Interplay Of Financial Knowledge And Psychological Factors On Financial Behavior: Evidence From Urban India

Srishti Chauhan, Kavita Indapurkar

Abstract: The spread and efficacy of financial knowledge in making fruitful financial decisions and in exhibiting rational financial behaviour are widely discussed among policymakers and academicians. Based on the previous literature, the researchers hypothesize that financial behaviour pertaining to savings, borrowing, and investments is influenced by individuals’ financial knowledge along with self-reported financial control, financial self-efficacy and perceived financial satisfaction. This paper employs data from Financial Inclusion Insights India survey 2017 with particular focus on urban populace working in the private sector to understand the interaction of financial knowledge and the said psychological factors on their financial behaviour. A cross-sectional data of 1195 respondents across India were analysed for the above-mentioned relevant variables. Significant differences in variable groups were identified using ANOVA. Bivariate relationships and multivariate relationships were explored using correlation and hierarchical regression analysis respectively. The results indicate that financial knowledge, financial satisfaction, and financial self-efficacy have a significant influence on financial behaviour. Also, the channel of knowledge to behaviour is stronger for more educated individuals particularly men.

Keywords: Financial Behaviour, Financial Control, Financial Knowledge, Financial Satisfaction, Financial Self-efficacy, Hierarchical Regression, Urban India

1 INTRODUCTION

Today, the emphasis on economic models involving intervention based behavioural modifications are at the heart of debates and deliberations among policymakers and institutions aiming at economic and social change. Accessibility and spread of information targeting poverty reduction have always been the highlights of development centric action plans, especially in developing nations. The 2015 World Development Report on behavioural economics highlights the immediate urgency of understanding and catering to the nuanced human behaviour across diverse socio-economic cohorts of the population. Such is the agenda in the Indian financial sector where rigorous efforts have been put towards financial inclusion reforms through initiatives like Jan Dhan Yojana, Digitalization in financial services and Demonetisation [38] necessitating the outreach of financial literacy for much-informed decision making [19]. Such measures on financial inclusion can help developing nations like India reach nearer to their goals of socio-economic development. In the past, a lot of focus has been paid to the revival and boosting of rural economy through microfinance initiatives aimed at households’ availability of financial services especially in developing countries But, now the approach is gradually shifting from solely the supply side infrastructural factors to include the demand driving ones as well. Looking at the larger picture, such opportunity at optimizing the existential resources can be traced in the mushrooming urban centres characterised by migrant skilled workforce in select pockets which is home to a new aspirational middle class with disposable income that needs to be channelized in the financial system to reap benefits for the economic growth in the decades to come.

Particularly, the private organized sector which absorbs a vast section of the population and poses as a huge driver of growth and harbinger of prosperity through consumption and demand-driven growth channels at a time when India is at the cusp of socio-economic transformation. But due to the lack of social security benefits for the said cohort, they are most susceptible to the ill effects of myopic financial preparedness. Thus, their financial well-being can be brought through behavioural transitions particularly in the area of investments, savings and borrowings to not just accumulate more wealth but strive at the fulfilment of long-term goals aimed at financial security. Financial behaviour has been defined and accordingly measured in diverse areas like credit card usage [5], savings [47], retirement planning [68], stock market participation [6], borrowings [43]; risk diversification [28], [30]; money management [21], [17], [33], etc. One of the pre-requisites for the exhibit of positive behaviour has been financial knowledge which has many determinants namely, age, gender, years of experience. [47] found men to be more financially knowledgeable on a test-based measure on financial knowledge as compared to women, also a positive relationship was found w.r.t. education levels and income. Some of the studies which have supported a strong positive correlation between financial knowledge and financial behaviour has been shown by [15] that analysed the correlation between financial knowledge and objective behaviour among the general population in the United States. Using Survey of Consumer Finances, financial IQ measure was included to evaluate financial knowledge and dealt with aspects of cash-flow management, borrowings management, savings, investments, mortgages, and other financial-management topics. (Lusardi and Mitchell, 2007 [46] worked on retired households and established that higher knowledge was associated with higher retirement planning including investments in sophisticated assets such as stocks. Such heterogeneity in outcomes for the association could be borne by the differences in adopted measures and methodologies on how financial knowledge is quantified and what kind of behaviours are addressed. The test-based measures particularly the big three [45] needs to be further complemented with broader country and cohort specific

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areas. But irrespective of the measures on financial literacy globally, the results have largely been poor both in developed countries like U.S. [36], U.K. [10], France [8], Japan [63], Germany [15] as well as developing like Indonesia [51], Russia [42], Malaysia [12], Chile [47], [7]; Mexico [32], [56]; Brazil [58], and India [1], [27], [26]. Another dimension that is deemed relevant involves psychological proxy for financial literacy i.e. the subjective assessment of individuals about their financial knowledge which has shown to play a major role in how individuals behave and function in day to day aspects requiring the formulation of plans and decision making. Parker et al., 2012 [55] found that the interplay of self-reported financial confidence and financial literacy enhances self-reported retirement planning and saving. But, Agnew & Szykman, 2005 [3] points out the limited ability of individuals to understand their own level of financial knowledge wherein consumer over-optimism accompanied with lower levels of actual financial literacy was indicative of individuals’ greater likelihood of adopting costly or potentially problematic financial behaviours.

A complementary construct pertaining to the psychological domain and behavioural finance is financial self-efficacy which means an individual’s self-assurance or self-belief. Thus, successful management of personal finance also entails attitudinal and psychological traits w.r.t. assurance in decision making and financial management capabilities [9]. Farell et al., 2016 [25] employ the financial self-efficacy scale (FSES) developed and validated by [44] to predict its significance in behavioural outcomes. They hypothesize that the self-efficacy more likely is an individual to have more investment, savings, insurance and less likely to have loans and negative credit behaviour. Xiao, 2014 [71] measured it as a perceived financial capability which is a self-assessment and appraisal of the ability to manage money by an individual and showed that subjective financial capability bears a positive relationship with financial satisfaction. The present study is a step in the direction of literature aiming at understanding the linkage between financial knowledge possessed by individuals and behavioural outcomes generated by them keeping into consideration psychological factors.

2 REVIEW OF LITERATURE

In light of the above arguments, Joo 2008 [40] presented the financial wellness framework, where financial wellness depends on objective measures like income, net worth, liquidity, etc.; financial satisfaction; financial behaviour and financial perceptions including attitudes pertaining to self-assessed knowledge of financial affairs, goal setting, social factors, etc. and objective financial knowledge on previously defined areas like compounding of interest, inflation, time value of money, diversification, etc.

2.1 Financial satisfaction

It is reflective of an individual’s subjective perception of the adequacy of one’s own financial resources [35]. Researchers in household finance have been curious about the perceptions and attitudes towards income adequacy among households which are somewhat out of line than the actual income [65]. It been widely acknowledged as a catalyst towards well-being [16] and has been linked to wellness related hindrances such as financial strain, issues concerning risk management, locus of control, etc. [57]. It was observed that greater income satisfaction levels among older adults as compared to the young which significantly determined their asset and debt portfolio. Chan et al., 2002 [18] noted that factors related to socio-economic status (e.g. education) tend to have a positive association with perceptions of income adequacy. The closer look at such perception bias vis a vis income brings about optimism and pessimism among individuals [29]. This study analysed the extent to which a comprehensive measure of financial knowledge was related with generally accepted best practice financial behaviour. Thus, the researchers try to seek answers to the following research questions: -

- Does higher financial knowledge lead to more positive financial behaviour?
- What is the contribution of psychological factors like financial control and financial satisfaction on the financial behaviour of urban private sector employees?

With the help of available evidence, the following hypotheses were made: -

H1: Financial knowledge has a positive impact on the financial behaviour of urban populace working in private sector i.e. financially knowledgeable individuals would indulge in more responsible financial behaviours.

H2: Individuals with higher financial knowledge show greater financial satisfaction.

H3: Individuals with higher financial knowledge show greater financial control.

H4: Individuals with a higher level of financial satisfaction exhibit positive financial behaviour.

3 METHODOLOGY

3.1 Data and Sample

The study employs data from Financial Inclusion Insights Survey India 2017 (wave 5), conducted by a not-for-profit organization InterMedia to quantify the level of financial inclusion among both rural and urban Indians aged 15 years and above by exploring the take-up and usage of digital financial services and its influence on their financial behaviour. The extensive survey questionnaire involves items on subjective well-being, household characteristics, progress out of poverty index, ownership and usage of mobile phones and bank account, etc. The instrument also dedicates a section on financial knowledge questions inspired by the test measures on financial knowledge around the world which have been used for the present study to fulfill our objectives. The survey sample frame considers a target sample size of 45,000 adults, listing towns and villages based on the population criteria used by the latest Census 2011. Multistage stratified sampling technique was used with reference to stratum in the urban town class or rural village class of a state. Independent selection criteria were used for the sample in each stratum. In the second stage of sampling particularly in urban town classes, the systematic selection procedure was employed to choose the wards. The household right in front of the polling station for each of the ward served as a starting point for the choice of 10 households using random walk methodology. 2016 population projection data served as a benchmark for assigning sampling weights. The data was filtered for urban towns (class 1 to 5) leading to a reduced sample of 16,000. Further, using descriptive analysis, data was accounted for outliers and system missing values unsuitable for analysis, individuals employed in private sector in the past 12 months.
narrowed down the sample to 1581 respondents. Out of these responses, 1195 were finalised after taking into consideration the item on self-reported financial situation which can be used as a proxy for financial health of the household in the absence of numbers on income. We deliberately excluded cases where fulfilment of basic necessities of food and clothing were reported to have been difficult, keeping in mind the relevance for the study.

3.2 Measures

3.2.1 Demographic characteristics

After taking into consideration the usability of cases for the key variables, the sample of 1195 respondents were reached. In our study, individual specific characteristics included age which was captured as a continuous variable (asked as the year of birth in the instrument) as many studies recognize its contribution to financial decisions and behaviours over the life cycle [9]. Gender and marital status were nominal scale variables whereas the level of education was an ordinal variable. Table 1 shows the descriptive representation of the data. The sample is predominantly comprised of men (62.6%) with an average of 36.19 years with the majority (35.5%) comprising of 18-30 years age bracket which represent a very significant part of the workforce in terms of demographic dividend. Close to two-third of the sample is married (71.1%) with the majority having secondary education (36.7%), followed by graduates (15.2%) and illiterate respondents (12.8%).

3.2.2 Financial Knowledge

The FII India Survey 2017 asked six questions, each concerning areas of financial knowledge namely basic numeracy (division), numeracy (percentage calculation), risk diversification, inflation, knowledge of the principle of compound interest and compounding calculations that have been used previously in studies like [48], [67] and [2]. Considering the lower educational background of the respondents, the measures were deemed appropriate where knowledge of complex financial instruments was not included. For the purpose of the present analysis, additive scale (range 0 to 5) was constructed by assigning a score of 1 to the respondent for the correct answer and 0 for the incorrect and don’t know responses.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-demographic variables</td>
<td></td>
</tr>
<tr>
<td>Age (in years)</td>
<td></td>
</tr>
<tr>
<td>1. 1-19</td>
<td>2.2</td>
</tr>
<tr>
<td>2. 18-30</td>
<td>35.5</td>
</tr>
<tr>
<td>3. 31-40</td>
<td>32.2</td>
</tr>
<tr>
<td>4. 41-50</td>
<td>17.8</td>
</tr>
<tr>
<td>5. &gt;50</td>
<td>12.3</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>62.6</td>
</tr>
<tr>
<td>Female</td>
<td>37.4</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td>1. Single/ Never Married</td>
<td>19.7</td>
</tr>
<tr>
<td>2. Married</td>
<td>71.1</td>
</tr>
<tr>
<td>3. Divorced/ Separated/ Widowed/ Others</td>
<td>9.4</td>
</tr>
<tr>
<td>Level of Education</td>
<td></td>
</tr>
<tr>
<td>1. Illiterate</td>
<td>12.8</td>
</tr>
<tr>
<td>2. Literate with no formal education</td>
<td>3.1</td>
</tr>
<tr>
<td>3. Upto primary schooling (5th standard)</td>
<td>11.5</td>
</tr>
<tr>
<td>4. Upto secondary (10th standard)</td>
<td>36.7</td>
</tr>
<tr>
<td>5. Upto higher secondary (12th standard)</td>
<td>18.3</td>
</tr>
<tr>
<td>6. Graduate</td>
<td>15.2</td>
</tr>
<tr>
<td>7. Post Graduate and above</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Reliability analysis was done and a Cronbach alpha of 0.843. As employed by [4], [52], the ratio of correct responses to the total responses was calculated as the score (lying between 0 and 1) was used as a continuous variable to measure objective financial knowledge in the statistical analysis.

3.2.3 Financial behaviour (outcome variable)

Financial behaviour is gauged through the three most common components of financial behaviour i.e. borrowings, savings and investment. Savings was limited to the given areas due to missing values in the data, for example, savings options also included post office saving account, microfinance institutions, etc. but data crunch necessitated the researchers to actually include limited but very relevant categories in this regard like bank deposits, friends, family, etc. Also, keeping in consideration the socio-economic profile of the respondents, questions pertaining to investments through stock market participation showed very poor response rate and less than one percent take up, therefore such variables were omitted from the categories representative of financial behaviour. Paying bills on time and in full originally measured on a 5 point Likert scale (mean= 3.72, Median= 4) but in order to construct a dichotomous score on financial behaviour 1 point was given to the ones who responded 4 or 5 and 0 was assigned to ones who reported 1 or 2 towards disagreement, a methodology inspired from [9]. A financial behaviour score was calculated by summing the responses of each of the respondent on the eight items. In order to rescale the variable for analytical comparisons, the fraction of correct responses score was used.

<table>
<thead>
<tr>
<th>Financial Knowledge Questions</th>
<th>Response Options</th>
<th>Correct Responses (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Basic Numeracy</td>
<td>a) Rs. 200 Rs</td>
<td>87.2</td>
</tr>
<tr>
<td>2. Percentage Calculation</td>
<td>b) Any other answer</td>
<td></td>
</tr>
<tr>
<td>3. Inflation (Money Illusion)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Risk Diversification</td>
<td>c) Business or investment</td>
<td>70</td>
</tr>
<tr>
<td>5. Knowledge of Compounding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Compound Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Table 2. Financial Knowledge Questions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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3.2.4 Financial self-efficacy
A single-item subjective measure assessed financial self-efficacy reflected by confidence in skills possessed for managing finances, in addition to the objective measure of financial knowledge. This in itself stirs intrigue about subjective vs actual financial literacy and its links to financial adequacy. The item used was “I have skills and knowledge to manage my finances well” measured on a 5-point Likert scale spanning from strongly agree to strongly disagree. Majority i.e. 76.1% responded in agreement for the item and 23.9% disagreed.

3.2.5 Financial control
Stromback et al. 2017 [65] explores the predictability of self-control on financial behaviour and financial well-being and finds that Swedish individuals with high self-control are able to save money from every pay receipt and exhibit desirable financial behaviour and feel more secure in their current as well as future financial condition. The present measure for financial control was based on a 4-point Likert scale on the item “When you make a plan for how to spend your income, how often do you follow the plan?” where the answers ranged from 1=Never to 4=Almost always.

3.2.6 Financial satisfaction
The practice of using subjective financial assessments in household finance research by social scientists as a measure of financial well-being has long been existent for policy formulations. For example, FINRA Investor Education Foundation’s Financial Capability Survey 2012 assesses financial satisfaction based on a single item “Overall, thinking of your assets, debts, and savings, how satisfied are you with your current personal financial condition?” This has also been tapped by [25] under the umbrella term of financial security including statements like “I feel secure in my current financial situation, I feel confident about my financial future and I feel confident about having enough money to support myself in retirement, no matter how long I live”. Financial satisfaction has been closely associated with perceived income adequacy and was measured using a summated variable consisting of seven items. The statements shown were asked to be rated on a 5-point Likert scale ranging from strongly agree to strongly disagree. Therefore, total scores on an item could range from 1 to 5 with total scores ranging from 7 to 35. The scores were added such that greater score represented higher financial satisfaction. Reliability Cronbach Alpha= 0.841>0.7 [8]. The inter-item correlation matrix shows a sufficiently positive correlations between the statements.

4 DATA ANALYSIS
Descriptive and correlation analysis was used to understand bivariate relationships between the IVs along with the dependent variables. To understand the aggregate effect of all the independent variables on the dependent variable i.e. financial behaviour, multivariate analysis was employed. Data appeared to be normally distributed and also were checked for linearity and outliers. Wald test statistic assessed the statistical significance of each predictor. Durbin Watson score was used To assess the assumptions of the linear model related to independent errors. Multicollinearity was examined using diagnostics like the Variance Inflation Factor (VIF). Since VIF values were all below 10 and tolerance statistics were above 0.2, no significant signs of pernicious collinearity were found. As the outcome variable was continuous and significant predictors had to be identified, hierarchical regression (nested models’ comparison) was used to determine which variables were statistically significant predictors of financial behaviour among the sample (Xiao et al. 2014). To this end, IBM SPSS 22. was employed for the data analysis. The model specification is as follows: -

\[ Y (\text{Financial Behaviour}) = \beta_0 + \beta_1 (\text{Age}) + \beta_2 (\text{Gender}) + \beta_3 (\text{Marital Status}) + \beta_4 (\text{level of education}) + (1) \]

\[ \beta_5 (\text{Financial knowledge}) + \beta_6 (\text{Financial Adequacy}) + \beta_7 (\text{Financial Control}) + e \]

Model 1 served as a baseline model that contained only demographic variables. Model 2 included financial knowledge score along with demographic variables. Model 3 entered psychological variables like financial satisfaction, financial self-efficacy, and financial control as well. The following discussion shows the stepwise results and the summary is provided in the table.

5 FINDINGS
5.1 Financial knowledge
The score of financial knowledge questions remained poor. The questions on risk diversification have been considered as advance literacy questions in studies like [67], [18] but here the correct response rate on this particular area despite low scoring on the other areas despite a considerably high number belonging to low education category raises a question mark over the inclusion of this particular item in the advanced set of questions. In order to understand the differences in financial knowledge within subgroups of various co-variates, the knowledge score was checked for normality and independent sample t-test was used for gender and ANOVA was employed.
for age group, marital status and level of education.

5.1 Gender
Our finding reveals that female (2.33 ± 1.317) respondents had a statistically significant lower score on financial knowledge as compared to men (2.83 ± 1.425). Thus, our results corroborate with Indian studies [64], [11] on the prevalence of lower levels of financial knowledge among women as compared to men in India.

5.2 Age
There was a statistically significant difference in the financial knowledge score of individuals between different age groups by one-way ANOVA (p= 0.18). Multiple comparisons table using Tukey post hoc analysis revealed that the financial knowledge score was statistically significant and higher among individuals 19-30 years and 41-50 years w.r.t. age group <18 years while there wasn’t a statistically significant difference among these two groups per se. Similar observations were made for other age groups as well which confirms the U-shaped age theory of age on financial literacy where middle-aged individuals exhibit greater financial literacy as compared to the younger and the older ones.

5.3 Marital status
There was no statistically significant difference in financial knowledge score among married and single individuals which is in contrast to studies like Brown and Graf (2013) and Dew (2008) where married individuals have higher financial literacy.

5.4 Education
ANOVA results showed that the level of education had a statistically significant difference in the mean knowledge score (p<0.05). Post hoc analysis reveals that difference was statistically significant and higher among individuals with secondary schooling as compared to illiterate individuals, literate with no formal schooling those who with primary schooling. Thus, higher the level the education, more is the financial knowledge, but a stark finding is that individuals with primary schooling, literate with no formal schooling and illiterate do not differ significantly in their levels of financial knowledge.

5.5 Financial knowledge and financial behaviour
Firstly, one to one relationship between financial knowledge and financial behavior w.r.t various covariates were analyzed using correlation and t-test methods based on the category of variables. Table 4 shows the correlation coefficient estimates among the variables of interest in the study. As opposed to the hypothesized relationship where financial behaviour is intrinsically motivated by financial knowledge, a statistically significant but poor positive correlation was found between the scores on financial knowledge and financial behaviour (r=.131, p=0.001). More prominently, age did not have a significant correlation with any of the variable. Other associations exhibited small to medium size effects, with relationships between financial self-efficacy and financial satisfaction being highest (r=.437) followed by knowledge and efficacy (r=.201). Thus, how well individuals score on knowledge and how confident they feel about their ability to manage their personal finances needs are aspects that need further corroboration. Further light can be thrown on the causal relationships using multivariate analysis. This also hints at the indirect interaction effects of knowledge on psychological constructs which shall be examined in the following sections in this paper. The bivariate regression analysis (Table 5) helps to find that financial knowledge is a significant (p<0.05, B=) predictor of financial behaviour but it accounts for very less variation in financial behaviour (dimensions considered in this study) score (R²=.017). Thus, accepting the alternate hypothesis H₃ that financial knowledge positively affects financial behaviour. Similarly, financial knowledge accounts for a significant influence on financial satisfaction (p=.008), so does financial satisfaction on financial behaviour (p=.003) leading to acceptance of H₂ and H₄. But no significant relationship was found between financial knowledge and financial control, thereby rejecting H₃.

### Table 4. Correlations among continuous variables (N=1195)

<table>
<thead>
<tr>
<th>Variables</th>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
<th>e</th>
<th>f</th>
<th>g</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>.521</td>
<td>.438</td>
<td>1</td>
<td>.398</td>
<td>.349</td>
<td>1</td>
</tr>
</tbody>
</table>

Multivariate analysis
Step 1, the statistically significant predictors of positive financial behaviour in a multivariate context were respondents who had a graduate degree while age and marital status did not cast a significant difference in the financial behaviour of individuals. The other demographic variables significantly (p <0.05) explain the model fit but in terms of the overall R² (value = .054) indicate that given the sample, they are not able to explain the outcome variable sufficiently.

### Table 5. Regression Model Summary

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>R²</th>
<th>β</th>
<th>F-statistic</th>
<th>Sig.</th>
<th>Durbin Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial knowledge on financial behaviour</td>
<td>.131</td>
<td>.017</td>
<td>.131</td>
<td>20.969</td>
<td>.000</td>
<td>1.104</td>
</tr>
<tr>
<td>Financial knowledge on financial satisfaction</td>
<td>.077</td>
<td>.006</td>
<td>.077</td>
<td>7.034</td>
<td>.008</td>
<td>1.394</td>
</tr>
<tr>
<td>Financial Satisfaction on financial behaviour</td>
<td>.085</td>
<td>.007</td>
<td>.085</td>
<td>8.630</td>
<td>.003</td>
<td>1.051</td>
</tr>
</tbody>
</table>

Therefore, in step 2, once the financial knowledge score was added, the two categories of level of education still remained significant in addition to financial knowledge which weakly but positively influenced financial behaviour as depicted by the bivariate regression analysis. R² increased to 0.63 and the change was statistically significant (F=0.001). Step 3 incorporates the psychological factors and only financial self-efficacy turned out to be statistically significant in explaining financial behaviour. The overall R² increased to 0.082 and the change was significant. The associated F statistic for the change in R² is 8.488, which is greater than the statistically significant threshold of 2.10 (p = .05), suggesting that the
addition of provides a modest but meaningful improvement in the overall explanatory power of the model. A comparison of model fit (R² changes and adjusted R²) and predictive ability between models that included demographic variables (Model 1) in addition financial knowledge score (Model 2) and psychological constructs indicates that Model 3 is superior one as compared to the other two even though the explanations in outcome variable are marginal.

Table 6. Summary of Hierarchical Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>β</td>
<td>p</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.475</td>
<td>-0.012</td>
<td>0.682</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illiterate</td>
<td>-10.448</td>
<td>-0.226</td>
<td>0.000</td>
</tr>
<tr>
<td>Primary</td>
<td>-16.333</td>
<td>-0.217</td>
<td>0.000</td>
</tr>
<tr>
<td>Secondary</td>
<td>-6.727</td>
<td>-0.278</td>
<td>0.000</td>
</tr>
<tr>
<td>Higher Secondary</td>
<td>-9.616</td>
<td>-0.185</td>
<td>0.000</td>
</tr>
<tr>
<td>Post graduate</td>
<td>-5.157</td>
<td>-0.099</td>
<td>0.052</td>
</tr>
<tr>
<td>Married status</td>
<td>-5.147</td>
<td>-0.714</td>
<td>0.472</td>
</tr>
<tr>
<td>Financial Knowledge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Self-efficacy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.054</td>
<td>0.013</td>
<td>0.063</td>
</tr>
<tr>
<td>Sig. (F)</td>
<td>0.001</td>
<td>0.000</td>
<td>0.003</td>
</tr>
</tbody>
</table>

4 CONCLUSION

The results from this study reveal and corroborate the literature on existing gender differences in terms of financial knowledge. Such differences are reflected in the poor score on behaviour as well. It somewhat mirrors the reliance of women on their brothers, fathers, spouse, etc. to undertake financial decisions more so among the ones with a lower educational background as education post-secondary level turned out to be a significant predictor of financial knowledge. The stark finding that primary educated and illiterate individual did not differ significantly on the knowledge score particularly on numeracy-based testing, puts a question mark over the efficacy and overall quality of education that the respondents received. Also, cognitive degeneration and lack of exposure to formal financial products could explain low levels of both financial knowledge and behaviour as a negative repercussion of ageing. Our findings corroborates with [2] which introduced a U-shaped hypothesis about age, wherein financial literacy is higher among middle-age adults between 25 to 65 years as compared to the lower and upper ends of the spectrum. Financial satisfaction was high among the respondents and correlates strongly with both financial self-efficacy and financial knowledge. Financial self-efficacy bears a very strong influence on financial behaviour. Thus, further investigation of interaction effects reveals an indirect effect of financial satisfaction together with self-efficacy in channelizing positive financial behaviour, wherein the role of financial knowledge is limited. Thus, mere financial knowledge doesn't seem to be the driver of behaviour in the sample and therefore, the models on behaviour require supplementing other psychological constructs like herd behaviour, past experiences, etc. to explain the model better. As emphasized by [49] prior financial experience is more impactful as compared to the financial education programs, especially for low and middle-income populations. Also, short term behavioural changes like comparison shopping and talking with family about money were the immediate outcome rather than behaviours that were dependent on participant financial situation like savings, investments, paying bills on time, etc. Thus financial education programs can be designed accordingly.

REFERENCES


