never heard of it     | Heard it. but not sure what it is | Have some idea of what it is, but no actual experience | Have some idea of what it is and indirect experience ( eg. through family or friends) | Have personal experience with it | Have lot of personal experience with it |
|-----------------|-----------------------|-----------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|
| Savings account | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/>                                  | <input type="radio"/>                                                                 | <input type="radio"/>            | <input type="radio"/>                   |
| Credit card     | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/>                                  | <input type="radio"/>                                                                 | <input type="radio"/>            | <input type="radio"/>                   |
| Debit card      | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/>                                  | <input type="radio"/>                                                                 | <input type="radio"/>            | <input type="radio"/>                   |
| Car loan        | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/>                                  | <input type="radio"/>                                                                 | <input type="radio"/>            | <input type="radio"/>                   |

Financial Well-Being and Attitude Towards Money

Choose your suitable responses for the following statements.

8. 11. I feel secure in my current financial situation. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

9. 12. I feel confident about my financial future. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

10. 13. I feel confident about having enough money to support myself in retirement, no matter how long I live. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

## 11. 14. Money is a symbol of success \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

## 12. 15. Money will help you express your competence and abilities. \*

*Mark only one oval.*

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

## 13. 16. Money represents one's achievement. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

14. 17. I value money very highly. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

15. 18. Money makes people respect you in the community. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

16. 19. Money can give you the opportunity to be what you want to be. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

17. 20. Money gives you autonomy and freedom. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

18. 21. Money is important. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

19. 22. I budget my money very well. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

20. 23. I use my money very carefully. \*

*Mark only one oval.*

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

### Financial Literacy

Choose your suitable response for the following statements

21. 24. Suppose you had Rs. 10000 in a savings account and the interest rate was 5% per year. After 5 years, how much do you think you would have in the account if you left the money to grow? \*

*Mark only one oval.*

- ☐ More than Rs.12500
- ☐ Exactly Rs.12500
- ☐ Less than Rs.12500
- ☐ Do Not Know

22. 25. If you have Rs.10000 in your savings account. Imagine that the interest rate on your savings account was 5% per year and inflation was 7% per year. After 1 year, how much would you be able to buy with the money in this account? \*

*Mark only one oval.*

- ☐ More than today
- ☐ Exactly the same
- ☐ Less than today
- ☐ Do not know

23. 26. If interest rates rise, what will typically happen to bond prices? \*

*Mark only one oval.*

- ☐ They will rise
- ☐ They will fall
- ☐ They will stay the same
- ☐ There is no relationship between bond prices and interest rates
- ☐ Don't know

24. 27. Please tell me whether this statement is true or false. A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less. \*

*Mark only one oval.*

- ☐ True
- ☐ False
- ☐ Do not know

25. 28. Please tell me whether this statement is true or false. Buying a single company's stock usually provides a safer return than a stock mutual fund. \*

*Mark only one oval.*

- ☐ True
- ☐ False
- ☐ Do not know

---

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# Impact of Financial Literacy on Financial Wellbeing: Mediating Role of Financial Experience and Attitude Towards Money - A Study of Urban Home Loan Borrowers

*by* Srinivas Bolagani

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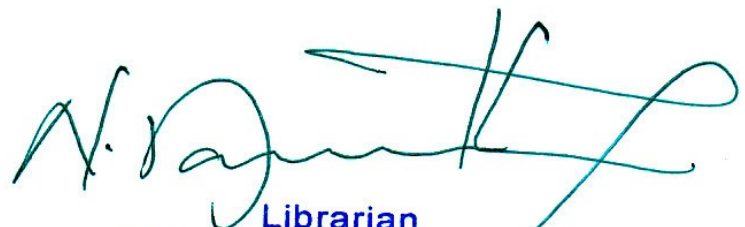
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EXAMINATION**

REG. NO. 17MBPH12  
NAME OF THE STUDENT SRINIVAS BOLAGANI  
MONTH AND YEAR OF JAN 2018  
COURSE Ph.D. MANAGEMENT STUDIES  
PARENT'S NAME VENKATANARSAIAH /

**SEMESTER 1**

| COURSE NO | TITLE OF THE COURSE               | CREDITS | RESULTS |
|-----------|-----------------------------------|---------|---------|
| BA802     | STATISTICS FOR BUSINESS ANALYTICS | 3       | PASS    |

SEMESTER GRADE POINT AVERAGE (SGPA) :10.0

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**SEMESTER 2**

| COURSE NO | TITLE OF THE COURSE                        | CREDITS | RESULTS |
|-----------|--------------------------------------------|---------|---------|
| EG825     | ACADEMIC WRITING FOR DOCTORAL STUDENTS     | 4       | PASS    |
| MS851     | RESEARCH METHODOLOGY                       | 3       | PASS    |
| MS852     | SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT | 3       | PASS    |
| EG825     | ACADEMIC WRITING FOR DOCTORAL STUDENTS     | 4       | PASS    |
| MS851     | RESEARCH METHODOLOGY                       | 3       | PASS    |
| MS852     | SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT | 3       | PASS    |

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## **IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELL-BEING: MEDIATING ROLE OF MONEY ATTITUDE**

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- 
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  2. Associate Professor, School of Management Studies, University of Hyderabad, Hyderabad, India.
- 

### **Abstract**

The main aim of this study is to evaluate the influence of financial literacy on financial well-being through the money attitude of home loan borrowers. Cutthroat competition among loan lenders, multiple options, and hidden costs are making loan borrowers puzzlement. A minute apprehension of the financial well-being of home loan borrowers can have a long-term impact on their life satisfaction. Many credit options in the market with a lack of adequate financial literacy may lead borrowers to get into a debt trap, which is a serious consequence of the borrower's financial well-being. This concern motivates researchers, government, and financial planners on how borrowers acquire and manage their debt. The current study, therefore, seeks to understand the relationship between financial literacy and financial well-being with a possible mediator of money attitude. This is a survey-based study consists 502 home loan borrowers samples, using a quantitative approach. The findings of this study provide evidence that financial literacy and money attitude are important factors in determine financial well-being. Findings supported that Money attitude ( $\beta=0.242$ ,  $P<0.01$ ) was a significant mediator between financial literacy and financial well-being. Using SEM for analysis, the direct (FL $\rightarrow$ FWB) and indirect (FL $\rightarrow$ MA $\rightarrow$ FWB) effects are significant; hence the mediation is complementary partial mediation. The study reveals that sound financial literacy and a positive money attitude are prominent predeterminants of borrower's financial well-being.

### **Keyword**

Attitude towards money, home loan borrowers, financial literacy, financial wellness, mediation, Partial Least squares structural equation modeling (PLS-SEM).

---

### **1. Introduction**

Making sound financial decisions of people that are closely complemented with financial literacy and, therefore their fiscal targets and buffer themselves against economic shocks and their connected risks that are subsequently associated with

financial well-being(Philippas & Avdoulas, 2020). (Chhatwani, 2022) finds in her paper that, in loan repayment during the COVID-19 pandemic, financially knowledgeable borrowers are 6 % less probable to postpone their installment payments.(Beal & Delpachitra, 2003) discuss that possessing