Institutions and Economies
Vol. 18, No. 3, July 2026, pp. 203-230 https://doi.org/10.22452/IJIE.vol18no3.8

Influence Of Financial Literacy On Personal Financial Decision Among Nepalese Business Students: Mediating Role Of Financial Behaviour

Gangaram Biswakarma,[a] and Sonam Kumari Shah[b]

Abstract: *The study aims to analyse the effect of financial literacy among university business students on their financial behaviour and financial decisions. The study adopted a descriptive and explanatory research design and considered 384 responses from management/business students. The descriptive, path mediation analysis was carried out to describe the status of financial literacy, financial behaviour, and financial decisions among university business students. The hypotheses were tested with the PLS-SEM technique. The study evidenced that financial literacy positively influences financial behaviour. Likewise, financial literacy positively influences financial decisions. It was found that financial behaviour does not influence financial decisions. Similarly, financial behaviour doesn't mediate the relationship between financial literacy and financial decisions. This study helps in understanding different dimensions that play a role in explaining financial literacy, financial behaviour, financial decision-making and the interplay among them.*

Keywords*:* Financial literacy; Financial behaviour; Financial decision; Consumer behaviour; Saving behaviour; University business students
JEL Classification*:* F65, G11, O16, H63

[a] Faculty of Management, Tribhuvan University, Kathmandu, Nepal, *Email: gangaram.biswakarma@som.tu.edu.np*. ORCID ID: 0000-0003-0389-0486
[b] Faculty of Management, Tribhuvan University, Kathmandu, Nepal, *Email: sonamshah376@gmail.com*. ORCID ID: https://orcid.org/0009-0002-0814-2401

1. Introduction

In today's dynamic global economy, the ability to make informed financial decisions is increasingly essential. Financial literacy, defined as the combination of skills, knowledge, attitudes, and behaviours necessary to use financial resources effectively, plays a crucial role in enabling efficient saving and debt management (Lusardi et al., 2010; Rooij et al., 2007). As economies grow more complex, its importance is especially significant for the younger generation entering the workforce. Financial behaviour, which explains how individuals manage and regulate their financial resources, is closely linked to financial knowledge (Santoso & Sari, 2021; Robb & Woodyard, 2011; Younas et al., 2019).

Financial literacy in developing countries is an increasing concern due to its strong influence on financial decision-making and economic participation. Global surveys, such as the S&P Global FinLit Survey by Klapper et al. (2014), indicate that financial literacy is generally low worldwide and even lower in developing regions. Rising interest in this area reflects growing concerns over individuals' financial management abilities. While many studies have examined financial literacy and behaviour in developed nations, research in developing economies remains limited (Alqam & Hamshari, 2024).

In Nepal, a significant portion of the population lacks financial literacy, which is crucial for making informed investment decisions (Acharya & Hamal, 2022). Financial literacy plays a vital role in improving financial behaviour and decision-making, particularly among youth, as it enhances quality of life and financial well-being (Banthia & Dey, 2022). Promoting financial education can help young individuals manage financial decisions and seize opportunities (de Bassa Schersberg, 2013). Additionally, financial literacy positively influences university students' financial behaviour, which can be further improved through financial education and attitudes (Kamel & Sahid, 2021).

Financial literacy enhances individuals' understanding of financial matters and supports informed decision-making. Robb and Woodyard (2011) found that it positively influences responsible financial behaviour, though its effectiveness may decline with age. Wijayanti et al. (2024) confirm that financial literacy fosters sound investment choices and shapes financial behaviour. In Nepal, financial literacy is crucial for personal financial

planning and decision-making. Thapa and Nepal (2015) identified income, age, education, and attitude as key determinants of financial knowledge among students. Chaulagain (2018) emphasised that improved financial literacy enhances small borrowers' behaviour, advocating for contextual programs. Financial attitude and awareness play a significant role in planning, though financial knowledge alone shows limited influence (Khanal et al., 2022; Pantha, 2023; Oli, 2018). Manandhar (2018) noted that despite moderate awareness, participation in financial markets remains low due to barriers. Financial literacy equips students with essential financial skills (Rupakheti, 2020; Ranabhat, 2023) and significantly influences savings behaviour (Khadka & Khadka, 2024), highlighting the need for targeted programs.

Financial literacy is positively associated with improved saving, spending, and investment practices (Dheepiga & Sivakumar, 2025). In emerging markets like Nepal, it plays a critical role in promoting informed financial decisions and overall financial well-being. However, limited research has focused on university business students (Thapa & Nepal, 2015; Manandhar, 2018; Rupakheti, 2020; Kamel & Sahid, 2021; Khanal et al., 2022). This study contributes to the literature by examining the mediating role of financial behaviour in the financial literacy–decision-making relationship within this underexplored group. While prior research establishes financial literacy as a key determinant of financial behavior and decision-making (Robb & Woodyard, 2011; Younas et al., 2019; Kamel & Sahid, 2021), most studies focus on developed economies (Lusardi & Oudheusden, 2014; Klapper et al. 2014), leaving a gap in understanding within contexts like Nepal, where financial literacy levels are comparatively low (Subedi, 2023). This study focuses on university business students, a key group transitioning into the workforce, offering more targeted insights than prior research on general populations or small borrowers (Chaulagain, 2018; Thapa & Nepal, 2015). While earlier studies indicate that financial behaviour mediates the link between financial literacy and decision-making (Younas et al., 2019), this relationship may vary due to contextual factors like cultural norms, resource access, and education gaps. Advancing prior regression-based approaches (Thapa & Nepal, 2015; Khanal et al., 2022), this study applies structural equation modelling for deeper analysis.

Therefore, this study emphasises the significance of financial literacy among university students and the importance of enhancing it for improved

financial well-being. It aims to analyse the effect of financial literacy on financial decision-making among university business students while also examining the mediating role of financial behaviour in this relationship.

2. Literature review and hypothesis development

2.1 Underpinning theories

Theory of planned behaviour (TPB): The Theory of Planned Behaviour (TPB) links attitudes, subjective norms, and perceived behavioural control to intentions and actions, where stronger intentions predict actual behaviour (Ajzen, 2011). It emphasises the role of beliefs and past behaviour in decision-making. Financial literacy fosters positive financial attitudes and skills (Tan et al., 2024), supporting TPB's relevance to financial behaviour.

Prospect theory (PT): Prospect Theory (PT) illustrates how individuals react more strongly to losses than gains, influencing decisions under risk (Kahneman & Tversky, 1979; Kahneman, 2003). It reveals psychological biases in financial choices, informing literacy programs (Reski & Amrullah, 2024), though responses vary across cultural and contextual settings (Ruggeri et al., 2020).

Herbert Simon's decision-making theory (DMK): Herbert Simon's decision-making theory, or bounded rationality, highlights how limited information, cognitive constraints, and time affect decisions (Simon, 2005). Emphasising procedural rationality, it advocates structured processes to improve outcomes, especially in finance, where they help manage risks (Kalantari, 2010; Schwarz et al., 2022; Schilirò, 2018).

The interaction of financial literacy, financial behaviour, and financial decision-making can be understood through the combined insights of TPB, PT, and DMK. Financial literacy enhances attitudes and perceived control, shaping positive financial behaviour and decision-making. Psychological biases like loss aversion can be mitigated through financial education, promoting more rational choices. Bounded rationality further emphasises the importance of structured decision processes to manage limited information effectively. Together, these theories highlight how financial literacy improves decision-making by reducing biases, enhancing behaviour, and supporting informed financial choices.

2.2 Interaction of financial literacy, financial behaviour, and financial decision making

The relationship between financial literacy, financial behaviour, and financial decision-making has been extensively explored, with researchers identifying several mediating and influencing factors. Financial literacy is commonly recognised as a key determinant of financial behaviour and decision-making; however, its direct impact often depends on contextual and individual variables. Coskun and Dalziel (2020) demonstrated that financial attitude mediates the relationship between financial knowledge and behaviour among university students, suggesting that knowledge alone is insufficient to drive behavioural change. Worang et al. (2022) reported a significant relationship between financial literacy and saving behaviour. Similarly, Putri et al. (2024) emphasised the partial influence of financial literacy on financial management behaviour, noting its role in preventing financial problems. Interestingly, they found that lifestyle does not negatively impact financial management, contrasting with Widyakto et al. (2022), who concluded that financial literacy and lifestyle do not directly affect behaviour, with financial attitude emerging as a more critical factor.

Lamichhane (2023) and Subedi (2023) extend the discussion by focusing on investment decisions, highlighting that financial literacy components, such as financial knowledge, awareness, experience, and skills, enhance investment behaviour. This perspective is reinforced by Tharanga and Gamage (2021), who identified that financial literacy related to saving, credit, and budgeting significantly impacts financial behaviour. Worang et al. (2022) and Widyastuti et al. (2016) found that financial literacy significantly influences saving behaviour, with financially literate individuals more likely to adopt disciplined saving practices. Choden et al. (2021) similarly emphasised the role of financial knowledge, attitude, and skills in promoting saving behaviour among students. Kumar et al. (2017) further highlighted that financial literacy affects children's financial behaviour and decisions, with parents playing a crucial role. These studies support the hypothesis:

H_1 Financial literacy influences financial behaviour

Financial decision-making is another key outcome influenced by financial literacy and financial behaviour. Arianti (2018) found that financial

literacy, financial behaviour, and income are significantly correlated with investment decisions, demonstrating the interconnectedness of these factors. Similarly, Mwathi (2017) and Kumar et al. (2017) concluded that financial literacy has a positive and significant relationship with financial decisions, as individuals who are more financially literate make better-informed choices regarding financial products. Lang'at and Abdullah (2019) also confirmed that financial knowledge is significantly correlated with employees' saving and investment decisions. Yong, Yew, and Wee (2018) found that financial education significantly enhances financial knowledge, which in turn predicts both financial attitude and behaviour among young working adults in Malaysia. These findings reinforce the hypothesis that financial literacy influences financial decision-making.

H_2 Financial literacy influences financial decisions

The mediating role of financial behaviour between financial literacy and financial decisions has been widely investigated. Kumar et al. (2017) found that financial literacy shapes financial behaviour, which subsequently influences financial decisions. This aligns with Henager and Cude (2016), who established a strong connection among financial knowledge, behaviour, and decision-making. Mahdzan and Tabiani (2013) also noted that financial literacy positively impacts saving behaviour, influencing financial choices and lifestyles. Rai et al. (2019) observed that financial attitude and behaviour, rather than knowledge alone, are more strongly linked to financial literacy among working women. Similarly, Setyorini et al. (2021) showed that financial literacy enhances financial resilience only when household financial behaviour mediates the relationship. Mulasi and Mathew (2021) further highlighted that financial self-efficacy reinforces the link between financial literacy and behaviour, suggesting that psychological elements play a vital role in financial decision-making processes. Furthermore, Yong, Yew, and Wee (2018) revealed that attitude partially mediates the relationship between knowledge and behaviour, highlighting the need for positive attitude change to influence financial behaviour.

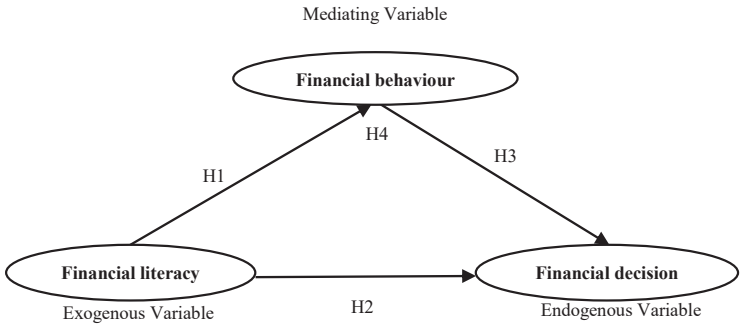
These studies collectively formulated the hypothesis that:

H_3 Financial behaviour influences financial decisions

H_4 Financial behaviour mediates the relationship between financial literacy and financial decisions.

Overall, while prior research establishes the significance of financial literacy in shaping financial behaviour and decision-making, most studies focus on individual financial decision-making in personal and investment contexts, especially in students.

Figure 1: Conceptual framework



Source: The Authors

3. Methods

3.1 Design and sample

This study employed a quantitative research approach, utilising both descriptive and explanatory research designs to investigate the relationships between financial literacy, financial behaviour, and financial decision-making. The study aimed to explore both direct and mediating effects of financial behaviour. The target population included undergraduate and graduate students enrolled in management and business programs across various universities in Nepal. These students were chosen as they are more likely to possess foundational knowledge relevant to financial literacy and decision-making (Deventer & Klerk, 2017). A convenience sampling method was used to select 384 respondents. The minimum sample size required was calculated as 262 using G*Power 3.1, based on an effect size of 0.05, a 95% confidence level, a 0.05 margin of error, and seven predictors in the model. The final sample size exceeded this minimum to increase statistical power and reduce non-response bias. Data were collected between July and October 2023 through a structured, self-administered questionnaire. Surveys were

distributed both online (via Google Forms) and offline using printed copies at selected universities. A pilot study involving 50 management students was conducted to evaluate the clarity and reliability of the questionnaire, leading to minor revisions based on participant feedback.

Table 1: Demographic Characteristics of the Respondents

Demographics		Frequency	Percentage
Gender	Male	166	43.2
	Female	218	56.8
Age group	Below 20	71	18.5
	20-25	251	65.4
	Above 25	62	16.1
Educational level	Bachelor	244	63.5
	Master	140	36.5
Marital Status	Married	16	4.2
	Unmarried	368	95.8
Annual family income	Less than 5 lakhs NPR	157	40.9
	5-10 lakhs NPR	162	42.2
	Above 10 lakhs NPR	65	16.9

3.2 Instrumentation

The study utilises a structured questionnaire to measure financial literacy, financial behaviour, and financial decision-making. The instrument includes constructs adapted from validated scales, with modifications to suit the study context. Financial literacy is assessed across five dimensions: money management, savings, investment, credit, and insurance. Each dimension evaluates specific financial knowledge and skills, such as budgeting, savings habits, investment awareness, credit management, and insurance understanding. Financial behaviour is measured through saving behaviour and consuming behaviour, examining budgeting practices, goal-setting, expenditure control, and purchasing decisions. Financial decision-making is evaluated based on budgeting, price comparisons, affordability, bill payments, expense monitoring, emergency fund allocation, and loan repayment. Responses are recorded on a five-point Likert scale, ensuring reliability and relevance in assessing financial competencies. The details are presented in Table 2.

Table 2: Instrumentation

Construct	Number of Items	Source	Operational Definition
Financial literacy on money management (FLMM)	3	Mpaata, Koskei, and Saina (2020)	Financial literacy on money management refers to an individual's ability to track expenses, budget, invest, bank, and assess tax liabilities for effective financial management (Mpaata, Koskei, & Saina, 2020).
Financial literacy on credit (FLCDT)	3	Mpaata, Koskei, and Saina (2020)	Financial literacy on credit refers to an individual's knowledge of budgeting, saving, loan terms, credit impacts, and financial decision-making regarding credit allocation (Mpaata, Koskei, & Saina, 2020).
Financial literacy on investment (FLI)	3	Widyakto, Liana, and Rinawati (2022)	Financial literacy on investment is the ability to make informed financial decisions regarding investments, managing risks, and maximising financial returns (Widyakto, Liana, & Rinawati, 2022).
Financial literacy on savings (FLSAV)	4	Thapa and Nepal (2021)	Financial literacy on savings refers to an individual's understanding of financial planning for short-term and long-term savings, ensuring financial security and preparedness for emergencies (Babiarz & Robb, 2014).
Financial literacy on insurance (FLINS)	4	Kiwanuka and Sibindi (2023)	Financial literacy on insurance involves understanding different types of insurance policies, their mechanisms, and making informed decisions about coverage (Kiwanuka & Sibindi, 2023).
Saving behaviour (SB)	8	Ariffin, Sulong, and Abdullah (2017)	Saving behaviour refers to an individual's efforts to save money by allocating income for future needs and avoiding unnecessary expenditures (Ariffin, Sulong, & Abdullah, 2017).
Consuming behaviour (CB)	4	Munene, Ntayi, Malinga, and Bongomin (2017)	Consuming behaviour refers to an individual's purchasing patterns and financial management practices that ensure responsible spending and avoid wasteful consumption (Ntayi, Malinga, & Bongomin, 2017).
Financial decision (FD)	7	Mwathi (2017)	Financial decision-making refers to an individual's ability to apply financial knowledge and behaviour to make informed choices regarding financial matters (Kumar, Watung, Liunata, & Eunike, 2017).

3.3 Data normality, outlier and common method bias

The researcher applied Mardia's univariate and multivariate tests to assess data normality at both individual and multiple-variable levels. The results revealed significant deviations from normality, as indicated by excessively high skewness and kurtosis values. Specifically, Mardia's multivariate skewness (788.529, p=0.001) and kurtosis (3281.018, p=0.001) exceeded recommended thresholds of ±3 for skewness and ±2 for kurtosis (Kline, 2016). Additionally, the significant Mardia's coefficient (critical ratio > 1.96) confirmed non-normal distribution. Given the study's cross-sectional design, participants were instructed not to discuss survey responses. Consequently, a full collinearity test was conducted using a common dummy variable (gender) to address potential biases, and results showed that all variance inflation factors (VIFs) remained below the acceptable limit of 3.3 (Diamantopoulos & Siguaw, 2006; Kock, 2015).

3.4 Data analysis technique

The study used descriptive (Mean, SD, frequency, and percentage) and inferential analysis. To check the reliability and validity of the data, PLS-SEM has been used to assess convergent and discriminant validity. Secondly, the path analysis, R^2, f^2, and mediation analysis were applied to test the hypotheses. For hypothesis testing, bootstrapping with 10,000 sub-sample, percentile bootstrap at 95% CI was undertaken. SmartPLS 4.0.9.9v and SPSS 29v were used for data analysis.

4. Results

4.1 Description of financial literacy, financial behaviour and financial decision-making among the undergraduate and business graduate students

Undergraduate and graduate business students across various Nepalese universities demonstrate moderate to high levels of financial literacy across key domains. In money management, students show strong capability (M = 4.42, SD = 0.730) in budgeting, tracking expenses, and record-keeping. Their literacy in savings is slightly higher (M = 4.53, SD = 0.707), reflecting an effective understanding of interest accumulation and saving practices.

Investment literacy is moderate (M = 4.26, SD = 0.865), with students aware of basic strategies and expressing future investment intentions. Credit literacy (M = 4.13, SD = 0.881) indicates a sound grasp of responsible borrowing and credit use. Insurance literacy (M = 4.48, SD = 0.742) reveals awareness of insurance types and their protective benefits. Students also exhibit positive saving behaviour (M = 4.46, SD = 0.691), including emergency preparedness. Their consuming behaviour (M = 4.23, SD = 0.794) shows cost-conscious decision-making, and financial decision-making skills (M = 4.42, SD = 0.814) reflect responsible financial practices.

Furthermore, the correlation analysis shows that, of the dimensions of financial literacy, Financial literacy on savings (r = 0.467, p = 0.001) and Financial literacy on investments (r = 0.466, p = 0.001) have the highest correlation with financial decisions. Similarly, consuming behaviour (r = 0.458, p = 0.001), has a higher correlation than saving behaviour as a dimension of financial behaviour. The descriptive and correlational analysis is presented in Table 3.

Table 3: Mean, SD and correlation of studied variables

Variables	Mean	SD	SB	CB	FD
Financial literacy on money management (FLMM)	4.42	0.730	0.239 (0.001)	0.127 (0.013)	0.198 (0.001)
Financial literacy on savings (FLSAV)	4.53	0.707	0.342 (0.001)	0.645 (0.001)	0.467 (0.001)
Financial literacy on investment (FLI)	4.26	0.865	0.194 (0.001)	0.344 (0.001)	0.466 (0.001)
Financial literacy on credit (FLCDT)	4.13	0.881	0.269 (0.001)	0.272 (0.001)	0.178 (0.001)
Financial literacy on insurance (FLINS)	4.48	0.742	0.286 (0.001)	0.157 (0.002)	0.081 (0.114)
Saving behaviour (SB)	4.46	0.691	1	0.479 (0.001)	0.305 (0.001)
Consuming behaviour (CB)	4.23	0.794		1	0.458 (0.001)
Financial decision (FD)	4.22	0.814			1

4.2 Measurement model assessment

To analyse reliability and validity, the Cronbach alpha, Composite reliability, and AVE value were taken into consideration, wherein Composite reliability is above 0.7 and the AVE value is 0.5. In the first phase, Cronbach alpha,

Composite reliability was within the threshold above 0.7. However, the AVE value was not achieved, and a few items were dropped to increase AVE value above 0.5. In this SB1, FD8, FD9, FD6, FD7, CB4, FLSAV1, FLINS4, SB6, SB5, SB8, SB7, FD5, and FD4 were considered for dropping due to lower loading to achieve the threshold of AVE to >0.5 (Hair et. al., 2022). Table 4 presents the validity and reliability statistics. Additionally, VIF is within the range of <3.3(Diamantopoulos et al. 2008).

Similarly, to meet discriminant validity criteria Fornell-Larcker criterion, cross-loadings, and Heterotrait-Monotrait ratio (HTMT) were considered and presented in Tables 5 and 6. The threshold of the Fornell-Larcker criterion (Fornell & Larcker, 1981) and $HTMT_{0.85}$ (Henseler et al., 2015) has been achieved. There were no cross-loading issues as well, which is placed in Annexe 1.

Table 4: Construct reliability, validity and VIF

Construct	Items	Loadings	CA	CR	Average variance extracted (AVE)	VIF
Financial decision (FD)	FD1	0.85	0.746	0.772	0.662	1.577
	FD2	0.722				1.352
	FD3	0.86				1.663
Financial literacy on credit (FLCDT)	FLCDT1	0.876	0.716	0.739	0.595	1.374
	FLCDT2	0.865				1.696
	FLCDT3	0.52				1.388
Financial literacy on investment (FLI)	FLI1	0.887	0.794	0.826	0.724	1.934
	FLI2	0.802				1.617
	FLI3	0.862				1.852
Financial literacy on insurance (FLINS)	FLINS1	0.889	0.736	0.871	0.699	1.609
	FLINS2	0.787				1.702
	FLINS3	0.83				1.754
Financial literacy on money management (FLMM)	FLMM1	0.841	0.851	0.75	0.653	1.53
	FLMM2	0.762				1.435
	FLMM3	0.82				1.428
Financial literacy on savings (FLSAV)	FLSAV2	0.898	0.779	0.857	0.77	2.367
	FLSAV3	0.895				2.291
	FLSAV4	0.838				1.815
Saving behaviour (SB)	SB2	0.85	0.834	0.813	0.689	1.493
	SB3	0.766				1.655
	SB4	0.869				1.947

Construct	Items	Loadings	CA	CR	Average variance extracted (AVE)	VIF
Consuming behaviour (CB)	CB1	0.91	0.865	0.869	0.787	2.624
	CB2	0.898				2.424
	CB3	0.852				1.937

Table 5: Fornell-Larcker criterion

Variables	CB	FD	FLCDT	FLI	FLINS	FLMM	FLSAV	SB
CB	0.887							
FD	0.256	0.813						
FLCDT	0.208	0.371	0.772					
FLI	0.169	0.587	0.569	0.851				
FLINS	0.149	0.044	0.232	0.011	0.836			
FLMM	0.095	0.248	0.189	0.244	0.137	0.808		
FLSAV	0.694	0.348	0.333	0.546	0.042	0.163	0.878	
SB	0.427	0.363	0.304	0.411	0.122	0.181	0.515	0.83

Note: FLMM = Financial Literacy on Money Management, FLSAV = Financial Literacy on Savings, FLI = Financial Literacy on Investment, FLCDT = Financial Literacy on Credit, FLINS = Financial Literacy on Insurance, SB = Saving Behaviour, CB = Consuming Behaviour, FD = Financial Decision.

Table 6: Heterotrait-Monotrait ratio (HTMT)

Variables	CB	FD	FLCDT	FLI	FLINS	FLMM	FLSAV	SB
CB								
FD	0.319							
FLCDT	0.277	0.412						
FLI	0.193	0.735	0.642					
FLINS	0.171	0.109	0.433	0.027				
FLMM	0.117	0.317	0.208	0.31	0.194			
FLSAV	0.806	0.423	0.359	0.648	0.06	0.201		
SB	0.52	0.464	0.318	0.489	0.137	0.229	0.612	

Note: FLMM = Financial Literacy on Money Management, FLSAV = Financial Literacy on Savings, FLI = Financial Literacy on Investment, FLCDT= Financial Literacy on Credit, FLINS = Financial Literacy on Insurance, SB = Saving Behaviour, CB = Consuming Behaviour, FD = Financial Decision.

4.3 Structural path analysis

The path analysis, where path coefficient (ß), standard deviation, T-statistics, p-value, and confidence interval are used to examine the impact, shows that there is a positive effect of financial literacy on financial behaviour ($\beta = 0.586$; $t=13.935$, $p<0.01$). Similarly, financial literacy has a positive impact on financial decisions ($\beta=0.475$; $t=8.227$, $p<0.01$). On the other hand, financial behaviour doesn't have a significant impact on financial decisions, evidenced by having a p-value >0.05 ($\beta=0.082$; $t=1.324$, $p<0.01$). The path analysis result is presented in Table 7.

Hence, it is evident that hypothesis H1 is supported, concluding financial literacy has a positive influence on financial behaviour, and hypothesis H2 is supported, which concludes that financial literacy has a positive influence on financial decisions. However, hypothesis H3 does not support this, which signifies that financial behaviour doesn't influence financial decisions.

The f^2 values of exogenous variables. Cohen (1988) presents the threshold for f^2 values that >=0.02 carry out a small effect, values >=0.15 carry out a medium effect and values >=0.35 carry out a large effect on endogenous variables. It can be seen that financial literacy ($f^2=0.205$) signifies a medium effect. In comparison with financial behaviour ($f^2=0.006$), financial literacy has more effect in explaining financial decisions. It can be concluded that financial literacy has a large effect on estimating R^2 of financial decisions. The effect size results are presented in Table 8.

The explanatory power of exogenous variables on endogenous constructs in this study is assessed using R^2 values. As per Falk and Miller (1992), an R^2 value of 0.10 or higher is considered adequate. The R^2 for financial behaviour is 0.344, indicating that financial literacy explains 34.4% of its variance. Likewise, the R^2 for financial decision-making is 0.278, suggesting that 27.8% of its variance is attributed to financial literacy. These results underscore the significant role of financial literacy in influencing both financial behaviour and decisions, aligning with theoretical frameworks and prior empirical findings that emphasise financial education as key to responsible financial outcomes. The estimate is presented in Table 9.

The threshold set for the goodness of fit should be <0.085 as per (Henseler, Hubona, & Ray, 2016). Value related to SRMR lies between 0 to 1 and a value having less than 0.08 gets considered as desired fit (Hu & Bentler, 1999). Table 10 present the model fix indices saturated model and

the estimated model comprises the value 0.074 and 0.075. As a result, it can be concluded that the model is well-fitted for the study.

Table 7: SEM Path Analysis

Path	β	SD	T value	P values	CI 2.5% Lower Limit	CI 97.5% Higher Limit	Decision
Financial Literacy -> Financial Behaviour	0.586	0.042	13.935	0.000	0.493	0.660	Supported
Financial Literacy -> Financial Decision	0.475	0.058	8.227	0.000	0.347	0.576	Supported
Financial Behaviour -> Financial Decision	0.082	0.062	1.324	0.186	-0.039	0.204	Not Supported

Table 8: Effect size-f^2

Path	f^2	SD	t value	p value	CI 2.5% Lower Limit	CI 97.5% Higher Limit
Financial Literacy -> Financial decision	0.205	0.065	3.147	0.002	0.254	0.254
Financial Behaviour -> Financial Decision	0.006	0.01	0.593	0.553	-0.144	0.058
Financial Literacy -> Financial Behaviour	0.523	0.116	4.497	0.001	0.408	0.545

Table 9: Coefficient of determination of structural model

Endogenous variables	R^2	SD	t value	p value	CI 2.5% Lower Limit	CI 97.5% Higher Limit
Financial Behaviour	0.344	0.049	7.048	0.001	0.241	0.432
Financial Decision	0.278	0.054	5.143	0.001	0.164	0.375

Table 10: Model fit index-SRMR

Indicators	Saturated model	Estimated model
SRMR	0.074	0.075
d_ULS	1.643	1.684
d_G	0.808	0.812
Chi-square	1842.532	1846.209
NFI	0.633	0.632

4.4 Mediation analysis

To examine the mediating effect of financial behaviour between financial literacy and financial decisions, the mediating analysis adopts the VAF technique. VAF is the ratio of IE/TE, with value resulting in 0.091, which concludes that there exists no mediation of financial behaviour between financial literacy and financial decision. The results is an insignificant indirect effect, which indicates that there is no mediation between variables. If VAF has the value <0.20, then there exists no mediation (Zhao et al., 2010). Hence, it results that H4 is not supported which means that financial behavior doesn't mediate the relationship between financial literacy and financial decision. Table 11 presents the result of the mediation analysis.

Table 11: Mediation Analysis

Effect	Path	Beta	Bias	2.50%	97.50%	P value
Indirect effect	FL-> FB-> FD	0.048	-0.001	-0.023	0.125	0.200
Total effect	FL-> FD	0.523	0.002	0.409	0.612	0.001

5. Discussion

This study explored the impact of financial literacy on financial decision-making among university business students, emphasising the mediating role of financial behaviour. The findings reveal that financial literacy significantly influences financial behaviour, echoing the conclusions of Andarsari and Ningtyas (2019) and Edirisinghe et al. (2017), who noted that various aspects of financial literacy contribute to improved financial practices. Aligned with the Theory of Planned Behaviour, the results suggest that knowledge and confidence derived from financial literacy promote responsible behaviour and decision-making. While Coskun and Dalziel (2020) highlighted the mediating role of financial attitude between financial knowledge and behaviour, our findings suggest that financial behaviour alone may not fully account for financial decisions, indicating the need to consider other mediators such as financial self-efficacy and risk perception. Similarly, Yong, Yew, and Wee (2018) demonstrated that although financial knowledge boosts both attitude and behaviour, attitude partially mediates this link, emphasising the importance of attitudinal change in fostering financial action.

The study found that financial behaviour does not significantly influence financial decision-making, contrasting with earlier research by Kumar et al. (2017) and Henager and Cude (2016), who reported a strong relationship between the two. This challenges the assumption that improved financial behaviour leads directly to better financial decisions, suggesting that factors such as external economic conditions or psychological traits may also influence financial choices. The findings align with Setyorini et al. (2021), who noted that financial literacy alone does not enhance financial resilience without mediation. Thus, the impact of financial behaviour may depend on contextual factors like experience and socio-economic conditions.

The study further contradicts previous findings from Mwathi (2017), Lang'at and Abdullah (2019), Arianti (2018), and Reswari et al. (2018), all of whom reported a positive influence of financial behaviour on financial decisions. While prior research has established a direct link between behavioural tendencies and financial choices, the present study's findings indicate that financial behaviour alone may not be a sufficient determinant of financial decision-making among university business students. This suggests that while financial literacy fosters improved financial behaviour, other variables, such as financial experience, risk tolerance, or external financial constraints, may mediate or moderate the financial decision-making process. Consistent with this notion, Mulasi and Mathew (2021) found that financial literacy plays a crucial role in shaping investor financial behaviour, but financial self-efficacy strengthens this relationship, highlighting the importance of confidence and experience in financial decision-making.

In contrast to its findings on financial behaviour, this study reaffirms a strong and significant relationship between financial literacy and financial decision-making. The results are consistent with previous research by Mwathi et al. (2017), Kumar et al. (2017), and Worang et al. (2022), all of whom emphasised that individuals with higher financial literacy are more likely to make informed and effective financial decisions. Similarly, Putri et al. (2024) found that financial literacy, along with lifestyle, positively influences financial management behaviour among university students. This aligns with Arianti (2018), who reported that financial literacy, behaviour, and income significantly impact investment decisions. Lamichhane (2023) further supported this by showing that financial literacy enhances investment behaviour through knowledge, awareness, experience, and financial goal-setting. Subedi (2023) also confirmed that financial literacy significantly

affects investment decisions in the Nepalese share market, particularly through saving habits, risk tolerance, and investment awareness. Our study challenges the assumption that financial behaviour mediates between financial literacy and decision-making, suggesting limited behavioural influence among university students with less financial exposure compared to experienced or general investors.

The study underscores that comprehensive financial literacy fosters improved financial habits and greater confidence, influencing financial behaviour and empowering individuals to make independent decisions across their lifespan. This finding supports Khadka and Khadka (2024), who mentioned that financial literacy, education, and work experience significantly influence personal savings, highlighting the need for targeted financial education. This finding supports the argument that financial education programs should not only focus on knowledge acquisition but also on instilling financial confidence and competency, as individuals with higher financial literacy are better equipped to navigate complex financial landscapes. The findings also support the work of Mulasi and Mathew (2021), who emphasised the role of financial self-efficacy in reinforcing financial literacy's impact on investment behaviour, suggesting that confidence in financial abilities plays a crucial role in decision-making processes.

Contrary to studies by Arianti (2018), Tharanga and Gamage (2021), and Kumar et al. (2017), this study found no evidence supporting the mediating role of financial behaviour between financial literacy and financial decision-making. While prior research emphasised a sequential relationship—where financial literacy shapes behaviour, which then influences decisions—this study challenges that mediation pathway. Instead, it reveals a direct impact of financial literacy on financial decisions. Supporting this, Bapat (2020) highlighted financial attitudes, not behaviours, as a key mediator. Similarly, Setyorini et al. (2021) argued that financial literacy alone does not ensure financial resilience unless mediated by household behaviour, underscoring the importance of contextual and structural influences.

In summary, the study confirms that financial literacy positively influences financial behaviour, aligning with prior literature and reinforcing the Theory of Planned Behaviour. However, it challenges the widely held assumption that financial behaviour directly impacts financial decisions, contradicting several existing studies. Furthermore, the study underscores

the crucial role of financial literacy in improving financial decision-making, even in the absence of behavioural mediation. These findings contribute to the ongoing discourse on financial literacy by offering new insights into its role in shaping financial behaviour and decisions among university business students. Future research should explore additional psychological and contextual factors that may mediate the relationship between financial behaviour and financial decision-making.

6. Conclusion

In conclusion, financial literacy plays a crucial role in shaping both financial behaviour and financial decision-making among university students, particularly influencing consumption and saving habits. The findings indicate that financial literacy directly impacts financial decisions, independent of observable financial behaviour. This challenges the assumption that responsible financial behavior alone ensures sound financial choices. The mediation analysis reveals distinct effects of financial literacy and behavior on decision outcomes, underscoring the need for enhanced financial literacy education to improve overall financial well-being. Drawing on Herbert Simon's decision-making theory and Prospect Theory, the study illustrates how individuals select options that maximize benefit and minimize risk.

7. Implication

This study provides valuable insights into financial awareness, money management, and individual financial decision-making. The findings indicate a strong relationship between financial literacy and financial decisions, highlighting that students' financial behaviour significantly influences their financial choices. These results are particularly important for universities and policymakers, underscoring the need for structured financial education programs. For educational institutions, the study emphasises the integration of financial literacy into the curriculum to equip undergraduate and graduate students with essential financial knowledge and skills. By doing so, students will be better prepared to make informed financial decisions, enhancing both personal and professional financial outcomes. From a policy perspective, the findings serve as a solid foundation for designing targeted financial literacy programs at national and institutional levels. Policymakers can use this

evidence to advocate for mandatory financial education in higher education, ensuring that graduates possess the necessary financial competencies. Such policies would empower young adults to achieve financial stability and resilience. Enhancing financial literacy through coordinated policy initiatives can also positively impact the broader economy. When individuals make prudent financial decisions, such as effective planning, saving, and investing, it contributes to overall economic stability. Furthermore, financial literacy equips youth with the tools to overcome financial challenges and pursue long-term, sustainable financial goals.

8. Limitations and further research implication

This study offers valuable insights into the interaction between financial literacy, financial behaviour, and financial decision-making, but does not capture all aspects of financial decision-making. Its scope was geographically confined to management students in Kathmandu Valley, limiting generalizability across faculties and regions. Future research should address these limitations by including diverse academic disciplines and broader geographic areas. Incorporating mediating variables could enhance theoretical development. Additionally, future studies may explore various dimensions of financial literacy, such as earning, borrowing, budgeting, and debt repayment and financial behaviour, including earning, consumption, and credit management, to comprehensively understand their impact on budgeting, insurance, and retirement-related decisions.

CrediT author statement
Gangaram Biswakarma and Sonam Kumari Shah: Conceptualisation
Gangaram Biswakarma: Design of methodology
Sonam Kumari Shah: Data collection/curation
Gangaram Biswakarma and Sonam Kumari Shah: Data Analysis
Gangaram Biswakarma and Sonam Kumari Shah: Writing- Original draft preparation and editing

References

Ajzen, I. (2011). The theory of planned behavior: Reactions and reflections. *Psychology & Health*, *26*(9), 1113-1127. https://doi.org/10.1080/08870446.2011.613995

Alisyahbana, A. N. Q., Reski, M., & Amrullah, A. (2024). Investment choices in the young generation: A behavioral economics approach using prospect theory. *Fundamental and Applied Management Journal*, *2*(1). https://doi.org/10.61220/famj.v2i1.2244

Alqam, M. A., & Hamshari, Y. M. (2024). The impact of financial literacy on financial inclusion for financial well-being of youth: evidence from Jordan. *Discover Sustainability*, *5*(1), 1-21.

Andarsari, P. R., & Ningtyas, M. N. (2019). The role of financial literacy on financial behavior. *Journal of Accounting and Business Education*, *4*(1), 24-33. https://doi.org/10.26675/jabe.v4i1.8524

Arianti, F. (2018). The influence of financial literacy, financial behavior and income on investment decision. *Jurnal Ekonomi dan Bisnis*, *12*(1), 31-40. https://doi.org/10.29103/jebi.v12i1.1503

Ariffin, M. R., Sulong, Z., & Abdullah, A. (2017). Students' perception towards financial literacy and saving behavior. *World Applied Science Journal*, *35*(10), 2194-2201. https://doi.org/10.5829/idosi.wasj.2017.2194.2201

Babiarz, P., & Robb, C. A. (2014). Financial literacy and emergency saving. *Journal of Family and Economic Issues*, *35*, 40-50.

Banthia, D., & Dey, K. S. (2022). Impact of financial knowledge, financial attitude, and financial behaviour on financial literacy: Structural equation modeling approach. *Universal Journal of Accounting and Finance*, *10*(1), 327-337. doi:10.13189/ujaf.2022.100133

Bapat, D. (2020). Exploring the antecedents of responsible financial management behavior. *International Journal of Bank Marketing*, *38*(2), 456-470. https://doi.org/10.1108/IJBM-06-2019-0219

Chaulagain, R. P. (2018). Contribution of financial literacy on behaviour: A Nepali perspective. *Journal of Education and Research*, *8*(2), 75-92.

Choden, T., Wangdi, D., Tenzin, J., Khandu, P., Dema, P., Dema, S., ... & Choden, Y. (2021). Impact of financial literacy on saving behavior among the III-year students of four colleges under the Royal University of Bhutan. *International Journal of Innovative Science and Research*

Technology, *6*(12), 350-364.

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Lawrence Erlbaum Associates.

Coskun, A., & Dalziel, N. (2020). Financial literacy and financial behavior: The mediating role of financial attitude. *Journal of Financial Counseling and Planning*, *31*(1), 111-126. https://doi.org/10.1891/JFCP-19-00017

De Bassa Schersberg, C. B. (2013). Financial literacy and financial behavior among young adults: Evidence and implications. *Digital Commons*, *6*(2), 1-21. doi:10.5038/1936-4660.6.2.5

Deventer, M. V., & Klerk, N. D. (2017). Financial literacy among African generation students: An empirical analysis of selected demographic factors. *International Journal of Economics and Finance Studies*, *9*(1), 235-251.

Dheepiga, S., & Sivakumar, N. (2025). How Financial Literacy Influences Budgeting, Investment, and Savings Behaviors. *International Research Journal of Business Studies*, *18*(1), 101-114.

Diamantopoulos, A., & Siguaw, J. A. (2006). Formative versus reflective indicators in organizational measure development: A comparison and empirical illustration. *British Journal of Management*, *17*(4), 263–282. https://doi.org/10.1111/j.1467-8551.2006.00500.x

Edirisinghe, U., Keerthipala, Y., & Amarasinghe, A. (2017). Financial literacy and financial behavior of management undergraduates of Sri Lanka. *International Journal of Management and Applied Science*, *3*(7), 1-5. Retrieved from http://iraj.in/

Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. University of Akron Press.

Henager, R., & Cude, B. (2016). Financial literacy and long- and short-term financial behavior in different age groups. *Journal of Financial Counseling and Planning*, *27*(1), 3-19. https://doi.org/10.1891/1052-3073.27.1.3

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, *43*, 115-135.

Henseler, J., Hubona, G., & Ray, P. A. (2016). Using PLS path modeling in new technology research: Updated guidelines. *Industrial Management & Data Systems*, *116*(1), 2–20. https://doi.org/10.1108/IMDS-09-2015-0382

Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in

covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, *6*(1), 1–55. https://doi.org/10.1080/10705519909540118

Kahneman, D. (2003). Maps of bounded rationality: Psychology for behavioral economics. *American Economic Review*, *93*(5), 1449-1475. https://doi.org/10.1257/000282803322655392

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, *47*(2), 263-292. https://doi.org/10.2307/1914185

Kalantari, B. (2010). Herbert Simon's bounded rationality: From policy making to decision-making. *Asian Journal of Political Science*, *18*(1), 25-44. https://doi.org/10.1080/02185371003777701

Kamel, A. M., & Sahid, S. (2021). Financial literacy and financial behaviour of university students in Malaysia. *Turkish Online Journal of Qualitative Inquiry*, *12*(9), 1208-1220.

Khadka, S., & Khadka, A. K. (2024). The influence of financial literacy on individual savings: A study of University Staff. *The Nepalese Management Review*, *20*(1), 68-81.

Khanal, S., Thapa, B. S., & Nepal, S. R. (2022). Determinants of personal financial planning: A survey among business graduates in Nepal. *The Batuk*, *8*(1), 31-47.

Kiwanuka, M., & Sibindi, A. B. (2023). Financial literacy and investment decisions among university students in Africa. *Journal of Finance and Economics Research*, *11*(3), 155-172. https://doi.org/10.1016/j.jfer.2023.02.015.

Kiwanuka, M., & Sibindi, A. B. (2023). Financial literacy and investment decisions among university students in Africa. *Journal of Finance and Economics Research*, *11*(3), 155-172. https://doi.org/10.1016/j.jfer.2023.02.015

Klapper, L., Lusardi, A., & Van Oudheusden, P. (2014). *Financial literacy around the world: Insights from the Standard & Poor's Ratings Services Global Financial Literacy Survey*. S&P Global FinLit Survey.

Kline, R. B. (2016). *Principles and practice of structural equation modeling* (4th ed.). Guilford Press.

Kock, N. (2015). Common method bias in PLS-SEM: A full collinearity assessment approach. *International Journal of e-Collaboration*, *11*(4), 1-10. https://doi.org/10.4018/IJeC.2015100101

Kumar, S., Watung, C., Liunata, L., & Eunike, J. (2017). The influence of financial literacy towards financial behavior and its implication on financial decision: A survey of President University students in Cikarang Bekasi. *Journal of Management*, *1*(1), 169-179. https://doi.org/10.33021/firm.v2i1.158

Lamichhane, P. (2023). Financial literacy and investment behavior among university students in Nepal. *International Journal of Economics and Finance Studies*, *15*(2), 92-108.

Lang'at, M., & Abdullah, A. (2019). Effect of financial literacy on personal financial management in Kenya Airports Authority. *The Strategic Journal of Business and Change Management*, *6*(3), 28-44.

Lusardi, A., & Oudheusden, P. V. (2014). Financial literacy around the world: An overview. *NBER Working Paper Series*, 1-17.

Lusardi, A., Mitchell, O. S., & Curto, V. (2010). Financial literacy among the young. *Journal of Consumer Affairs*, *44*(2), 358-380.

Mahdzan, N. S., & Tabiani, S. (2013). The impact of financial literacy on individual saving: An exploratory study in the Malaysian context. *Transformations in Business & Economics*, *12*(1), 41-55.

Manandhar, S. (2018). Financial Literacy of MBA Finance Students among the Universities of Nepal. *SOMTU Journal of Business and Management Research*, *1*(1), 223-234.

Mpaata, M. A., Koskei, N., & Saina, E. (2020). Financial literacy and its impact on students' financial decision-making: A case of higher education institutions. *International Journal of Business and Management Studies*, *12*(2), 88-102.

Mulasi, P., & Mathew, A. (2021). Financial literacy, self-efficacy, and investment behavior: The mediating role of confidence. *Journal of Behavioral Finance*, *22*(4), 390-405. https://doi.org/10.1080/15427560.2021.1914238

Munene, J. C., Ntayi, J. M., Malinga, C. A., & Bongomin, G. O. (2017). Financial literacy and financial inclusion in sub-Saharan Africa: Evidence from Uganda. *African Journal of Economic Policy*, *24*(1), 112-128.

Mwathi, J. (2017). The impact of financial literacy on financial decision-making among young professionals. *Journal of Business and Economics*, *9*(4), 50-65. https://doi.org/10.4172/2151-6219.1000288

Mwathi, J. (2017). The impact of financial literacy on financial decision-making among young professionals. *Journal of Business and Economics*,

9(4), 50-65. https://doi.org/10.4172/2151-6219.1000288

Oli, S. K. (2018). The influence of financial literacy on a personal financial planning: A case of Nepal. A*fro-Asian Journal of Economics and Finance*, *1*(1), 25-38.

Pantha, B. (2023). Influence of financial literacy on personal financial planning in Nepal. *Perspectives in Nepalese Management*, *197*.

Putri, F. S., Pradana, M., & Silvianita, A. (2024). A study of financial literacy in developing countries: A bibliometric analysis. *Journal of Infrastructure, Policy and Development*. https://doi.org/10.24294/jipd.v8i1.

Rai, K., Sharma, R., & Nepal, R. (2019). Financial literacy, financial attitude, and financial behavior: A study among working women. *The Journal of Finance and Data Science*, *5*(1), 1-10. https://doi.org/10.1016/j.jfds.2019.09.002

Ranabhat, D. (2023). Impact of financial literacy on the socio-economic well-being of people in Kaski District, Nepal. *Economic Journal of Development Issues*, *36*(1-2), 1-23.

Reswari, A. D., Sudarto, & Widiastuti, E. (2018). The influence of financial literacy towards financial behavior. *Journal of Research in Management*, *1*(2), 11-17. Retrieved from http://irs-managementstudies.com/index.php/irs

Robb, C. A., & Woodyard, A. S. (2011). Financial knowledge and best practice behavior. *Association for Financial Counseling and Financial Education*, *22*(1), 60-70.

Rooij, M. V., Lusardi, A., & Alessie, R. (2007). Financial literacy and stock market participation. *Michigan Retirement Research Center*, *1-46*. doi:https://ssrn.com/abstract=1014994

Ruggeri, K., Alí, S., Berge, M. L., Bertoldo, G., Bjørndal, L. D., Cortijos-Bernabeu, A., ... & Folke, T. (2020). Replicating patterns of prospect theory for decision under risk. *Nature Human Behaviour*, *4*(6), 622-633. https://doi.org/10.1038/s41562-020-0886-x

Rupakheti, R. C. (2020). Financial literacy among students of Nilkantha Multiple Campus. *Research Nepal Journal of Development Studies* (RNJDS), *3*(2), 102-120.

Santoso, A., & Sari, E. P. (2021). The role of financial literacy as one of the influences of financial behavior. *Journal of Management*, *25*(3), 415-430. doi:10.24912/jm.v25i3.758

Schilirò, D. (2018). Bounded rationality and economic behavior: Some perspectives. *Theoretical and Practical Research in Economic Fields*, *9*(2), 23-34. https://doi.org/10.14505/tpref.v9.2(18).04

Schwarz, N., Newman, E., & Leach, W. (2022). Decision-making and bounded rationality. *Journal of Behavioral Decision Making*, *35*(1), 1-12. https://doi.org/10.1002/bdm.2256

Setyorini, R., Widodo, S., & Prasetyo, A. (2021). Financial literacy and household financial resilience: The mediating role of financial behavior. *Journal of Economic Behavior & Organization*, *183*, 82-96. https://doi.org/10.1016/j.jebo.2021.03.020

Simon, H. A. (2005). The shape of automation for men and management. *The MIT Press*.

Subedi, D. P. (2023). Financial literacy and investment decisions in Nepalese share market. *Management Dynamics*, *26*(1), 11-20.

Thapa, B. S., & Nepal, S. R. (2015). Financial literacy in Nepal: A survey analysis from college students. *NRB Economic Review*, *1*(1), 49-62.

Thapa, B. S., & Nepal, S. R. (2021). Financial literacy and financial decision-making among university students in Nepal. *NRB Economic Review*, *29*(2), 72-89.

Tharanga, T., & Gamage, P. (2021). The role of financial literacy in savings and credit behavior among young adults. *Journal of Economic Research*, *25*(3), 112-126. https://doi.org/10.1007/s10834-021-09853-2

Widyakto, B., Liana, S., & Rinawati, R. (2022). The influence of financial literacy and lifestyle on financial behavior: Evidence from university students. *International Journal of Business and Economic Research*, *15*(1), 45-60. https://doi.org/10.1016/j.jber.2022.01.007

Widyastuti, E., Putri, R., & Sari, D. (2016). Financial literacy and saving behavior among Indonesian youth. *Asian Journal of Economic Modelling*, *4*(2), 1-12. https://doi.org/10.18488/journal.8/2016.4.2/8.2.12.24

Wijayanti, R. P., Azizah, E. N., & Kurniawan, H. (2024). The Role of Financial Literacy and Financial Behavior on Student Investment Decisions. *Agregat: Jurnal Ekonomi dan Bisnis*, *8*(1), 1-8.

Worang, C., Tulung, J. E., & Pandowo, M. (2022). Financial literacy and saving behavior: A case study among university students. *International Journal of Finance & Economics*, *27*(4), 5123-5140. https://doi.org/10.1002/ijfe.2376

Yong, C. C., Yew, S. Y., & Wee, C. K. (2018). Financial knowledge, attitude and behaviour of young working adults in Malaysia. *Institutions and Economies*, *10*(4).

Younas, T., Kalimuthu, K., Farooq, M., Khalil-ur-Rehman, F., & Raju, V. (2019). Impact of self-control, financial literacy and financial behavior on financial well-being. *The Journal of Social Sciences Research*, *5*(1), 211-218. doi:https://doi.org/10.32861/jssr.51.211.218

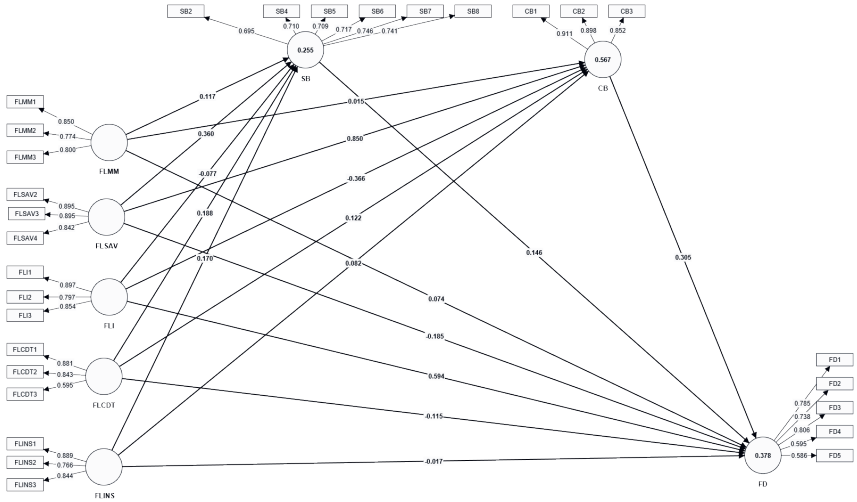
Zhao, X., Lynch, J. G., & Chen, Q. (2010). Reconsidering Baron and Kenny: Myths and truths about mediation analysis. *Journal of Consumer Research*, *37*(2), 197-206. https://doi.org/10.1086/651257

Annexure

Annexure 1: Cross loadings

	CB	FD	FLCDT	FLI	FLINS	FLMM	FLSAV	SB
CB1	0.91	0.259	0.19	0.169	0.134	0.117	0.635	0.397
CB2	0.898	0.222	0.205	0.182	0.11	0.078	0.655	0.382
CB3	0.852	0.197	0.157	0.092	0.156	0.053	0.552	0.355
FD1	0.197	0.85	0.336	0.539	-0.049	0.262	0.321	0.316
FD2	0.202	0.722	0.224	0.336	0.078	0.091	0.189	0.284
FD3	0.229	0.86	0.33	0.526	0.094	0.224	0.318	0.291
FLCDT1	0.206	0.337	0.876	0.483	0.194	0.137	0.3	0.278
FLCDT2	0.149	0.332	0.865	0.521	0.183	0.201	0.286	0.26
FLCDT3	0.169	-0.07	0.52	0.174	0.418	0.022	0.086	0.039
FLI1	0.209	0.537	0.511	0.887	0.012	0.227	0.552	0.405
FLI2	0.091	0.426	0.441	0.802	-0.002	0.165	0.392	0.3
FLI3	0.117	0.525	0.496	0.862	0.016	0.226	0.433	0.334
FLINS1	0.164	0.061	0.243	0.009	0.889	0.074	0.077	0.12
FLINS2	0.099	0.009	0.193	0.028	0.787	0.099	0.005	0.059
FLINS3	0.092	0.025	0.13	-0.004	0.83	0.19	-0.001	0.113
FLMM1	0.102	0.203	0.136	0.179	0.044	0.841	0.151	0.167
FLMM2	0.074	0.166	0.14	0.163	0.153	0.762	0.1	0.109
FLMM3	0.053	0.226	0.181	0.244	0.147	0.82	0.137	0.156
FLSAV2	0.605	0.321	0.339	0.52	0.004	0.189	0.898	0.49
FLSAV3	0.648	0.346	0.276	0.501	0.024	0.125	0.895	0.451
FLSAV4	0.572	0.243	0.259	0.411	0.088	0.11	0.838	0.413
SB2	0.335	0.35	0.355	0.44	0.119	0.209	0.49	0.85
SB3	0.334	0.221	0.146	0.232	0.043	0.145	0.313	0.766
SB4	0.398	0.308	0.212	0.309	0.124	0.088	0.445	0.869

Annexure 2: Measurement model



Annexure 3: Structural Model