A Study Of Financial Literacy On Mental Well-Being: Psychological And Behavioral Pathways In An Emerging Economy

¹Shashikumar Lokchandra Bhambhani, ²Dr. Ashish C. Mehta
¹Research Scholar, Management, Sardar Patel University, Vallabh Vidhyanagar
²Professor Sardar Patel University, Vallabh Vidhyanagar
Post Graduate Department of Business Management, Sardar Patel University, Vallabh Vidhyanagar

Abstract:

The assumption about the role of financial literacy in promoting financial and psychological well-being is widely accepted, but empirical evidence is still theory-based and mostly assumes the direct-effect relationship. This paper constructs and validates a structural model whose process-based structure is based on the roles of financial literacy in modifying financial well-being based on a parallel psychological and behavioral mechanism. Based on the Social Cognitive Theory and behavioral finance views, financial self-efficacy and risk tolerance are conceptualized as mediating factors between financial literacy and financial well-being and later lead to mental well-being. The information was gathered on 323 professionals in the private sector in Gujarat, India, and analyzed via partial least squares structural equation modelling.

Findings suggest that financial literacy has a great effect on financial self-efficacy and risk tolerance. Financial self-efficacy and risk tolerance are both predictors of financial well-being which in turn improves mental well-being. Interestingly, the direct impact of financial literacy on financial well-being is considerable in comparison to the positive impact by the financial literacy on financial self-efficacy, which indicates inconsistent mediation effects. This interruption process implies that more financial knowledge can initially lead to increased awareness of financial restraints, but carried as self-confidence, the results become positive to well-being.

The model proves to be highly explanatory and predictive of the outcomes of both financial and mental well-being. This research proposes more discrete mechanisms of psychological and behavioral conversion by challenging the current assumption of standard positive effects of direct literacy and developing a more sophisticated theoretical explanation of the influence of financial capability in an emergent economy setting.

Index Terms - Financial Literacy, Financial Well-Being, Mental Well-Being, Financial Self-Efficacy, Risk Tolerance, PLS-SEM, Private Sector Professionals, India, Emerging Economies

I. INTRODUCTION

The growing individualization of financial responsibility in matters of retirement planning, insurance choice and investment decisions has also become a key policy concern in both developed and developing economies because of its growing importance in financial decision making. It is a common belief among governments, regulators, and financial institutions that better financial knowledge will result in better financial behavior and, eventually, increased financial and psychological well-being (Lusardi and Mitchell, 2014; OECD, 2020). Yet even though the financial education programs spread quickly, the

empirical evidence of the connection between financial literacy and well-being is still contradictory, and theoretically disjointed.

One of the predominant bodies of literature views financial literacy as a direct precursor of financial health, with an implicit assumption of a linear and uniform positive correlation between knowledge gain and subjective financial performance (Hastings et al., 2013; Fernandes et al., 2014). However, meta-analytic data can indicate that financial education interventions usually produce small behavioral changes, which cast uncertainty on the process by which knowledge can be turned into better financial results (Fernandes et al., 2014). This disjunction suggests that financial literacy is not likely to work directly by only means of direct pathways, but by certain middle psychological and behavioral mechanisms.

The Social Cognitive Theory assumes that knowledge is the main factor that affects behavior because it could alter self-efficacy beliefs that guide the levels of confidence that individuals have in carrying out domain-specific behaviors (Bandura, 1997). In the financial context, financial self-efficacy is the perceived ability to control budgetary, investment and risk decisions (Lown, 2011). Empirical studies are becoming increasingly aware of the fact that self-efficacy is a mediator between financial knowledge and financial behavior (Farrell et al., 2016; Woodyard et al., 2017). Nonetheless, the psychological conversion process has been under-theorized because most structural models of financial well-being lack the explicit inclusion of financial self-efficacy as a focal mediating variable.

Simultaneously, as it has been established in behavioral finance studies, risk tolerance is an essential factor in determining the portfolio allocation, level of investment participation and wealth accumulation (Grable, 2000; Dohmen et al., 2011). Risk tolerance determines how people are prepared to engage in the financial market and are ready to take short term volatility to get long term returns. Financial literacy can re-establish the perception of uncertainty and variation in return and thus will influence decision-making on risks. However, risk tolerance is often considered as a demographic related factor or a stable characteristic instead of a behavioral mechanism by which financial knowledge influences the results of well-being.

In addition, it is theoretically necessary to reconsider the assumption according to which financial literacy always positively influences financial well-being. Greater financial literacy could raise awareness about debt burden, inadequate savings or retirement insecurity, and yield short-run decreases in perceived financial security. According to the literature on objective well-being and stress processes, the perceived well-being may be adversely impacted by the increase in the awareness of the resource insufficiency (Lazarus and Folkman, 1984; Netemeyer et al., 2018). Financial literacy can have positive and negative impacts therefore if knowledge is not transferred into adaptive behavior as confidence

These reflections indicate that dominant financial capability models are theoretically incomplete. A more detailed system should combine cognitive resources, psychological processes, and behavioral orientations to describe the way financial literacy can be translated into financial and psychological prosperity conditions. The current research provides this peculiarity by defining and testing a structural model that financial literacy has an impact on financial well-being via parallel mediating mechanisms financial self-efficacy and risk tolerance. Financial well-being is also hypothesized as a predictor of mental well-being in line with a body of literature that indicates close relationships between financial security perceptions and psychological functioning (Bruggen et al., 2017; Netemeyer et al., 2018).

Notably, this model leaves the option of inconsistent mediation, in which financial literacy can have a negative direct impact on financial well-being, but a positive indirect impact in terms of improved self-efficacy. Determining such a dynamic suppression would sharpen prevailing assumptions in financial literacy studies by showing that knowledge is not always beneficial to well-being, but its usefulness requires psychological internalization and behavioral calibration. This research paper explores the case of the Gujarat professionals in the private sector, India, on an empirical basis. The recent economies offer some of the most relevant settings to consider the issue of financial capability since people are increasingly subjected to the challenges of making sophisticated financial choices in the fast-paced financial markets (Klapper et al., 2015). This study adds to the financial capability theory through the integration of cognitive, psychological and behavioral aspects in a coherent structure model by identifying the specific process mechanisms, debunking linear literacy assumptions, and expanding the financial well-being study to an emerging economy occupational context.

Research Objectives

The research aims of the study are as follows:

To identify the direct impacts of financial literacy on financial self-efficacy and risk-taking. To examine the effect of financial self-efficacy and risk tolerance on financial well-being.

To test the mediating effect of financial self-efficacy on the financial literacy-financial well-being relationship.

To determine the impact of monetary welfare on mental welfare.

To test the explanatory and predictive significance of the proposed structural model using Stone-Geisser Q^2 and R^2 statistics.

1.2 Research Hypotheses

Grounded in the theoretical frameworks reviewed below and the extant empirical literature, the following hypotheses are proposed:

H1: Financial Literacy exerts a significant positive effect on Financial Self-Efficacy.

H2: Financial Literacy exerts a significant positive effect on Risk Tolerance.

H3: Financial Self-Efficacy exerts a significant positive effect on Financial Well-Being.

H4: Risk Tolerance exerts a significant positive effect on Financial Well-Being.

H5: Financial Well-Being exerts a significant positive effect on Mental Well-Being.

H6: Financial Self-Efficacy mediates the relationship between Financial Literacy and Financial   Well-Being.

2. Literature Review

2.1 Financial Literacy: Conceptual Extent and Empirical Data.

Financial literacy has gradually been developed as a one-dimensional concept of fundamental arithmetic skill to a multidimensional concept that encompasses financial knowledge, financial attitudes and financial behaviors (Atkinson and Messy 2012; OECD 2013). Financial literacy is not just the technical knowledge of financial instruments, interest rate regimes, and risk-return models but psychological attitude and behavioral discipline to apply that knowledge into good financial judgment in practice (Lusardi and Mitchell, 2014). This tripartite framework (OECD/INFE, 2013) specifically acknowledges this tripartite framework, which places the financial literacy in the cognitive, attitudinal, and behavioral aspects.

In the case of working professionals, financial literacy has a specific meaning due to the complexity of income streams, workplace investments, consumer credit, and the increasing pressure of self-voided retirement provision. Lusardi and Mitchell (2014) identified that when people are more financially literate, they have a greater ability to have debts under control, invest productively in investment markets, and not to experience financial distress. These results were further confirmed by Rehman and Mia (2024), who showed that financially literate adults were significantly more prone to match expenditure with income, maintain emergency savings and were less vulnerable to predatory borrowing. Additionally, the body of empirical evidence places financial literacy as a cognitive resource at the upstream of financial and psychological performance.

2.2 Financial Self-Efficacy

Financial self-efficacy (FSE) is the subjective perception of ability of an individual to effectively perform financial behaviors and sort out complicated financial choices (Warmath and Zimmerman, 2019). FSE is based on the seminal self-efficacy theory, which is developed by Bandura (1977), which encompasses the confidence dimension of financial behavior; the belief that a person is endowed with cognitive and motivational resources to perform certain financial activities, such as budget management, investment calculation, and resolution of debts. According to the framework of Bandura, there are four sources of self-efficacy beliefs that include: mastery experiences, vicarious learning, social persuasion, and physiological states. Financial literacy in financial terms is also one of the main mechanisms of gaining mastery experiences and thus empowering efficacy beliefs (Lown, 2011).

The empirical findings of the studies continually show that there is a positive association between financial literacy and financial self-efficacy. Financially literate people are much more self-efficacious in financial areas and, as a result, mediate the translation of knowledge into adaptive financial behavior (Asebedo & Payne, 2019; Warmath and Zimmerman, 2019). It is thus in this study that financial self-efficacy lies at the core of the psychological processes of converting cognitive resource of financial literacy into behavior and perceptual outcomes which come with financial well-being.

2.3 Risk Tolerance

The risk tolerance is the subjective inclination of a person to take gamble and risky fluctuations in finance in the hope of possible profit. Grabel (2000) differentiated between risk tolerance and risk capacity, stating that it was a psychological but not only economic attribute. Balanced risk-taking, not too cautious or too risky-triggered speculative behavior has been linked to the best investment behavior, greater portfolio diversification, and better management of financial uncertainty. Financially literate people are also more likely to have more calibrated risk orientations as their better knowledge on financial mechanisms makes the perception and actual risk less discrepant (Lusardi and Tufano, 2015).

The predetermined relation between financial literacy and risk tolerance is well-grounded in the literature. Grabel (2000) showed that the more financial knowledge a person has the higher the risk tolerance, but not beyond limit. A study by Sabri et al. (2021) revealed that the direction of how financial literacy correlates with financial well-being is significant in employed adults in developing economies through the mediation of calibrated risk tolerance. Financial literacy and financial well-being are linked in the current research by risk tolerance to mediate the relationship between the two, as it encompasses knowledge-driven belief in the ability to manage uncertainty and desire to use wealth-creating tools.

2.4 Financial Well-Being

The concept of financial well-being has become central to the research on personal finances, being operationalized as a state of financial multi-dimensionality where people are able to fulfil present and future financial responsibilities, have a feeling of financial security, and have adequate financial freedom to conduct the life choices they choose (Consumer Financial Protection Bureau, 2015). Bruggen et al. (2017) built on this foundational definition and added the sustainability aspect to it the ability to remain financially healthy throughout various life transitions without going through chronic financial distress. This sustainability of time view is especially pertinent to professionals of the private sector that have unstable income rates and insufficient institutional financial safety nets.

Netemeyer et al. (2018) showed that perceived financial control as one of the main variables of financial well-being is a significant predictor of life satisfaction, emotional stability, and decreased psychological distress, which highlights the importance of psychological salience of financial security perceptions in its context. Klapper et al. (2020) also found that financial literacy leads to disciplined financial behaviors such as regular savings, diversified investment, and prudent debt management that, in the long run, lead to long-term financial well-being. Financial well-being in this research is the operationalization of the ability to cover financial costs and absorb economic shocks and attain long-term financial security.

2.5 Mental Well-Being

Mental well-being is the emotional, psychological, and mental aspect that leads to how people think about their situation, cope with stress, and perform in personal and professional spheres. According to the World Health Organization (2022), the definition of mental well-being is a positive state whereby people acknowledge their competencies, well deal with normative stressors, productively work at work, and play a productive part in their communities. In the field of occupational life, mental health is becoming a major factor of productivity, commitment to the organization and retention of workers.

The correlation between mental and financial well-being is long-established in empirical literature. Constant financial stress is one of the most decisive and the steadiest predictors of psychological distress in working adults (Muir et al., 2017). Netemeyer et al. (2018) established that perceived financial well-being has a significant negative effect on anxiety and psychological stress. Recently, Kim et al. (2023) established that financial well-being mediates the association between financial capability and mental health outcomes, especially in post-pandemic workplace settings with an increased level of economic uncertainty. The current research places the role of financial well-being as the intermediate factor on mental well-being, with the buffering effect of financial security in stress and coping mechanisms.

2.6 Theoretical Grounding

The conceptual model proposed in the given research has its firm theoretical basis in three independent and mutually complementary frameworks. Positioning literacy as a necessary, but not sufficient, condition to well-being is defined by the Theory of Financial Capability (Sherraden, 2013) which states that financial outcomes are jointly constructed out of financial knowledge and access to opportunity structures. The Social Cognitive Theory by Bandura (1977) offers the process in which financial literacy determines behavior and that is, through the development of self-efficacy beliefs that would lead to the conversion of knowledge into goal oriented financial behavior. Lastly Stress and Coping Framework (Lazarus and Folkman, 1984) contextualizes the connection between financial resources and
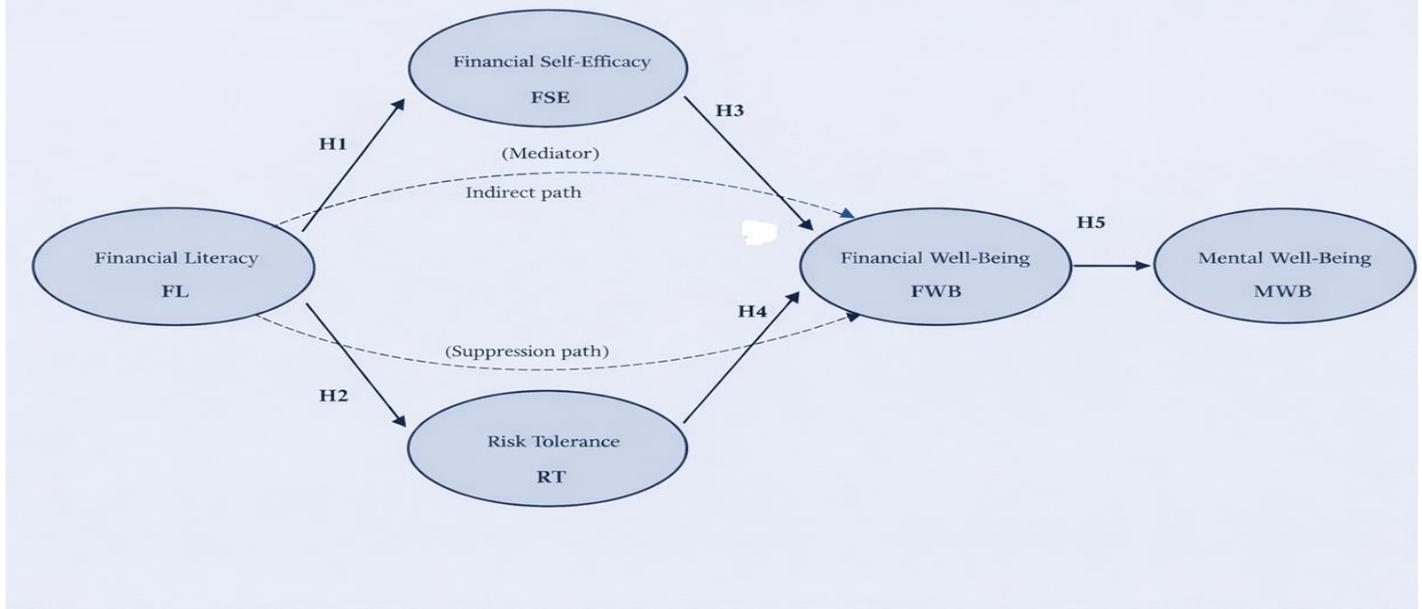
psychological well-being in that the concept of financial security is defined as a cognitive-affective resources which buffer against stress appraisals and increasing the capacity to cope. These frameworks are collectively offering a logical theoretical backbone between the antecedents; the mediators and the outcomes being modelled in the current study.

3. Conceptual Framework

In this paper, we present a conceptually combined model that explains the relationship between Financial Literacy and Financial Well-Being and Mental Well-Being by two theoretically distinct psychological and behavioral mediating variables of Financial Self-Efficacy and Risk Tolerance. The model is based on the Social Cognitive Theory that assumes that knowledge has its impact on the results, and such impact is based only on internal belief systems but not direct behavioral impact.

Financial Literacy by itself is the cognitive construct which will be put in the lower level, it is what people understand about financial concepts, principles, and risk-return dynamics. Financial literacy is theoretically thought to have two different channels of operation rather than produce well-being directly. First, it increases Financial Self-Efficacy by amplifying the belief of individuals in the ability to handle financial choices- a process that follows the mastery experience pathway of Bandura. Second, it adjusts the Risk Tolerance by making more informed and rational interaction with financial uncertainty possible. Financial Self-Efficacy and Risk Tolerance are assumed as parallel mediating variables that independently and simultaneously influence the definition of Financial Well-Being, which is perceived ability to fulfill financial commitments, maintain financial security and realize financial ambitions. Direct linkage of Financial Literacy to Financial Well-Being is also included as part of the model, as it captures possible effect of cognitive appraisal whereby higher financial awareness might lead to a temporary increase in feeling financially threatened prior to the indirect benefits accruing. Financial Well-Being then acts as the intermediate of Mental Well-Being, which accounts for the psychological implications of financial security perspectives.

figure 1 below provides the proposed conceptual framework. construct labels and directional relationships are represented; path coefficient values are presented in the results of structural models.

Note: Arrows ($\rightarrow$) indicate hypothesized directional relationships. H1–H6 correspond to the stated research hypotheses. A direct path from FL to FWB (not shown) captures potential cognitive appraisal effects.

4. Methodology

4.1 Research Design

The proposed study will assume a quantitative, cross-sectional research design that will be used to investigate the structural relationship between the given constructs. The specific method, Partial Least Squares SEM, was chosen because it is appropriate to predictive modelling and can handle non-normality in the data distribution, as well as its behavior in the case of complex measurement and structural models to model behavioral research situations (Hair et al., 2019). The questionnaire was a structured questionnaire, which was conducted through an online survey system and passed on to working professionals in the selected cities in Gujarat, India.

4.2 Data Collection and Sampling Procedure.

The information was collected among the professionals working in the four large commercial cities in Gujarat, Ahmedabad, Surat, and Vadodara in the private sector. The stratified random sampling method was used to allow representation of the key demographic groups such as age group, gender, monthly income, educational achievement, years of professional experience, at a proportional rate. This sampling design was chosen to increase financially and make sure that the final sample reflects the significant heterogeneity in financial exposure, literacy, and behavioral orientations.

There were 347 questionnaire responses that were received. After the systematic screening of records that were not determined as complete, straight-lining response patterns, and multivariate outliers, determined by Mahalanobis distance, 323 complete and valid responses were selected to be ultimately analyzed. The overall sample size (n = 323) meets and significantly surpasses the minimum requirements when it comes to the analysis of PLS-SEM. The obtained sample has sufficient statistical power (>0.80) to identify medium-sized effects at a significance level of a = 0.05, based on the considerations of statistical power and the application of the 10-times rule to the total number of predictors that will be retrieved against each individual endogenous construct in the model (Hair et al., 2019).

4.3 Measurement of Constructs

Multi-item reflective measurement scales that were anchored on a five-point Likert response scale of 1 (Strongly Disagree) to 5 (Strongly Agree) were used to operationalize all the latent constructs. Validated and established instruments were changed to suit the study setting to maintain construct validity and at the same time be linguistically clear and contextually relevant.

Financial Literacy (FL) was assessed through seven scale items that were based on financial knowledge models that measured the understanding of basic financial concepts such as inflation, diversification, budgeting, and long-term investment planning. The measure of Financial Self-Efficacy (FSE) was conducted with the help of seven items that showed the confidence of the respondents in their ability to manage financial resources, carry out or assess financial choices, and implement or carry out financial choices. Risk Tolerance (RT) was quantified on seven items that evaluated the readiness to take financial risk, work with variable-payoff instruments, and take calibrated risk-taking behavior. Financial Well-Being (FWB) was defined by eight items on the perceived financial security, the ability to meet financial obligations, and the expected financial strength. Mental Well-Being (MWB) was evaluated on the eight items of measuring positive psychological functioning, emotional balance, stress management, and optimistic orientation. Adaptation in words was made in minor changes to bring a better understanding of the context without changing the theoretical meaning of the original items. A pilot study was done before full scale data collection.

4.4 Data Screening Preliminary Analysis.

The initial statistical analysis was done with SPSS Version 26. The proportion of missing data was small (less than 2), and listwise deletion was used. Mahalanobis distance was used to detect multivariate outliers, and those observations that were above the critical chi-square values were dropped. Skew and kurtosis measures were looked at analyzing the distributional characteristics; the values were found to be within acceptable ranges (+-2) that showed that no gross violation of the normality conditions could invalidate the PLS-SEM analysis. To determine the possibility of common method variance, Harman one-factor test was done. The initial factor was highly significant (less than 50% of total variance), implying that there were no reasons to believe that common method bias would significantly contaminate the structural estimates. Pearson inter-construct correlations were calculated and bivariate correlations studied before structural analysis.

4.5 PLS-SEM Analytical Strategy

SmartPLS 4.0 was used to run PLS-SEM analysis in accordance with a two-stage analytical procedure (Hair et al., 2019). The reflective measurement model was tested in the first step on the criteria of indicator reliability (outer loading 0.70), internal consistency reliability (Cronbach alpha and Composite Reliability 0.70), convergent validity (Average Variance Extracted 0.50) and discriminant validity (HeterotraitMonotrait HTMT ratio criterion threshold 0.85). The second stage was to evaluate the structural model based on path coefficients estimated with bootstrapping of 5000 resamples, diagnosis of collinearity (VIF < 5), coefficient of determination (R^2), effect sizes (f2) and Stone Geisser predictive relevance (Q2) calculated with blindfolding with omission distance d=7. Mediation (H6) was determined by examining bias-corrected bootstrapped confidence intervals to determine the indirect effects.

4.6 Ethical Considerations

The respondents were treated to participate voluntarily, and anonymity was promised to all the respondents. Informed consent was also obtained before the survey was completed and the purpose of the study was well-informed at the start of the study. All data collected were gathered with the aim of strictly conducting academic research and handling in line with the set research ethics guidelines.

5. Demographic Profile of Respondents

Table 1 presents the demographic characteristics of the 323 respondents who constituted the final analytical sample. Age: The sample was made up of 65 per cent students aged 18 to 24 and 25 to 34 and 35 to 44 respectively (excluding 6 per cent with ages below 18). Gender: 65 per cent of the sample was in the age group of 18 to 24 and 25 to 34 and 35 to 44 respectively (without cases of age under 18). Table 1 shows the demographic traits of the final analysis sample of 323 respondents. The age structure reflects the high level of representation: 25.7% of the population of youth aged between 21 and 27 years, 28.8% between 28 to 35 years, 30.3% between 36 to 45 years, and 15.2% between 46 to 55 years. The distribution of this type of sample guarantees that there are professionals at the beginning, the middle, and the advanced stages of their careers, with unique financial exposures and decision-making requirements. The sample is made up of urban residents (59.1%), semi-urban (30.3%), and rural people (10.6%). The income diversity is represented well with 39.3% earning less than 25,000 per month per capita including a large population of the early career professionals whereas the rest of the respondents are spread out in the high-income groups. The level of education is quite high, and the proportion of postgraduate, professional, and doctoral degrees holders comprise 87.9% of the sample. Work experience is evenly distributed whereby almost equal numbers reported work experience of less than two years, six to ten years and experience of over ten years.

Table 1 demographic profile of respondents (n = 323)

Demographic Variable	Category	n	%
Age Group	21–27 years	83	25.7
	28–35 years	93	28.8
	36–45 years	98	30.3
	46–55 years	49	15.2
Place of Residence	Urban	191	59.1
	Semi-Urban	98	30.3
	Rural	34	10.6
Monthly Income (₹)	Below ₹25,000	127	39.3
	₹25,001–₹50,000	54	16.7
	₹50,001–₹75,000	83	25.7
	₹75,001–₹1,00,000	29	9.0
	Above ₹1,00,000	30	9.3
Education Level	Undergraduate	39	12.1
	Postgraduate	118	36.5
	Professional/Technical	103	31.9
	Doctorate	63	19.5
Work Experience	Less than 2 years	93	28.8
	2–5 years	44	13.6
	6–10 years	93	28.8

	Above 10 years	93	28.8

6. Results

6.1 Descriptive Statistics

Table 2 provides the result of the descriptive statistics based on SPSS Version 26. The highest mean score of 3.80 with SD of 0.79 was obtained under the Financial Literacy meaning that there was a relatively good level of financial awareness among the sample. Risk Tolerance (M=3.59, SD = 0.65) and Financial Self-Efficacy (M=3.50, SD = 0.68) display a moderate degree of behavioral confidence and measured uncertainty acceptance. Financial Well-Being (M=3.46, SD=0.74) shows moderate perceived financial security, and Mental Well-Being (M=3.32, SD=0.72) gave the lowest average, which implies the relatively low psychological well-being of the sampled professionals. Sufficient variability of response was established concerning all constructs.

Table 2 descriptive statistics (spss output, n = 323)

Construct	Full Name	Items	Mean	SD	Min	Max
FL	Financial Literacy	7	3.797	0.791	1.43	5.00
FSE	Financial Self-Efficacy	7	3.502	0.679	1.71	5.00
RT	Risk Tolerance	7	3.593	0.654	1.86	5.00
FWB	Financial Well-Being	8	3.464	0.735	2.00	5.00
MWB	Mental Well-Being	8	3.318	0.718	1.75	5.00

Note. All constructs measured on a five-point Likert scale. Descriptive statistics computed in SPSS Version 26.

6.2 Measurement Model Assessment

6.2.1 Indicator Reliability and Outer Loadings

Assessing a measurement model is essential to confirm its quality and validity. 6.2 Measurement Model Assessment It is important to assess a measurement model to ensure the quality and validity of the measurement model. 6.2.1 Reliability of Indicators and loadings of the outer. The reliability of the indicators was measured based on outer loadings obtained through the consistent PLS algorithm in SmartPLS 4.0. Outer loadings in reflective measurement models reflect the degree of variance that each of the observed indicators has in common with its underlying latent construct. In accordance with the recommended PLS-SEM patterns, loadings of 0.708 and above indicate that the construct accounts for 50% or more of the variance of the corresponding indicator (Hair et al., 2019). Most of the indicators were above the recommended level of 0.708, which indicates high indicator's reliability. Some of the indicators yielded loadings of between 0.60 and 0.70 which are acceptable in behavioral research when composite reliability and AVE fall within the recommended levels. The retention indicators all had a loading of over 0.60, showing good measurement performance and facilitating the satisfactory level of reflective measurement model. All reverse-coded items were recorded before analysis to be directionally consistent.

Table 3 outer loadings of measurement model

Item	Indicator Description	Construct	λ	Interpretation
FL1	I understand basic financial concepts	FL	0.912	Strong
FL2	I can differentiate between investment options	FL	0.814	Strong
FL3	I regularly plan my budget and track expenses	FL	0.754	Acceptable
FL4	I am confident in making informed financial decisions	FL	0.725	Acceptable
FL5	I understand the importance of saving and investment	FL	0.880	Strong
FL6	I seek financial information from credible sources	FL	0.743	Acceptable
FL7	I consult a financial advisor for investment advice	FL	0.752	Acceptable
FSE1	Confident in managing personal finances	FSE	0.760	Strong
FSE2	Evaluate all options before investing	FSE	0.729	Acceptable
FSE3	Comfortable taking financial responsibility	FSE	0.819	Strong
FSE4	Identify and avoid financial risks	FSE	0.677	Acceptable
FSE5	Past experience improves financial confidence	FSE	0.776	Strong
FSE6	Feel uncertain about financial decisions (R)	FSE	0.713	Acceptable
FSE7	Complex financial choices are difficult (R)	FSE	0.717	Acceptable
RT1	Willing to take financial risks	RT	0.713	Acceptable
RT2	Comfortable investing in volatile instruments	RT	0.745	Acceptable
RT3	Calculated risks lead to higher returns	RT	0.783	Strong
RT4	Risk-taking is normal in wealth creation	RT	0.745	Acceptable
RT5	Prefer safe investments (R)	RT	0.635	Acceptable
RT6	Anxious during market fluctuation (R)	RT	0.623	Acceptable
RT7	Avoid investments with small chance of loss (R)	RT	0.607	Acceptable
FWB1	Meet monthly obligations comfortably	FWB	0.653	Acceptable
FWB2	Sufficient emergency savings	FWB	0.681	Acceptable
FWB3	Difficulty managing expenses (R)	FWB	0.811	Strong
FWB4	Worry about insufficient money (R)	FWB	0.671	Acceptable
FWB5	Feel financially secure about future	FWB	0.675	Acceptable
FWB6	Satisfied with current financial situation	FWB	0.752	Acceptable
FWB7	Struggle to save regularly (R)	FWB	0.846	Strong
FWB8	Financial limits on goal achievement (R)	FWB	0.681	Acceptable
MWB1	Optimistic about future	MWB	0.747	Acceptable
MWB2	Calm and relaxed recently	MWB	0.727	Acceptable
MWB3	Overwhelmed by financial responsibilities (R)	MWB	0.713	Acceptable
MWB4	Financial worries affect general outlook (R)	MWB	0.721	Acceptable
MWB5	Deal with financial stress effectively	MWB	0.684	Acceptable
MWB6	Confident in managing daily life demands	MWB	0.646	Acceptable
MWB7	Anxiety due to financial situation (R)	MWB	0.602	Acceptable
MWB8	Difficulty focusing due to financial concerns (R)	MWB	0.788	Strong

Note. (R) = reverse-coded item. Outer loadings obtained using consistent PLS algorithm in SmartPLS 4.0. λ = outer loading. Indicators in the 0.60–0.70 range were retained based on satisfactory CR and AVE values. Items below 0.60 were retained on theoretical and content validity grounds

6.2.2 Internal Consistency and convergent validity.

Table 4 shows the internal consistency reliability and convergent validity results regarding the refined measurement model. The alpha values of Cronbach are 0.765 (RT) and 0.866 (FL), which are higher than 0.70 which is the recommended minimum level, thus supporting the fact that the internal consistency of all constructs is acceptable. CR values are between 0.837 (RT) and 0.899 (FL), which additionally proves the construct reliability and suggests reasonable internal consistency with no signs of redundancy. Average Variance Extracted (AVE) was used to measure convergent validity. The constructs all show AVE with values above the recommended value of 0.50 between 0.511 (FSE) and 0.570 (FL). These findings support the fact that both constructs account for greater than 50 percent of the variance in their own indicators, thus, providing sufficient convergent validity based on the current established PLS-SEM guidelines (Hair et al., 2019; Fornell and Larcker, 1981).

Table 4 reliability and convergent validity

Construct	Items	Cronbach's α	Composite Reliability	AVE
FL	7	0.866	0.899	0.570
FSE	7	0.830	0.878	0.511
RT	7	0.765	0.837	0.523
FWB	8	0.831	0.873	0.563
MWB	8	0.852	0.887	0.520

Note. Recommended thresholds: $α \geq 0.70$; $CR \geq 0.70$; $AVE \geq 0.50$. * AVE marginally below 0.50; convergent validity considered adequate given $CR > 0.70$ (Hair et al., 2019). This is acknowledged as a measurement model limitation.

6.2.3 Discriminant Validity

The HeterotraitMonotrait (HTMT) ratio of correlations was used to determine discriminant validity and is a strong measure of assessing discriminant validity in a reflective PLS-SEM model (Hair et al., 2019). The values below 0.85 represent high discriminant validity on conservative basis, and the values below 0.90 represent high discriminant validity on more liberal basis. Most of the construct pairs exhibit HTMT values that are lower than the constructive threshold of 0.85 as recorded in Table 5, which is a significant indication of discriminant validity. The few pairs of constructs are close to the conservative standard but still below the liberal standard of 0.90, which is conceptual similarity not redundant in the empirical data. These findings establish the existence of empirically different latent constructs that reflect theoretically different dimensions of the proposed model. In general, HTMT analysis gives acceptable evidence of discriminant validity, which confirms the sufficiency of the reflective measurement model.

Table 5 HTMT discriminant validity matrix

	FL	FSE	RT	FWB
FL	—			
FSE	0.771	—		
RT	0.726	0.624	—	
FWB	0.375	0.491	0.846	—
MWB	0.408	0.554	0.831	0.872

Note. HTMT values below 0.85 indicate strong discriminant validity. Values below 0.90 are considered acceptable under liberal criteria (Hair et al., 2019).

6.3 Assessment of the Structural Model

After ensuring that the measurement model met a satisfactory level of measurement properties, the structural model was tested with bootstrapping. 5,000 resamples in SmartPLS 4.0. The Collinearity diagnostics revealed that all the Variance Inflation Factor (VIF) were smaller than the recommended VIF value of 5, which showed that multicollinearity is not a concern when estimating path coefficients.

6.3.1 Hypothesized Structural Paths

Table 6 shows standardized path coefficients, standard errors, t-statistics and p-values of the hypothesized relationships. H1 is proved: Financial Literacy has a positive and significant predictive relation with Financial Self-Efficacy ($β=0.540$, $t=6.467$, $p<0.001$) so that the level of financial knowledge is correlated with the degree of the perceived financial competence. H2 is accepted: Financial Literacy is a significant predictor of Risk Tolerance ($β=0.360$, $t=3.366$, $p = 0.001$), indicating that financial knowledge increases the ability of people to deal with financial uncertainty. H3 is confirmed: Financial Self-Efficacy has a positive predictive value of Financial Well-Being ($β=0.230$, $t=2.028$, $p=0.047$), and it is important to note the mediating psychological role of confidence in perceived financial outcomes. H4 is upheld: Risk Tolerance has a significant predictive value of Financial Well-Being ($β=0.671$, $t=5.320$, $p<0.001$). The scale of this correlation shows that more comfortable individuals who tend to interact with financial risk are more likely to report high level of perceived financial well-being. H5 is confirmed; Mental Well-Being is positively predicted by Financial Well-Being ($β=0.572$, $t=4.848$, $p<0.001$), which confirms the psychological downstream consequences of the perceived financial security. Besides the hypothesized indirect paths, a considerable negative direct relationship was also found between Financial Literacy and Financial Well-Being ($β=-0.280$, $t=2.714$, $p=0.009$). This trend implies that there is a suppression effect, where one can be more aware of the constraints or risks of their financial status and, as a direct

consequence, a perceived well-being decrease, and, as an indirect effect, perceived well-being increases due to self-efficacy and adopting risk-taking.

Table 6 structural path coefficients (bootstrapping, 5,000 resamples)

H	Path	β	SE	t	p	Decision
H1	FL → FSE	0.540	0.084	6.467	< 0.001	Supported
H2	FL → RT	0.360	0.107	3.366	0.001	Supported
H3	FSE → FWB	0.230	0.113	2.028	0.047	Supported
H4	RT → FWB	0.671	0.108	5.320	< 0.001	Supported
H5	FWB → MWB	0.572	0.118	4.848	< 0.001	Supported
—	FL → FWB (Direct)	−0.280	0.103	2.714	0.009	Significant

Note. β = standardized path coefficient; SE = standard error. Bootstrapping with 5,000 resamples. R² values: FSE = 0.395; RT = 0.365; FWB = 0.607; MWB = 0.651.

6.3.2 Coefficient of Determination and Predictive Relevance Coefficients.

Table7 summaries the explanatory power of structural model in terms of coefficient of determination (R^2). Financial Literacy brings about a variance in Financial Self-Efficacy ($R^2 = 0.395$) of 39.5 percent and a combination variance in Risk Tolerance of ($R^2 = 0.365$) of 36.5 percent, which suggests mediating constructs have moderate explanatory power. The model accounts for 60.7 percent of the Financial Well-Being variance ($R^2 = 0.607$) and 65.1 percent of the Mental Well-Being variance ($R^2 = 0.651$) and is, therefore, an excellent predictor of the outcome variables. Based on the current PLS-SEM, R^2 of 0.25, 0.50, and 0.75 could be termed as weak, moderate, and strong, respectively (Hair et al, 2019). The outcomes thus show that the suggested framework possesses significant explanatory power, in the case of Financial and Mental Well-Being. The Stone- Geisser Q2 statistics with the blindfolding procedure (d=7 omission distance) was used to test predictive relevance. All Q2 values as indicated in Table 8 are greater than zero, and this fact shows that the model has predictive relevance with all the endogenous constructs. The Q2 of Financial Well-Being (0.564) and Mental Well-Being (0.578) are strong predictor values, which are in line with the high values of R^2. These results, in combination, predict the predictive power of the structural model.

Table 7 coefficient of determination (r^2) and adjusted r^2

Endogenous Construct	Predictors	R²	Adjusted R²	Interpretation
FSE	FL	0.395	0.386	Moderate
RT	FL, FSE	0.365	0.345	Moderate
FWB	FL, FSE, RT	0.607	0.588	Substantial
MWB	FWB	0.651	0.628	Substantial

Note. R^2 values of 0.25, 0.50, and 0.75 are commonly interpreted as weak, moderate, and substantial in PLS-SEM (Hair et al., 2019).

Table 8 predictive relevance (q^2) blindfolding (d = 7)

Construct	Q²	Interpretation
FSE	0.381	Large
RT	0.271	Medium
FWB	0.564	Large
MWB	0.578	Large

Note. Q^2 values greater than zero indicate predictive relevance. Values around 0.02, 0.15, and 0.35 may be interpreted as small, medium, and large predictive relevance, respectively (Hair et al., 2019). Q^2 values were estimated using the blindfolding procedure with omission distance d = 7.

6.3.3 Effect Size (f²)

Effect sizes (f^2) were used to measure the substantive contribution of individual predictor constructs. The f^2 measure assesses the difference in R^2 when attempting to leave out a particular exogenous construct in the model. Traditional boundaries put this at 0.02, 0.15, and 0.35 which indicate small, medium, and large effects respectively.

Table 9 effect sizes (f²) for structural model

Path	f²	Effect Size Interpretation
FL → FSE	0.653	Large
FL → RT	0.204	Medium
FSE → FWB	0.083	Small
RT → FWB	0.491	Large
FL → FWB (Direct)	0.096	Small
FWB → MWB	0.654	Large

Note. Effect sizes (f²) assess the impact of each exogenous construct on endogenous constructs. Benchmarks: 0.02 = small; 0.15 = medium; 0.35 = large.

These findings suggest that Financial Literacy has a big effect on Financial Self-Efficacy, whereas Risk Tolerance has a big substantive effect on the Financial Well-Being. Mental Well-Being is also greatly influenced by Financial Well-Being. Finally, the effect size in Financial Self-Efficacy and direct relationship between Financial Literacy and Financial Well-Being are smaller, which is aligned with the mediation structure and the suppressing dynamic identified.

6.4 Mediation Analysis (H6)

Financial Self-Efficacy as a mediating variable between Financial Literacy and Financial Well-Being was analyzed through bias-corrected bootstrapped confidence interval of 5,000 resamples in SmartPLS 4.0. Financial Self-Efficacy had a positive and statistically significant indirect impact on Financial Well-Being via Financial literacy (β = 0.124, SE = 0.062, t = 2.000, p = 0.045; 95% CI [0.010, 0.260])), which implies that Financial Self-Efficacy is a significant mediating variable. The direct relationship between Financial Literacy and Financial Well-Being was significant and negative (β = −0.280, p = 0.009) when Financial Self-Efficacy was added to the model. The presence of a positive indirect effect and a negative direct effect, which occur simultaneously, implies inconsistent mediation, which is often called a suppression effect (MacKinnon et al., 2000; Hair et al., 2019). Since the indirect pathway is positive and the direct and total effects of the given outcomes are negative, it means that there are competing effects instead of the traditional partial mediation. This trend indicates that financial literacy has both positive and negative impacts on financial well-being, namely, an indirect positive one via greater financial self-efficacy and a negative direct one that might be an indication of increased awareness of financial limitations or risk-taking. Therefore, Verbal financial knowledge seems useful when internalized in form of efficacy, but maybe negative when acting without psychological conversion. H6 is consequently affirmed and there is partial mediation that is characterized by the suppression dynamics.
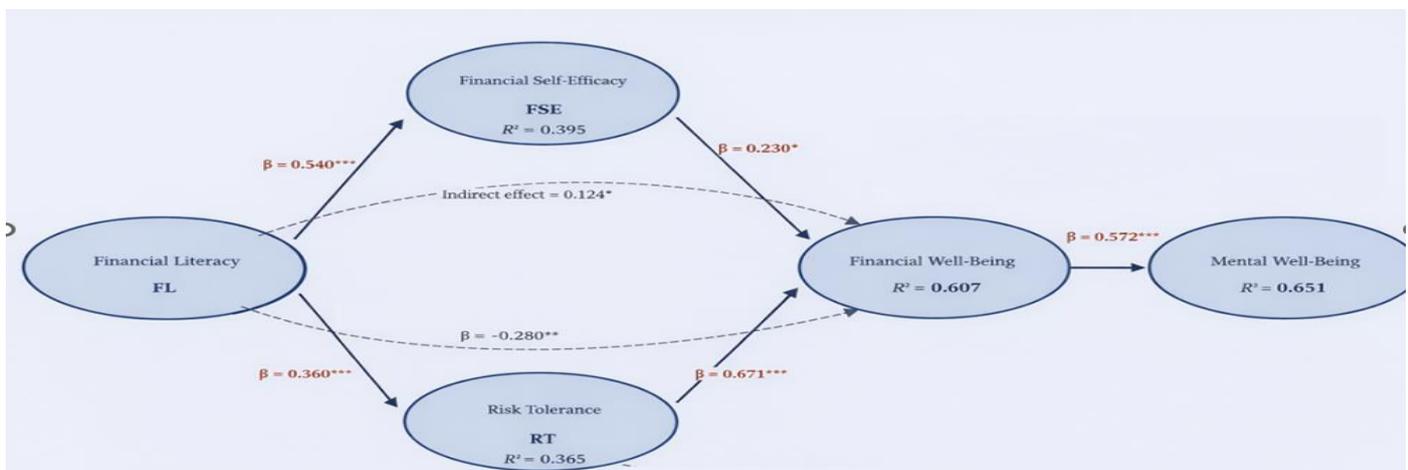
figure 2 PLS SEM Path Model

Table 10 mediation analysis: indirect effect of fl on fwb via fse

Path	β	SE	t	p	95% CI LL	95% CI UL
a: FL → FSE	0.540	0.084	6.467	< 0.001	0.375	0.706
b: FSE → FWB (controlled)	0.230	0.113	2.028	0.047	0.008	0.452
Indirect (a × b)	0.124	0.062	2.000	0.045	0.010	0.260
Direct: FL → FWB	−0.280	0.103	2.714	0.009	—	—
Total Effect	−0.156	—	—	—	—	—

Note. Confidence intervals are bias-corrected and based on 5,000 bootstrap resamples. Opposite-signed significant direct and indirect effects indicate inconsistent mediation (suppression).

6.5 Construct Intercorrelation Matrix

Table 11 demonstrates the Pearson inter-construct correlations calculated with the help of SPSS Version 26. As anticipated, all constructs have positive and statistically significant relationships. The structural model estimates are confirmed in that Risk Tolerance has a positive relationship with Financial Well-Being ($r = 0.746$, $p < 0.01$) and that Mental Well-Being is positively correlated to Financial Well-Being ($r = 0.784$, $p < 0.01$). The suggested theoretical relationships are confirmed by Financial Literacy having moderate positive relationships with Financial Self-Efficacy ($r = 0.629$, $p < 0.01$) and Risk Tolerance ($r = 0.577$, $p < 0.01$). All bivariate correlations are less than the conservative level of 0.90, which indicates that the constructs are not overly correlated at the level.

Table 11 construct intercorrelation matrix

	FL	FSE	RT	FWB
FL	1.000			
FSE	0.629**	1.000		
RT	0.577**	0.500**	1.000	
FWB	0.302*	0.430**	0.746**	1.000
MWB	0.333**	0.480**	0.679**	0.784**

Note. Pearson correlation coefficients (two-tailed). ** $p < 0.01$; * $p < 0.05$.

7. Discussion

This paper has investigated the structural relationship between financial literacy, financial self-efficacy, risk tolerance, financial well-being and mental well-being of the employees of the private sector in Gujarat, India. The results provide valuable theoretical and practical understanding of how financial capability is transformed into well-being outcomes, which takes place through psychological mechanisms.

The positive significant relationship between Financial Literacy and Financial Self-Efficacy ($β = 0.540$, $p < 0.001$) attests to the theoretical hypothesis that financial knowledge is a cognitive resource that boosts efficacy beliefs. In line with the Social Cognitive Theory, financial literacy seems to develop the mastery experiences and lessen cognitive doubt in financial decision-making, in addition to improving confidence. This finding in the occupational setting where people are left to make independent decisions in planning investment, insurance, and retirement implies the relevance of financial education programs that do not only instill the acquisition of knowledge in individuals, but also instill psychological empowerment.

Another theoretical contribution that is particularly worth mentioning is the uncovering of an incongruent mediation (suppression) effect in the Financial Literacy-Financial Well-Being connection. Financial Literacy has a large negative direct effect on Financial Well-Being ($β = −0.280$, $p = 0.009$), and at the same time, it has a positive indirect effect mediated via Financial Self-Efficacy. This tendency implies that financial knowledge could increase the sensitivity toward financial constraints, financial risks, or unmet financial intentions and thus diminish perceptions of immediate well-being. Nevertheless, internalization of financial knowledge as self-efficacy encourages adaptive financial involvement and improves well-being. This two-way process refutes the traditional belief that financial literacy has a direct and homogeneous positive impact on financial well-being and provides a psychological explanation of the functioning of financial capability in a more intricate manner.

Risk Tolerance is a significant predictor of Financial Well-Being ($\beta = 0.671$, $p < 0.001$). This result concurs with the views of behavioral finance that position calibrated risk orientation as the core of investment participation and long-term financial positioning. The existence of this positive correlation between Financial Literacy and Risk Tolerance ($\beta = 0.360$, $p = 0.001$) also indicates that financial knowledge improves the ability of people to be rational in dealing with financial uncertainty, and in turn, improves the financial performance.

The bridging aspect of financial security to the capability mental health nexus is confirmed by the significant positive effect of Financial Well-Being on Mental Well-Being ($\beta = 0.572$, $p < 0.001$). Perceived financial stability is seen to act as a psychological resource decreasing stress levels and increasing functioning of emotions. The fact that the model explains much (R^2 Financial Well-Being = 0.607; R^2 Mental Well-Being = 0.651) and it is predictive (Q^2 FWB = 0.564; Q^2 MWB = 0.578) also substantiates the theoretical consistency of the suggested framework.

In terms of measurements, the revised model has good reliability, convergent validity and discriminant validity by the set standards of PLS-SEM. Although some constructs demonstrate high levels of empirical associations, and especially between Risk Tolerance with Financial Well-Being and Financial Well-Being with Mental Well-Being such associations are theoretically sound and that they do not compromise construct distinctiveness. Future studies can however be improved by additional scale refinement to disaggregate more on the closely related evaluative and psychological dimensions of financial experience.

8. Theoretical and Practical Implication.

8.1 Theoretical Contributions

The research contributes to the literature in the field of financial capability by questioning and rigorizing common theoretical hypotheses about the connection between literacy and well-being relationships. Instead of considering financial literacy to be a monolithically positive and direct antecedent of well-being, the current framework illustrates that its influence is mediated on a psychological and behavioral level. The study offers a process-oriented explanation of the translation of cognitive resources into subjective financial and mental results by modeling Financial Self-Efficacy and Risk Tolerance as parallel pathways. This combined specification is an advancement of linear direct-effect specification and a contribution to a more mechanism-based conception of financial capability.

Second, inconsistent mediation is identified, which is a substantive theoretical refinement. The fact that the negative direct effect exists with a positive indirect effect via Financial Self-Efficacy should be interpreted as suggesting there are two and possibly opposite effects brought about by financial literacy. The enhancement of knowledge can increase the awareness of financial susceptibility and limitations, which leads to the decreased perceptions of the current well-being. Nevertheless, internalization as efficacy encourages adaptive interaction and enhances well-being. This observation makes existing assumptions on financial literacy research challenging, as it does show that the correlation between knowledge and well-being cannot always be linear and cannot always be of a positive character. Rather, it takes place in psychologically contingent ways.

Third, the paper combines behavioral finance and social cognitive views into a single framework of structural model. The model broadens the theoretical horizon of financial capability research by defining Risk Tolerance not as a demographic characteristic but as a behavioral conversion mechanism, which is affected by literacy. This combination makes sense of how cognitive competence reestablishes interaction with monetary insecurity, thus determining well-being results.

Fourth, by empirically testing this multi-layered framework in an emerging economy occupational setup, the study can expand financial well-being theory out of its mostly Western samples. The high explanatory and forecasting ability of the model indicates that the hypothesized mechanism-based framework is sound theoretical and can be flexed to suit different settings that are typified by the growing individual financial accountability.

Together, these contributions make financial literacy no longer a fixed state of information but a dynamic resource the impact of which is determined by the internalization of information in the psyche and the calibration of behavior. This conceptual change provides a more accurate premise on future theoretical development on financial capability and well-being studies.

8.2 Practical Implications

The results have practical implications to various stakeholders.

To policymakers and financial literacy educators, the findings suggest that financial literacy interventions not only need to be focused on the delivery of information. Since Financial Self-Efficacy has been identified as an important mediating mechanism, an effective programmed ought to be carried out through experiential learning, decision making activities, and guided structure of learning on how to build confidence. Interventions with a dual utility of developing knowledge and efficacy would yield more long-term well-being results.

To the employers of the private sector, the connection between Mental Well-Being and Financial Well-Being is strong, and hence the strategic significance of financial wellness programs at the workplace. Organized consultative access, monetary planning exercises, and mentoring programs can reinforce the efficacy convictions and risk adjustment of the employees, and the effects of psychological work and performance will cascade down.

In the case of financial institutions and advisory professionals, the central part of Risk Tolerance is that of personalized advisory models. It is important to match the financial products and portfolio strategies to the psychological risk profile of clients, especially early-career professionals who might have financial knowledge but not psychological behavioral calibration. Literacy and behavioral preparedness may work against each other to ensure that knowledge is translated into perceived financial well-being.

9. Limitations and Future Research.

This research is also prone to various limitations that are to be taken into consideration when interpreting and informing future research.

First, the sample size of the professionals in the regional private sector in Gujarat, India is constrained since it does not represent generalizability to other regions, occupational sectors, and national settings. The robustness of contextual replication will have to be evaluated by replication in various demographic and institutional contexts.

Second, causal inference is limited because of the cross-sectional design. The positive correlation between Financial Literacy and Financial Well-Being relationship is suppressed thus needs longitudinal research because the negative direct response of literacy could be a transition period where increased awareness leads to behavioral adjustment. These temporal processes would be better studied using longitudinal and experimental designs.

Third, even though the measurement model scores high in the criteria of reliability and validity based on the accepted standards of PLS-SEM, some of the constructs are strongly correlated with each other, especially Risk Tolerance with Financial Well-Being and Financial Well-Being with Mental Well-Being. Although the measurement tools are theoretically consistent, future studies can be used to further improve measurement tools or consider higher-order modelling methods to define more clearly similar evaluative and behavioral dimensions.

Fourth, the covariance-based SEM can be used in future research to cross-check the structural relationships and properly test the measurement invariance of demographic subgroups of gender, age, and income levels. Also, the possible moderating factors, such as the availability of the financial market, cultural values of financial risk, and institutional conditions are not explored and are potentially good directions to expand upon.

10. Conclusion

This work is empirical evidence pointing to the conclusion that financial literacy is not a simple and direct antecedent of financial and mental well-being. Instead, it has an effect by working in a conjunctive fashion, via psychological and behavioral processes. Financial Literacy improves Financial Self-Efficacy and risk toleration, which, in turn, determine financial well-being, and, consequently, affect Mental well-being among private sector professionals in an emerging economic situation.

One of the most valuable theoretical contributions is the recognition of the inconsistent mediation (suppression) effect in a relationship between Financial Literacy and Financial Well-Being. Financial Literacy has a negative direct effect on Financial Well-Being and indirect effect on that of Financial Well-Being is positive, which is mediated by Financial Self-Efficacy. This two- channel dynamic indicates that though financial knowledge can increase the level of financial constraint awareness, when converted into efficacy beliefs, it enhances the level of perceived financial well-being. The results consequently can go further to confirm existing assumptions in the literature on financial literacy by showing the fact that knowledge has psychologically mediated effects in lieu of a consistent and direct effect.

The model has a strong explanatory power, with 60.7 and 65.1 percent of the variance in Financial Well-Being and Mental Well-Being, respectively, and a high predictive utility of both outcome measures. These findings confirm the theoretical consistency and practical strength of the suggested framework.

Although the measurement model has passed the test of reliability and validity, some constructs have high levels of empirical associations, especially among the variables Risk Tolerance and Financial Well-Being, and between the variables Financial Well-Being and Mental Well-Being. Further development of measurement tools and additional testing in different settings will reinforce construct differentiation in research studies in the future.

Overall, it is suggested that sustainable progress in financial and mental well-being involves combined interventions involving the combination of cognitive knowledge acquisition, psychological confidence development, and behavioral calibration. Cognitive, psychological, and behavioral aspects of financial education initiatives, workplace financial wellness programs, and individualized advisory frameworks should be supported at the same time to ensure that the results of financial well-being among professionals working in the Indian and other similar emerging economies are maximized.

DECLARATIONS

References

1. Asebedo, S. D., & Payne, P. (2019). Market volatility and financial anxiety. Journal of Behavioral Finance, 20(4), 432–446.
2. Atkinson, A., & Messy, F. A. (2012). Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study (OECD Working Papers on Finance, Insurance and Private Pensions No. 15). OECD Publishing.
3. Bandura, A. (1977). Self-efficacy: Toward a unifying theory of behavioral change. Psychological Review, 84(2), 191–215.
4. Brüggen, E. C., Hogreve, J., Holmlund, M., Kabadayi, S., & Löfgren, M. (2017). Financial well-being: A conceptualization and research agenda. Journal of Business Research, 79, 228–237.
5. Cohen, J. (1988). Statistical power analysis for the behavioral sciences (2nd ed.). Lawrence Erlbaum Associates.
6. Consumer Financial Protection Bureau. (2015). Financial well-being: The goal of financial education. CFPB.
7. Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. Journal of Marketing Research, 18(1), 39–50.
8. Grable, J. E. (2000). Financial risk tolerance and additional factors that affect risk taking in everyday money matters. Journal of Business and Psychology, 14(4), 625–630.
9. Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. European Business Review, 31(1), 2–24.
10. Kim, S., Park, J., & Lee, K. (2023). Financial well-being, job satisfaction, and employee productivity: A mediating role of mental well-being. Journal of Occupational Health Psychology, 28(4), 214–227.
11. Klapper, L., Lusardi, A., & van Oudheusden, P. (2020). Financial literacy around the world: Insights from the S&P Global FinLit Survey. World Bank Group.
12. Lazarus, R. S., & Folkman, S. (1984). Stress, appraisal, and coping. Springer.
13. Lown, J. M. (2011). Development and validation of a financial self-efficacy scale. Journal of Financial Counseling and Planning, 22(2), 54–63.
14. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. Journal of Economic Literature, 52(1), 5–44.
15. Lusardi, A., & Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. Journal of Pension Economics and Finance, 14(4), 332–368.

16. MacKinnon, D. P., Krull, J. L., & Lockwood, C. M. (2000). Equivalence of the mediation, confounding, and suppression effect. Prevention Science, 1(4), 173–181.

17. Muir, K., Hamilton, M., Noone, J. H., Marjolin, A., Salignac, F., & Saunders, P. (2017). Exploring financial wellbeing in the Australian context. Centre for Social Impact & Social Policy Research Centre.

18. Netemeyer, R. G., Warmath, D., Fernandes, D., & Lynch, J. G. (2018). How am I doing? Perceived financial well-being, its potential antecedents, and its relation to overall well-being. Journal of Consumer Research, 45(1), 68–89.

19. Nunnally, J. C. (1978). Psychometric theory (2nd ed.). McGraw-Hill.

20. OECD. (2013). OECD/INFE toolkit to measure financial literacy and financial inclusion. OECD.

21. Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. Behavior Research Methods, 40(3), 879–891.

22. Rehman, A., & Mia, M. A. (2024). Financial literacy and financial well-being in the digital age: Evidence from emerging economies. International Journal of Finance and Economics, 29(2), 1545–1562.

23. Sabri, M. F., Wijekoon, R., & Rahim, H. A. (2021). The influence of money attitude, financial literacy, lifestyle on financial management and financial well-being among young adults. Management Science Letters, 11(4), 1205–1216.

24. Sherraden, M. S. (2013). Building blocks of financial capability. In J. Birkenmaier, M. Sherraden, & J. Curley (Eds.), Financial capability and asset development. Oxford University Press.

25. Shim, S., Barber, B. L., Card, N. A., Xiao, J. J., & Serido, J. (2009). Financial socialization of first-year college students: The roles of parents, work, and education. Journal of Youth and Adolescence, 39(12), 1457–1470.

26. Warmath, D., & Zimmerman, D. (2019). Financial literacy as a tool for building financial self-efficacy. Journal of Consumer Affairs, 53(1), 68–96.

27. World Health Organization. (2022). World mental health report: Transforming mental health for all. WHO.

28. Xiao, J. J., & O'Neill, B. (2018). Propensity to plan, financial capability, and financial satisfaction. International Journal of Consumer Studies, 42(5), 501–512.

29. Xiao, J. J., Tang, C., & Shim, S. (2022). Financial capability and well-being: Examining financial behaviors and attitudes. Journal of Financial Counseling and Planning, 33(1), 3–18.